

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

REGISTRATION & DISCLOSURE

David Dehoff and Charlene Dehoff, Claimants v. Prudential Securities Incorporated and  
D. Harrison Rascoe, Respondent

Case Number: 03-00657

Hearing Site: San Diego, California

Nature of the Dispute: Customers vs. Member and Associated Person

**REPRESENTATION OF PARTIES**

For Claimants:

A. Kendall Wood, Esq.  
Hinchy, Witte, Wood, Anderson & Hodges, LLP  
San Diego, California

For Respondent:

Terry Ross, Esq.  
Keesal, Young & Logan  
Long Beach, California

**CASE INFORMATION**

Statement of Claim filed: January 28, 2003

Claimants' Joint Uniform Submission Agreement signed: January 21, 2003

Joint Statement of Answer filed by Respondents: April 3, 2003

Respondent Prudential Securities Incorporated's Uniform Submission Agreement signed:  
May 2, 2003

Respondent D. Harrison Rascoe's Uniform Submission Agreement filed: April 7, 2003

**CASE SUMMARY**

In their Statement of Claim, Claimants alleged breach of fiduciary duty, constructive fraud, securities fraud, fraud, deceit, negligent misrepresentation, negligence, unfair sales practices, breach of contract, and breach of covenant of good faith and fair dealing. The dispute involved unspecified securities.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

### **RELIEF REQUESTED**

In their Statement of Claim, Claimants requested compensatory damages in excess of \$700,000.00, disgorgement of excessive commissions, fees, and compensation received, for all losses associated with what such funds should have earned if properly invested, lost opportunity costs, unspecified exemplary or punitive damages, pre-award and post-award interest, their attorney's fees, and arbitration costs.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, expungement of all references to this matter from their CRD records, attorney's fees, and arbitration costs.

### **OTHER ISSUES CONSIDERED AND DECIDED**

On April 4, 2003, NASD Dispute Resolution received Claimants and Claimants' counsel's signed Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On May 12, 2003, NASD Dispute Resolution received Respondents' counsel's signed Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

At the hearing, Claimants only presented evidence on the negligence and breach of fiduciary claims. No other claims were presented or heard.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

### **AWARD**

After considering the pleadings, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents Prudential Securities Incorporated and D. Harrison Rascoe are jointly and severally liable to and shall pay Claimants David Dehoff and Charlene Dehoff \$112,000.00 in compensatory damages.
- 2) Claimants request for exemplary or punitive damages is denied.
- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 375.00
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#### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Prudential Securities Incorporated is a party and the following fees are assessed:

Member Surcharge	= \$ 2,250.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 4,000.00
<b>Total Member Fees</b>	<b>= \$ 7,000.00</b>

#### **Forum Fees and Assessments**

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

One (1) Pre-hearing conference session with the Chair @ \$450.00/session	= \$ 450.00
Pre-hearing conference:      October 13, 2003      1 session	
Three (3) Pre-hearing conference sessions with the Panel @ \$1,200.00/session	= \$ 3,600.00
Pre-hearing conferences:      August 29, 2003      1 session	
September 15, 2003      1 session	
February 20, 2004      1 session	
Six (6) Hearing sessions @ \$1,200.00/session	= \$ 7,200.00
Hearings:      February 23, 2004      2 sessions	
February 24, 2004      2 sessions	
February 25, 2004      2 sessions	
<b>Total Forum Fees</b>	<b>= \$11,250.00</b>

1. The Panel assessed \$5,625.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$5,625.00 of the forum fees jointly and severally to Respondents.

**Fee Summary**

1. Claimants David Dehoff and Charlene Dehoff are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 5,625.00
Total Fees	= \$ 6,000.00
<u>Less payments</u>	<u>= \$(1,575.00)</u>
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 4,425.00</b>

2. Respondent Prudential Securities Incorporated is charged with the following fees and costs:

Member Fees	= \$ 7,000.00
<u>Less payments</u>	<u>= \$(7,000.00)</u>
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 0.00</b>

3. Respondents Prudential Securities Incorporated and D. Harrison Rascoe are charged jointly and severally with the following fees and costs:

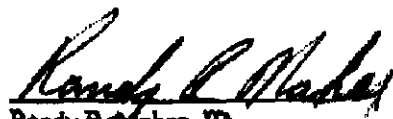
Forum Fees	= \$ 5,625.00
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 5,625.00</b>

All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Randy R. Maher, JD	-	Public Arbitrator, Presiding Chair
Evan A. Gould, Esq.	-	Public Arbitrator
Linda Marie Edson	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Randy R. Maher, JD  
Chair, Public Arbitrator

2-27-04  
Signature Date

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Evan A. Gould, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Linda Marie Edson  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

2/27/04  
Date of Service


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Evan A. Gould, Esq.	-	Public Arbitrator
Linda Marie Edson	-	Non-Public Arbitrator

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Randy R. Maher, JD  
Chair, Public Arbitrator



Evan A. Gould, Esq.  
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Signature Date

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Linda Marie Edson  
Non-Public Arbitrator

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