

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

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In the Matter of the Arbitration Between:

Blair Reichenberg (Claimant) v. Prudential Equity Group, LLC f/k/a Prudential Securities, Inc.  
(Respondent)

and

Richard B. Rudd (Claimant) v. Prudential Equity Group, LLC f/k/a Prudential Securities, Inc.  
(Respondent)

Case Number: 03-01487 (consolidated w/03-01493)

Hearing Site: Boston, Massachusetts

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Nature of the Dispute: Customers v. Member.

**REPRESENTATION OF PARTIES**

Claimants Blair Reichenberg ("Reichenberg") and Richard B. Rudd ("Rudd") hereinafter collectively referred to as "Claimants": James J. Gribouski, Esq., Glickman, Sugarman, Kneeland & Gribouski, Worcester, MA.

Respondent Prudential Equity Group, LLC f/k/a Prudential Securities, Inc. ("Prudential") hereinafter referred to as "Respondent": Michael B. Cosentino, Esq., Seegel, Lipshutz & Wilchins, P.C., Wellesley, MA.

**CASE INFORMATION**

03-01487

Statement of Claim filed on or about: February 24, 2003.

Answer to Counterclaim filed by Claimants on or about: July 9, 2003.

Claimant Reichenberg signed the Uniform Submission Agreement: February 10, 2003.

Statement of Answer and Counterclaim filed by Respondent on or about: June 19, 2003.

Respondent signed the Uniform Submission Agreement: June 19, 2003.

03-01493

Statement of Claim filed on or about: February 25, 2003.

Claimant Rudd signed the Uniform Submission Agreement: January 28, 2003.

Statement of Answer and Counterclaim filed by Respondent on or about: June 19, 2003.  
Respondent signed the Uniform Submission Agreement: June 19, 2003.

**CASE SUMMARY**

**03-01487**

Claimant asserted the following causes of action: breach of fiduciary duty; misrepresentations; and omissions. The causes of action relate to shares of Soft Lock stock.

Unless specifically admitted in their Answer to the Counterclaim, Claimants denied the allegations made in the Counterclaim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Counterclaim, Respondent asserted the following cause of action: breach of contract.

**03-01493**

Claimant asserted the following causes of action: breach of fiduciary duty; misrepresentations; and omissions. The causes of action relate to shares of Soft Lock stock.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Counterclaim, Respondent asserted the following cause of action: breach of contract.

**RELIEF REQUESTED**

**03-01487**

Claimant requested compensatory damages in the amount of \$126,512.00; pre-judgment interest; attorneys' fees; costs; and such other relief as is deemed proper.

Respondent requested that an award be entered in their favor on all claims asserted by the Claimant; attorneys' fees and costs; and an unspecified amount of compensatory damages and interest on its Counterclaim.

**03-01493**

Claimant requested compensatory damages in the amount of \$463,675.00; pre-judgment interest; attorneys' fees; costs; and such other relief as is deemed proper.

Respondent requested that an award be entered in their favor on all claims asserted by the Claimant; attorneys' fees and costs; and an unspecified amount of compensatory damages and interest on its Counterclaim.

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

On or about May 13, 2003, Claimant Reichenberg in NASD Dispute Resolution ("NASD DR") Arbitration Number 03-01487 and Claimant Rudd in NASD DR Arbitration Number 03-01495 requested that the two matters be consolidated. By letter dated June 4, 2003, Respondent notified NASD DR that it did not object to the matters being consolidated. Thereafter, the parties were notified that the two matters were administratively consolidated and that the case would proceed under NASD DR Arbitration Number 03-01487.

The parties have 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, and the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Prudential is liable for and shall pay to Claimant Rudd the sum of \$77,902.65 as compensatory damages, plus interest in the amount of \$16,957.09.
2. Respondent Prudential is liable for and shall pay to Claimant Reichenberg the sum of \$18,493.00 as compensatory damages, plus interest in the amount of \$4,023.26.
3. Claimant Rudd is liable for and shall pay to Respondent Prudential the sum of \$77,902.65 as compensatory damages, plus interest in the amount of \$16,957.09.
4. Claimant Reichenberg is liable for and shall pay to Respondent Prudential the sum of \$18,493.00 as compensatory damages, plus interest in the amount of \$4,023.26.
5. Any and all relief not specifically addressed herein is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee (03-01487)	= \$ 300.00
Initial claim filing fee (03-01493)	= \$ 300.00
Counterclaim filing fee (03-01487)	= \$1,000.00

**Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Prudential Equity Group, LLC f/k/a Prudential Securities, Inc. is a party.

Member surcharge (03-01487)	= \$1,700.00
Member surcharge (03-01493)	= \$1,700.00
Pre-hearing process fee (03-01487)	= \$ 750.00
Hearing process fee (03-01487)	= \$4,000.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

October 4-7, 2004, adjournment by Claimants	= \$1,200.00
March 1, 2005, adjournment by Respondent	= Waived

**Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

March 1, 2005 adjournment by Respondent	= \$300.00
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**Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$2,400.00
Pre-hearing conferences:	
October 20, 2003	1 session
October 4, 2004	1 session
Two (2) Hearing sessions @ \$1,200.00	= \$2,400.00
Hearing Date:	March 2, 2005
	2 sessions
Total Forum Fees	= \$4,800.00

1. The Panel has assessed \$1,600.00 of the forum fees against Claimant Rudd.
2. The Panel has assessed \$1,600.00 of the forum fees against Claimant Reichenberg.
3. The Panel has assessed \$1,600.00 of the forum fees against Respondent Prudential.

**Fee Summary**

1. Claimant Reichenberg is solely liable for:

Initial Filing Fee (03-01847)	= \$ 300.00
<u>Forum Fees</u>	= \$1,600.00
Total Fees	= \$1,900.00
<u>Less Payments</u>	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 475.00

2. Claimant Rudd is solely liable for:

Initial Filing Fee (03-01493)	= \$ 300.00
<u>Forum Fees</u>	<u>= \$1,600.00</u>
Total Fees	= \$1,900.00
<u>Less Payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$ 475.00

3. Claimants are jointly and severally liable for:

<u>Adjournment Fee</u>	<u>= \$ 1,200.00</u>
Total Fees	= \$ 1,200.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,200.00

4. Respondent is solely liable for:

Counterclaim Filing Fee	= \$ 1,000.00
Member Fees	= \$ 8,150.00
Three-Day Cancellation Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$ 1,600.00</u>
Total Fees	= \$11,050.00
<u>Less payments</u>	<u>= \$ 8,400.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,650.00

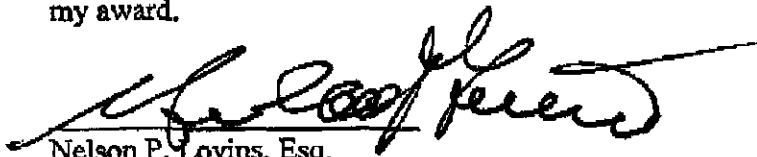
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

Nelson P. Lovins, Esq.	-	Public Arbitrator, Presiding Chairperson
Joseph Peter Colonna	-	Public Arbitrator
William J. Driscoll	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7501 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Nelson P. Lovins, Esq.  
Public Arbitrator, Presiding Chairperson

5/9/05  
Signature Date

\_\_\_\_\_  
Joseph Peter Colonna  
Public Arbitrator

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

\_\_\_\_\_  
William J. Driscoll  
Non-Public Arbitrator

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

May 10, 2005

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

Nelson P. Lovins, Esq.	-	Public Arbitrator, Presiding Chairperson
Joseph Peter Colonna	-	Public Arbitrator
William J. Driscoll	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

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Nelson P. Lovins, Esq.  
Public Arbitrator, Presiding Chairperson

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

\_\_\_\_\_  
Joseph Peter Colonna  
Public Arbitrator

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

  
\_\_\_\_\_  
William J. Driscoll  
Non-Public Arbitrator

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

May 10, 2005

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)