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

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In the Matter of the Arbitration Between:

Name of the Claimant  
Lawrence J. Phalin, as Trustee for the  
Julie G. Klein Irrevocable Trust dated 10/18/91

Case Number: 03-02629

Name of the Respondent  
Prudential Securities, Inc.  
n/k/a Prudential Equity Group, Inc.

Hearing Site: Orlando, Florida

Nature of the Dispute: Customer vs. Member

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**REPRESENTATION OF PARTIES**

For Lawrence J. Phalin, as Trustee for the Julie G. Klein Irrevocable Trust dated 10/18/91, referred to as "Claimant": Lawrence J. Phalin, Esq., Mateer Harbert, Orlando, Florida.

For Prudential Securities, Inc. n/k/a Prudential Equity Group, Inc., referred to as "Respondent Prudential": Jordan D. Becker, Vice President and Assistant General Counsel with Respondent Prudential, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on or about: April 9, 2003.

Claimant signed the Uniform Submission Agreement on: April 9, 2003.

Respondent Prudential did not file a Statement of Answer or executed Uniform Submission Agreement.

**CASE SUMMARY**

Claimant alleged the following causes of action: 1) breach of account agreement; 2) breach of fiduciary duty of loyalty and care; 3) violation of Section 10b of the Securities Exchange Act of 1934 and Rule 10-b promulgated thereunder; and 4) violation of Sections 517.211 and 517.301, Florida Statutes. The causes of action relate to the wrongful liquidation of securities, including but not limited to investments in bonds in Allstate Corp. and Household Finance, in Claimant's account.

**RELIEF REQUESTED**

Claimant requested: 1) compensatory damages in the amount of \$16,939.93 for loss on repurchase of bonds; 2) compensatory damages in the amount of \$7,365.86 for loss of income; 3) compensatory damages in the amount of \$37,223.00 for income taxes; 4) accounting fees in the approximate amount of \$3,000.00; 5) attorneys' fees and trustee fees in the amount of \$5,070.00.

**OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Prudential did not file with the NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and having consented to the entry of this Stipulated Award, is bound by the determination of the undersigned arbitrator (the "Arbitrator") on all issues submitted.

On or about July 24, 2003, the parties filed their joint request for the entry of a Stipulated Award. The parties requested the Arbitrator to recommend expungement of all references to a certain customer complaint from James F. Smalley, Jr.'s registration records maintained by the NASD Central Registration Depository ("CRD").

On or about September 2, 2003, Respondent Prudential notified NASD Dispute Resolution of the parties' agreement to the appointment of a single arbitrator to proceed with the entry of a Stipulated Award.

On or about October 23, 2003, the Arbitrator entered an Order granting the parties' request for the entry of a Stipulated Award.

The parties agreed that the Stipulated 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 Order entered on October 23, 2003, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims against Respondent Prudential are dismissed with prejudice.
2. Prior to the filing of the Claim, Claimant submitted a customer complaint to Respondent Prudential, which was reported by James F. Smalley, Jr. ("Smalley") on his Form U-4. The Arbitrator recommends expungement of all references to the above-captioned complaint from Smalley's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Smalley must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. Any and all claims for relief not specifically addressed herein are denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee = \$ 225.00

#### **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, Respondent Prudential is a member firm and a party.

Member surcharge = \$1,100.00

Pre-hearing process fee = \$ 750.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

#### **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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00 per session = \$450.00

Pre-hearing conference: October 20, 2003 1 session

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Total Forum Fees = \$450.00

The Panel has assessed the total forum fees in the amount of \$450.00 to Respondent Prudential.

#### **Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

**Fee Summary**

Claimant is solely liable for:

Initial Filing Fee	= \$ 225.00
Total Fees	= \$ 225.00
<u>Less payments</u>	= \$ 225.00
Balance Due NASD	= \$ 0.00

Respondent Prudential is solely liable for:

Member Fees	= \$1,850.00
Forum Fees	= \$ 450.00
Total Fees	= \$2,300.00
<u>Less payments</u>	= \$1,850.00
Balance Due NASD	= \$ 450.00

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

**Parties' Signatures**

\_\_\_\_\_/s/  
Lawrence J. Phalin, Esq.  
Counsel for Claimant

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

\_\_\_\_\_/s/  
Jordan D. Becker  
Vice President and  
Assistant General Counsel  
Respondent Prudential

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

**ARBITRATION PANEL**

*Jacquelyn M. Shannon, Esq.*

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*Sole Public Arbitrator*

**Sole Arbitrator's Signature**

\_\_\_\_\_/s/  
Jacquelyn M. Shannon, Esq.  
Sole Public Arbitrator

November 5, 2003  
Signature Date

November 5, 2003  
Date of Service (For NASD use only)

NASD Dispute Resolution  
 Arbitration No. 03-02629  
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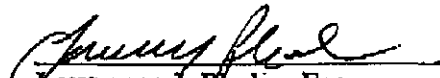
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 Counsel for Claimant

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Jacquelyn M. Shannon, Esq.

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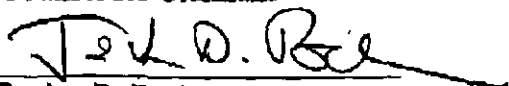
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*Jacquelyn M. Shannon, Esq.*

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Counsel for Claimant

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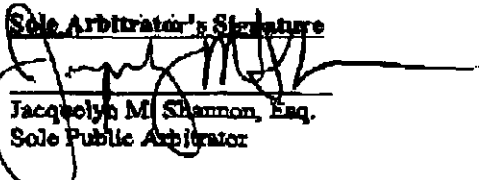
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ARBITRATION PANEL

Jacquelyn M. Shannon, Esq.

Sole Public Arbitrator

Sole Arbitrator's Signature

  
Jacquelyn M. Shannon, Esq.  
Sole Public Arbitrator

11-5-03  
Signature Date

Date of Service (For NASD use only)