
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Charlotte J. McDaniel
Kirk McDaniel Kelsey

Case Number: 03-02845

Name of the Respondent

Prudential Securities, Inc.

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Charlotte J. McDaniel ("McDaniel") and Kirk McDaniel Kelsey ("Kelsey"), hereinafter collectively referred to as "Claimants": Robert H. McKnight, Esq., Freed & Berman, P.C., Atlanta, Georgia.

For Prudential Securities, Inc., hereinafter referred to as "Respondent": Mark G. Vaughan, Esq., Joseph D'Elia Law Offices, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: April 21, 2003.

Amended Statement of Claim filed on or about: August 21, 2003.

Claimant McDaniel signed the Uniform Submission Agreement: March 20, 2003.

Claimant Kelsey signed the Uniform Submission Agreement: April 7, 2003.

Statement of Answer filed by Respondent on or about: June 30, 2003.

Statement of Answer to Amended Statement of Claim filed by Respondent on or about: September 3, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: 1) fraud and deceit; 2) violation of NASD Conduct Rules; 3) failure to supervise under O.G.C.A. Section 10; 4) failure to supervise under NASD Conduct Rules; 5) negligence; and 6) breach of fiduciary duty. The causes of action relate to Claimants' investments in the Putnam Fund for Growth & Income, Munder NetNet Fund, Massachusetts Investors Growth Stock Fund and Van Kampen Aggressive Growth Fund.

Unless specifically admitted in its Answers, Respondent denied the allegations made in the Statement of Claim and the Amended Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of at least \$27,856.26, punitive damages of

\$56,000.00, plus interest, costs, including reasonable attorneys' fees and such other and further relief the Panel deemed just and proper.

Respondent requested that Claimants' claims be denied in their entirety and that all costs and damages be awarded to Respondent as the Panel deemed fit.

OTHER ISSUES CONSIDERED AND DECIDED

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

AWARD

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

Claimants' claims are denied in their entirety.

Each party shall bear its own costs and attorneys' fees.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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 = \$ 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 is a member firm and a party:

Member surcharge	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$1,700.00</u>
Total Member Fees	= \$3,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred during this proceeding.

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.

No injunctive relief fees were incurred during this proceeding.

Forum Fees and Assessments

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

One (1) Pre-hearing session with the Panel @ \$750.00		= \$750.00
Pre-hearing conference: November 7, 2003	1 session	
Four (4) Hearing sessions with the Panel @ \$750.00		= \$3,000.00
Hearing sessions: July 13, 2004	2 sessions	
July 14, 2004	2 sessions	
<hr/> Total Forum Fees		<hr/> = \$3,750.00

The Panel has assessed \$2,625.00 of the forum fees to Claimants, jointly and severally.
The Panel has assessed \$1,125.00 of the forum fees to Respondent.

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.

No administrative costs were incurred during this proceeding

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$225.00
<u>Forum Fees</u>	<u>= \$2,625.00</u>
Total Fees	= \$2,850.00
<u>Less payments</u>	<u>= \$975.00</u>
Balance Due NASD Dispute Resolution	= \$1,875.00

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Respondent is solely liable for:

Member Fees	= \$3,550.00
Forum Fees	= \$1,125.00
Total Fees	= \$4,675.00
Less payments	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$1,125.00

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

ARBITRATION PANEL

Daniel E. Gulden, Esq.	-	Public Arbitrator, Presiding Chairperson
Beryl Bergquist Farris, J.D.	-	Public Arbitrator
Tom G. Gambill, PhD	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/
Daniel E. Gulden, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

_____/S/
Beryl Bergquist Farris, J.D.
Public Arbitrator

Signature Date

_____/S/
Tom G. Gambill, PhD
Non-Public Arbitrator

Signature Date

August 3, 2004

Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution
 Attention: P.O. 01-00043
 August 1994

Responsible to satisfy debts for:

Arbitration Fees	= \$3,550.00
Panel Fees	= \$1,125.00
Panel Fees	= \$4,875.00
Panel Fees	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$1,125.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10050(g) of the Code.

ARBITRATION PANEL

Daniel E. Golder, Esq.
 Beryl Margolis Perle, J.D.
 Tom G. Campbell, PhD

Public Arbitrator, Presiding Chairperson
 Public Arbitrator
 Non-Public Arbitrator

Consent to Arbitration Signature

Daniel E. Golder

Daniel E. Golder, Esq.
 Public Arbitrator, Presiding Chairperson

7/29/04
 Signature Date

Beryl Margolis Perle, J.D.
 Public Arbitrator

Signature Date

Tom G. Campbell, PhD
 Non-Public Arbitrator

Signature Date

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Beryl Bergquist Farris, J.D.
Tom G. Gambill, PhD

Public Arbitrator, Presiding Chairperson
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Daniel E. Gulden, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Beryl Bergquist Farris, J.D.
Public Arbitrator

07-29-2004

Signature Date

Tom G. Gambill, PhD
Non-Public Arbitrator

Signature Date

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Daniel E. Gulden, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Beryl Bergquist Farris, J.D.
Public Arbitrator

Signature Date

Tom G. Gambill

Tom G. Gambill, PhD
Non-Public Arbitrator

8-3-04

Signature Date

Date of Service (For NASD Dispute Resolution office use only)