

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

LGG Enterprises d/b/a USA Auto Collision Center
d/b/a USA Auto Collision CTR and Lorenzo Gonzalez

and

Case Number: 03-03238
Hearing Site: Houston, Texas

Name of Respondent

Prudential Equity Group, Inc.

NATURE OF DISPUTE

Customers v. Member Firm

REPRESENTATION OF PARTIES

LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR ("LGG") and Lorenzo Gonzalez ("**Gonzalez**") hereinafter collectively referred to as "Claimants" were represented by Lawrence S. Rothenberg, Esq., of Houston, Texas.

Prudential Equity Group, Inc. ("**Prudential**") was represented by Justin R. Goodman, Esq., of Jackson Walker LLP, of Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about May 2, 2003.

The Submission Agreement of Claimants, LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez, was signed on or about April 27, 2003, by Lorenzo Gonzalez, individually and as President of LGG Enterprises, Inc.

Statement of Answer was filed by Respondent, Prudential Equity Group, Inc., on or about July 1, 2003.

The Submission Agreement of Respondent, Prudential Equity Group, Inc., was signed on or about July 21, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty and forgery. The causes of action relate to Claimants' allegation that Respondent improperly paid various checks illegally endorsed by a third party, believed to be Julian Saucedo, Jr. Saucedo was never an authorized signatory on any of their accounts, nor did he execute the deposit agreements between the parties. Claimants alleged that a bank is presumed to know its customers' endorsements.

Unless specifically admitted in its Answer, Respondent, Prudential Equity Group, Inc., denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants' claims are barred by their own negligence, which exceeds any alleged negligence of Prudential. Specifically, Claimants' failure to use ordinary care in safeguarding their checks substantially contributed to the making of unauthorized signatures; Claimants' failure to exercise reasonable care was the sole cause of Claimants' alleged loss; Claimants' failed to exercise reasonable care and promptness to examine account statements and items to discover the alleged unauthorized signatures and complain of any impropriety in a timely manner; Claimants' claims are barred by the doctrine of laches; Prudential at all times acted in good faith in its dealings with Claimants and exercised ordinary care in paying checks written on Claimants' accounts.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory	\$29,290.89
Attorney's Fees	Unspecified
Interest	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in their entirety and that its be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

AWARD

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

- 1.) Respondent, Prudential Equity Group, Inc., is liable for and shall pay to Claimants, LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez, the sum of \$7,322.72 in compensatory damages;
- 2.) Respondent, Prudential Equity Group, Inc., is liable for and shall pay to Claimants, LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez, the sum of \$10,000 in attorneys fees;
- 3.) Respondent, Prudential Equity Group, Inc., is liable for and shall pay to Claimants, LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez, interest on the above stated compensatory damages sum at the rate of 6% per annum per statute from and including 12/01/00 through and including 3/31/04;
- 4.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

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 = \$150.00

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. In this matter, the member firm is Prudential Equity Group, Inc.

Member surcharge = \$ 600.00
Pre-hearing process fee = \$ 750.00

Hearing process fee = \$1000.00

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Dates of March 13-14, 2004, adjournment by Claimants = \$ 450.00
(fee waived by arbitrator)

Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with Arbitrator x \$450.00 = \$900.00

Pre-hearing conferences: October 16, 2004 1 session
October 17, 2004 1 session

Two (2) Hearing sessions x \$450.00 = \$900.00

Hearing Date: March 26, 2004 2 sessions

Total Forum Fees = \$1800.00

The Arbitrator has assessed \$900.00 of the forum fees, jointly and severally, to LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez.

The Arbitrator has assessed \$900.00 of the forum fees to Prudential Equity Group, Inc.

FEE SUMMARY

Claimants, LGG Enterprises d/b/a USA Auto Collision Center d/b/a USA Auto Collision CTR and Lorenzo Gonzalez, are jointly and severally liable for:

Initial Filing Fee = \$ 150.00

Forum Fees = \$ 900.00

Total Fees = \$1050.00

Less payments = \$ 600.00

Balance Due NASD Dispute Resolution = \$ 450.00

Respondent, Prudential Equity Group, Inc., is liable for:

Member Fees = \$2350.00

Forum Fees = \$ 900.00

Total Fees	= \$3250.00
Less payments	= \$2350.00
Balance Due NASD Dispute Resolution	= \$ 900.00

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

ARBITRATOR

Jerry Hoover, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

/s/ Jerry Hoover, Esq.
Jerry Hoover, Esq.
Public Arbitrator, Presiding Chair

April 16, 2004
Signature Date

April 16, 2004
Date of Service (For NASD office use only)


= \$ 900.00

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

ARBITRATOR PANEL

Jerry Hoover, Esq. - Public Arbitrator, Presiding Chair

Arbitrator's Signature:


Jerry Hoover, Esq.
Public Arbitrator, Presiding Chair

4-16-04

Signature Date

Date of Service (For NASD office use only)