

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

RJ Investment and Horriat Revocable Trust, Claimants v. Prudential Securities Incorporated,
Ebbert Ashby Jones, and Christopher A. Schilling, Respondents

Case Number: 03-03607

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member and Associated Persons

REPRESENTATION OF PARTIES

For Claimants:

Irving M. Einhorn, Esq.
Law Offices of Irving M. Einhorn
Manhattan Beach, California

For Respondents:

Terry Ross, Esq.
R. Audette Paul, Esq.
Keesal, Young & Logan PC
Long Beach, California

CASE INFORMATION

Statement of Claim filed: May 15, 2003

Claimants' Joint Uniform Submission Agreement signed: May 9, 2003

Joint Statement of Answer filed by Respondents: July 10, 2003

Respondent Prudential Equity Group, LLC's Uniform Submission Agreement signed:
July 15, 2003

Respondent Ebbert A. Jones's Uniform Submission Agreement signed: July 14, 2003

Respondent Christopher A. Schilling's Uniform Submission Agreement signed: July 18, 2003

CASE SUMMARY

Claimants alleged breach of contract, breach of fiduciary duty, unsuitability, misrepresentation, fraud and deceit, negligence, and failure to supervise. Claimants' allegations involved transactions on margin in unspecified securities.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested \$1,370,000.00 in compensatory damages, \$2,000,000.00 in punitive damages, interest, and costs, including attorney's fees.

Respondents requested dismissal of the Claimants' Statement of Claim in its entirety, expungement of all reference to the above captioned arbitration from Respondents Ebbert Ashby Jones' and Christopher A. Schilling's registration records maintained by the NASD Central Registration Depository, and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On May 27, 2003, Claimants and Claimants' counsel signed a 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 July 17, 2003, Respondents' counsel signed a Waiver Agreement on Respondents' behalf expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

During the evidentiary hearing, Claimants dismissed with prejudice Respondent Christopher A. Schilling.

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) Claimants' claims are denied in their entirety.
- 2) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Christopher A. Schilling's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Christopher A. Schilling must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 3) Respondent Ebbert A. Jones' request for expungement of all reference of the above captioned arbitration from Respondent Ebbert A. Jones' registration records maintained by CRD is denied.
- 4) The parties shall bear their respective costs, including attorney's fees.
- 5) 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	= \$ 600.00
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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 Equity Group, LLC is a party and the following fees are assessed:

Member Surcharge	= \$2,800.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$5,000.00</u>
Total Member Fees	= \$8,550.00

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 or the parties and the Panel. The following fees are assessed:

One (1) Pre-hearing conference session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: September 15, 2004 1 session	

One (1) Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$1,200.00
Pre-hearing conference: October 9, 2003 1 session	

Five (5) Hearing sessions @ \$1,200.00/session	= \$6,000.00
Hearings: September 21, 2004 2 sessions	
September 22, 2004 1 session	
September 23, 2004 2 sessions	

Total Forum Fees	= \$7,650.00
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The Panel assessed the entire balance of the forum fees, in the amount of \$7,650.00, jointly and severally to Respondents Prudential Equity Group, LLC and Ebbert A. Jones.

Fee Summary

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

Initial Filing Fee	= \$ 600.00
Less payments	= \$(1,800.00)
Refund Due from NASD Dispute Resolution to Claimants	= \$(1,200.00)

2. Respondent Prudential Equity Group, LLC is charged with the following fees and costs:

Member Fees	= \$ 8,550.00
Less payments	= \$(8,550.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Prudential Equity Group, LLC and Ebbert A. Jones are charged jointly and severally with the following fees and costs:

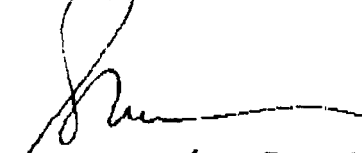
Forum Fees Type	= \$ 7,650.00
Less payments by Prudential Equity Group, LLC	= \$(750.00)
Balance Due NASD Dispute Resolution	= \$ 6,900.00

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

<i>Elliott Finkel, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Kenneth E. Owen, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Jonathan Schwartz, Esq.</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures



Elliott Finkel, Esq.
Chair, Public Arbitrator

10.12.04
Signature Date

Kenneth E. Owen, Esq.
Public Arbitrator

Signature Date

Jonathan Schwartz, Esq.
Non-Public Arbitrator

Signature Date

10/12/04
Date of Service

ARBITRATION PANEL

<i>Elliott Finkel, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Kenneth E. Owen, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Jonathan Schwartz, Esq.</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

Elliott Finkel, Esq.
Chair, Public Arbitrator

Signature Date

Kenneth E. Owen
Kenneth E. Owen, Esq.
Public Arbitrator

October 12, 2004
Signature Date

Jonathan Schwartz, Esq.
Non-Public Arbitrator

Signature Date

10/12/04
Date of Service

ARBITRATION PANEL

<i>Elliott Finkel, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Kenneth E. Owen, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Jonathan Schwartz, Esq.</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

Elliott Finkel, Esq.
Chair, Public Arbitrator

Signature Date

Kenneth E. Owen, Esq.
Public Arbitrator

Signature Date



Jonathan Schwartz, Esq.
Non-Public Arbitrator

10.11.04
Signature Date

10/12/04
Date of Service