

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Harry J. and Anetha Diamond

and

Case Number: 03-04434
Hearing Site: Houston, Texas

Names of Respondents

Prudential Equity Group, LLC, and
Louis M. Perry

NATURE OF DISPUTE

Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Harry J. and Anetha Diamond ("**Claimants**") were represented by Lance Arney, Esq., The Arney Law Firm, Houston, Texas and Hartley Hampton, Esq., Fibich, Hampton, Leebron & Grath, LLP, Houston, Texas.

Prudential Equity Group, LLC ("**Prudential**") and Louis M. Perry ("**Perry**"), hereinafter collectively referred to as "Respondents," were represented by Miriam G. Bahcall, Esq., Morgan, Lewis & Bockius, LLP, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about June 18, 2003. The Submission Agreements of Claimants, Harry J. and Anetha Diamond, were signed on or about June 16, 2003.

The Joint Statement of Answer was filed by Respondents, Prudential Equity Group, LLC and Louis M. Perry, on or about July 17, 2003. The Submission Agreement of Respondent, Prudential Equity Group, LLC, was signed on or about October 24, 2003. The Submission Agreement of Respondent, Louis M. Perry, was signed on or about December 18, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: suitability, negligence, fraud, breach of

fiduciary duty, and violations of state and federal securities laws. The causes of action relate to the recommendation and purchase of various unspecified securities. Claimants alleged that Respondents invested the accounts entirely in securities without regard for diversification and without regard for the Claimants' investment objectives and age. Claimants also alleged that Respondents purchased risky securities in Claimants' accounts without informing Claimants of the nature of these investments.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants failed to state a claim upon which relief can be granted; Claimants' claims are barred by the doctrines of ratification, estoppel, waiver and laches; Claimants ratified the alleged conduct about which they now complain; Claimants failed to act promptly and with due diligence to mitigate their damages after Claimants know or should have known of the alleged acts and omissions of which Claimants complain; and Claimants voluntarily assumed the risks of investing and are precluded from recovering

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Punitive/Exemplary Damages	\$1,000,000.00

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their 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, LLC, is liable for and shall pay to

Claimants, Harry J. and Anetha Diamond, the sum of \$50,000.00 in compensatory damages;

- 2.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Harry J. and Anetha Diamond, interest at the rate of 5% per annum on the above-stated sum, accruing from and including the date the Award is served through and including the date the Award is paid in full pursuant to Texas statute;
- 3.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, Harry J. and Anetha Diamond, the sum of \$25,000.00 in attorneys' fees. In deciding to Award attorneys' fees, the Panel considered the arguments of counsel, as well as the pleadings filed on behalf of the parties, and determined that authority existed for an award of attorneys' fees;
- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) 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 = \$ 375.00

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, LLC.

Member surcharge = \$ 2,250.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 4,000.00

Adjournment Fees

Adjournments granted during these proceedings:

January 25-28, 2005, adjournment requested jointly by parties = \$ 1,200.00
(waived by the Panel)

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 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 x \$1,200.00 = \$ 2,400.00
Pre-hearing conferences: April 8, 2004 1 session
January 25, 2005 1 session

Six (6) Hearing sessions x \$1,200.00 = \$ 7,200.00
Hearing Dates: May 2, 2005 2 sessions
May 3, 2005 2 sessions
May 4, 2005 2 sessions

Total Forum Fees = \$ 9,600.00

The Arbitration Panel has assessed \$9,600.00 of the forum fees to Prudential Equity Group, LLC.

Fee Summary

Claimants, Harry J. and Anetha Diamond, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Total Fees	= \$ 375.00
Less payments	= \$ 1,625.00
Refund Due to Claimants	= \$ 1,250.00

Respondent, Prudential Equity Group, LLC, is liable for:

Member Fees	= \$ 7,000.00
Forum Fees	= \$ 9,600.00
Total Fees	= \$16,600.00
Less payments	= \$ 8,000.00
Balance Due NASD Dispute Resolution	= \$ 8,600.00

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

ARBITRATION PANEL

Sherry R. Wetsch, Esq. - Public/Arbitrator, Presiding Chair
Daniel J. Pagnano, Esq. - Public Arbitrator
Stanley H. Frank, Jr. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Sherry R. Wetsch, Esq.
Sherry R. Wetsch, Esq.
Public Arbitrator, Presiding Chair

May 10, 2005
Signature Date

/s/ Daniel J. Pagnano, Esq.
Daniel J. Pagnano, Esq.
Public Arbitrator

May 10, 2005
Signature Date

/s/ Stanley H. Frank, Jr.
Stanley H. Frank, Jr.
Non-Public Arbitrator

May 10, 2005
Signature Date

May 10, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

Sherry R. Wetsch, Esq. - Public/Arbitrator, Presiding Chair
Daniel J. Pagnano, Esq. - Public Arbitrator
Stanley H. Frank, Jr. - Non-Public Arbitrator

Concurring Arbitrators:



Sherry R. Wetsch, Esq.
Public Arbitrator, Presiding Chair

5-10-05

Signature Date

Daniel J. Pagnano, Esq.
Public Arbitrator

Signature Date

Stanley H. Frank, Jr.
Non-Public Arbitrator

Signature Date

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Signature Date



Daniel J. Pagnano, Esq.
Public Arbitrator

5/10/05

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