

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

James and Schrader Randall

and

Case Number: 03-04635
Hearing Site: Denver, Colorado

Names of Respondents

Prudential Equity Group, LLC,
Louis M. Perry,
David L. Noble,
Logan D. Fitch, and
Kit E. Vick

NATURE OF DISPUTE

Customers v. Member Firm and Associated Persons

REPRESENTATION OF PARTIES

James and Schrader Randall ("**Claimant**") were represented by John J. McKetta, Esq., and J. Preston Randall, Esq., Graves, Dougherty, Hearon & Moody, P.C., Austin, Texas.

Prudential Equity Group, LLC ("**Prudential**"), Louis M. Perry ("**Perry**"), David L. Noble ("**Noble**"), Logan D. Fitch ("**Fitch**"), and Kit E. Vick ("**Vick**"), hereinafter collectively referred to as "Respondents," were represented by Mario Aieta, Esq., and Robert Carrillo, Esq., Garvey Schubert & Barer, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about June 26, 2003. The Submission Agreement of Claimants, James and Schrader Randall, was signed on or about June 6, 2003. Claimants filed their First Amended Statement of Claim and Response to Respondents' Motion to Dismiss on or about October 8, 2003.

The Joint Statement of Answer and Motion to Dismiss was filed by Respondents, Prudential Equity Group, LLC, Louis M. Perry, David L. Noble, Logan D. Fitch, and Kit E. Vick on or about September 10, 2003. The Submission Agreement of Respondent, Prudential Equity Group, LLC, was signed on or about April 21, 2005. The Submission Agreement of Respondent, Louis M. Perry, was signed on or about April 21, 2005.

The Submission Agreement of Respondent, Logan D. Fitch, was signed on or about April 21, 2005. The Submission Agreement of Respondent, Kit E. Vick, was signed on or about April 21, 2005. Respondents filed their Answer to the First Amended Statement of Claim and Amended Motion to Dismiss on or about November 18, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: negligence, failure to supervise, misrepresentations, unauthorized trading, fraud, breach of contract and suitability. The causes of action relate to the recommendation and purchase of various types of securities. Claimants alleged that Respondents recommended that the vast majority of Claimants' retirement savings be invested in stock equities, with the vast majority of those stock equities being growth stocks. Claimants alleged that such investments were not suitable for them given their age, circumstances, and risk tolerance. Claimants also alleged that they did not understand that their retirement was not properly diversified and/or invested.

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 are barred from any recovery because they directed, authorized, consented to, and/or ratified all transactions; Claimants retained control over their account; and any damages Claimants sustained were caused by Claimants' own acts and omissions, and not by any representation, recommendation, or negligent act or omission on the part of any of the Respondents.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$550,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

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

Respondent, David L. Noble, did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the

claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

The Panel denied the Respondents' Amended Motion to Dismiss on or about February 3, 2004.

Claimant filed a Motion for Leave to Amend the Statement of Claim on or about March 30, 2005. The Panel denied this Motion.

During the pendency of the hearing, the parties entered the following stipulation on the record:

- 1.) Claimants agree to the dismissal of Noble, Fitch and Vick, and to cooperate reasonably to achieve the expungement from their CRD of any reference to this matter.
- 2.) Prudential Equities, stipulates to:
 - a.) the activities and conduct at issue in this controversy are within the course and scope of employment, and therefore,
 - b.) in the event liability is found based on the activities and conduct at issue in this controversy – which Respondents contest – then Prudential Equities will be liable for any award issued by the arbitrators.

J. McKetta signed, dated, and entered this stipulation on the record for Claimants on April 27, 2005. Mario Aieta signed, dated and agreed to the entry of the stipulation on the record on behalf of Respondents on April 27, 2005. The parties included a copy of the signed stipulation with Arbitrator's Exhibit #1.

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, James and Schrader Randall, the sum of \$514,825.00 in actual losses;

- 2.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, James and Schrader Randall, the sum of \$185,337.00 in prejudgment interest at the rate of 8% per annum from and including October 2000 through and including April 28, 2005 pursuant to Colorado law;
- 3.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, James and Schrader Randall, the sum of \$125,000.00 for replacement of income stream damages;
- 4.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, James and Schrader Randall, the sum of \$74,371.00 in attorneys' fees pursuant to Colorado law;
- 5.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, James and Schrader Randall, the sum of \$5,391.00 in legal fees pursuant to Colorado law;
- 6.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, James and Schrader Randall, the sum of \$22,000.00 in expert witness fees;
- 7.) 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 persons 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:

November 30 – December 2, 2004, adjournment by Claimants = \$ 1,200.00

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:

One (1) Pre-hearing session with Panel x \$1200.00 = \$ 1,200.00
Pre-hearing conference: February 3, 2004 1 session

Six (6) Hearing sessions x \$1200.00 = \$ 7,200.00
Hearing Dates: April 26, 2005 2 sessions
April 27, 2005 2 sessions
April 28, 2005 2 sessions

Total Forum Fees = \$ 8,400.00

The Arbitration Panel has assessed \$8,400.00 of the forum fees to Prudential Equity Group, LLC.

Fee Summary

Claimants, James and Schrader Randall, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Adjournment Fee	= \$ 1,200.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

Member Fees	= \$ 7,000.00
Forum Fees	= \$ 8,400.00
Total Fees	= \$15,400.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 8,400.00

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

ARBITRATION PANEL

Rhonda L. Rhodes, Esq. - Public Arbitrator, Presiding Chair
Peter D. Bowes - Public Arbitrator
Philip A. Feigin, JD - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Rhonda L. Rhodes, Esq.
Rhonda L. Rhodes, Esq.
Public Arbitrator, Presiding Chair

May 6, 2005
Signature Date

/s/ Peter D. Bowes
Peter D. Bowes
Public Arbitrator

May 5, 2005
Signature Date

/s/ Philip A. Feigin, JD
Philip A. Feigin, JD
Non-Public Arbitrator

May 6, 2005
Signature Date

May 6, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

Rhonda L. Rhodes, Esq. - Public Arbitrator, Presiding Chair
Peter D. Bowes - Public Arbitrator
Philip A. Feigin, JD - Non-Public Arbitrator

Consenting Arbitrators

Rhonda L. Rhodes
Rhonda L. Rhodes, Esq.
Public Arbitrator, Presiding Chair

5/6/05

Signature Date

Peter D. Bowes
Peter D. Bowes
Public Arbitrator

Signature Date

Philip A. Feigin, JD
Philip A. Feigin, JD
Non-Public Arbitrator

Signature Date

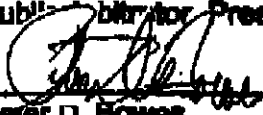
Date of Service (For NASD office use only)

ARBITRATION PANEL

Rhonda L. Rhodes, Esq. - Public Arbitrator, Presiding Chair
Peter D. Bowes - Public Arbitrator
Philip A. Felgin, JD - Non-Public Arbitrator

Concurring Arbitrators:

Rhonda L. Rhodes, Esq.
Public Arbitrator, Presiding Chair



Peter D. Bowes
Public Arbitrator

Signature Date

05/05/05

Signature Date

Philip A. Felgin, JD
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Rhonda L. Rhodes, Esq. - Public Arbitrator, Presiding Chair
Peter D. Bowes - Public Arbitrator
Philip A. Feigin, JD - Non-Public Arbitrator


Concurring Arbitrators:

Rhonda L. Rhodes, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Peter D. Bowes
Public Arbitrator

Signature Date



Philip A. Feigin, JD
Non-Public Arbitrator



Signature Date

Date of Service (For NASD office use only)
