

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Name of Claimant

Laura Jo Garrison

and

Case Number: 03-05390  
Hearing Site: Houston, Texas

Name of Respondent / Third Party Claimant

Prudential Equity Group, LLC

and

Name of Third Party Respondent

Mehran Azarfar

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**NATURE OF DISPUTE**

Customer v. Member Firm v. Customer

**REPRESENTATION OF PARTIES**

Laura Jo Garrison ("**Claimant**") was represented by Joel H. Pullen, Esq., Pulman, Bresnahan & Pullen, LLP, San Antonio, Texas.

Prudential Equity Group, LLC ("**Prudential**") was represented by Margaret Manolakis, Esq., Stradley Ronon, Malvern, Pennsylvania.

Mehran Azarfar ("**Azarfar**") of San Antonio, Texas, represented himself.

**CASE INFORMATION**

The Statement of Claim was filed on or about July 22, 2003. The Submission Agreement of Claimant, Laura Jo Garrison, was signed on or about July 21, 2003.

The Statement of Answer and Third Party Statement of Claim was filed by Respondent, Prudential Equity Group, LLC, on or about October 17, 2003. The Submission Agreement of Respondent, Prudential Equity Group, LLC, was signed on or about October 6, 2003.

Third-Party Respondent, Mehran Azarfar, did not file a Statement of Answer.

### **CASE SUMMARY**

Claimant asserted the following causes of action: margin calls, failure to supervise, breach of fiduciary duty, churning, manipulations, unsuitability and unauthorized trading. The causes of action relate to the recommendation and purchase of various unspecified securities. Specifically, the Claimant opened two accounts with Respondent: the "Command Account" and the "IRA Rollover Account." Claimant alleged that these accounts were excessively traded and churned and the investments were unsuitable and there was a lack of supervision.

Unless specifically admitted in its Answer, Respondent Prudential denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; Claimant is estopped from asserting the claims set forth in the Statement of Claim due to her own conduct; Claimant failed to take the appropriate steps to mitigate her alleged damages; and Claimant authorized, ratified, approved, accepted and acquiesced in and confirmed all respects of acts complained of in the Statement of Claim.

Third Party Claimant, Prudential, asserted a claim against Third Party Respondent, Mehran Azarfar for indemnification and contribution. Prudential alleged that Claimant executed power of attorney and discretionary trading papers for the accounts giving Azarfar full reign over the accounts. In addition, Prudential alleged that Azarfar was Claimant's agent and fiduciary, directing all trading in the accounts and directly caused any loss in the accounts.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of:

|                             |              |
|-----------------------------|--------------|
| Actual/Compensatory Damages | \$100,000.00 |
| Punitive/Exemplary Damages  | \$250,000.00 |
| Attorneys' Fees             | Unspecified  |
| Other Costs                 | Unspecified  |
| Other Monetary Relief       | Unspecified  |

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

Regarding the Third Party Claim, Respondent requested an award in the amount of:

|                             |              |
|-----------------------------|--------------|
| Actual/Compensatory Damages | \$350,000.00 |
| Other Costs                 | Unspecified  |

### **OTHER ISSUES CONSIDERED & DECIDED**

Upon review of the file and the representations made by/on behalf of the Third Party Claimant, the undersigned arbitrators have determined that Respondent, Mehran Azarfar, was properly served with the Third Party Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code").

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

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.) Claimant's claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) The Third Party Claim filed by Respondent is hereby denied and dismissed with prejudice;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 4.) Any relief not specifically enumerated, including punitive damages and attorney fees, 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     | = \$ 300.00   |
| Third Party Claim filing fee | = \$ 1,000.00 |

### **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        | = \$ 1,700.00 |
| Pre-hearing process fee | = \$ 750.00   |
| Hearing process fee     | = \$ 2,750.00 |

### **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 \$1,125.00 | = \$ 1,125.00        |
| Pre-hearing conference: July 13, 2004 1 session     |                      |
| Four (4) Hearing sessions x \$1,125.00              | = \$ 4,500.00        |
| Hearing Dates: January 25, 2005 2 sessions          |                      |
| January 26, 2005 2 sessions                         |                      |
| <b>Total Forum Fees</b>                             | <b>= \$ 5,625.00</b> |

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Laura Jo Garrison.

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Prudential Equity Group, LLC.

### **Fee Summary**

Claimant, Laura Jo Garrison, is liable for:

|  |                      |
|--|----------------------|
| Initial Filing Fee                         | = \$ 300.00          |
| Forum Fees                                 | = \$ 2,812.50        |
| <b>Total Fees</b>                          | <b>= \$ 3,112.50</b> |
| Less payments                              | = \$ 1,425.00        |
| <b>Balance Due NASD Dispute Resolution</b> | <b>= \$ 1,687.50</b> |

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

|                                     |               |
|-------------------------------------|---------------|
| Third Party Filing Fee              | = \$ 1,000.00 |
| Member Fees                         | = \$ 5,200.00 |
| Forum Fees                          | = \$ 2,812.50 |
| Total Fees                          | = \$ 9,012.50 |
| Less payments                       | = \$ 7,325.00 |
| Balance Due NASD Dispute Resolution | = \$ 1,687.50 |

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

**ARBITRATION PANEL**

Walton L. Huff - Public Arbitrator, Presiding Chair  
Frank M. Romano - Public Arbitrator  
Sandra Lea McNally - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Walton L. Huff  
Walton L. Huff  
Public Arbitrator, Presiding Chair

January 27, 2005  
Signature Date

/s/ Frank M. Romano  
Frank M. Romano  
Public Arbitrator

January 27, 2005  
Signature Date

/s/ Sandra Lea McNally  
Sandra Lea McNally  
Non-Public Arbitrator

January 27, 2005  
Signature Date

January 27, 2005  
Date of Service (For NASD office use only)

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

|                                     |               |
|-------------------------------------|---------------|
| Third Party Filing Fee              | = \$ 1,000.00 |
| Member Fees                         | = \$ 5,200.00 |
| Forum Fees                          | = \$ 2,812.50 |
| Total Fees                          | = \$ 9,012.50 |
| Less payments                       | = \$ 7,325.00 |
| Balance Due NASD Dispute Resolution | = \$ 1,687.50 |

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Public Arbitrator, Presiding Chair

1/27/05  
Signature Date

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Frank M. Romano  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Sandra Lea McNally  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

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Date of Service (For NASD office use only)

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

|                                     |                      |
|-------------------------------------|----------------------|
| Third Party Filing Fee              | = \$ 1,000.00        |
| Member Fees                         | = \$ 5,200.00        |
| <u>Forum Fees</u>                   | <u>= \$ 2,812.50</u> |
| Total Fees                          | = \$ 9,012.50        |
| <u>Less payments</u>                | <u>= \$ 7,325.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 1,687.50        |

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10390(g) of the Code.

**ARBITRATION PANEL**

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Frank M. Romano - Public Arbitrator  
Sandra Lea McNally - Non-Public Arbitrator

Concurring Arbitrators:

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