

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Jeffrey Scott Lewis

v.

03-09176
Denver, Colorado

Respondent

Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc.

Nature of Dispute: Customer v. Member

REPRESENTATION OF PARTIES

Jeffrey Scott Lewis ("**Claimant**") was represented by Kirk George Smith, Esq., of Shepherd Smith & Edwards, L.L.P., Houston, Texas.

Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc. ("**Respondent**") was represented by Amy B. Jones, Esq., of Garvey Schubert Barer, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about December 30, 2003. The Submission Agreement of Claimant was signed on or about November 18, 2003.

The Statement of Answer was filed by Respondent, Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc., on or about April 1, 2004. The Submission Agreement of Respondent, Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc., was signed on or about March 31, 2004.

CASE SUMMARY

Claimant asserted causes of action including the following: breach of contract, violation of Colorado Consumer Protection and Colorado Deceptive Trade Practices Acts, violation of SEC and NASD regulations, violation of Colorado state securities statutes and violation of Colorado fraud statutes. The causes of action related to Claimant's allegation that Respondent recommended the purchase of several unspecified high-risk investments, that according to Claimant were unsuitable, overly concentrated and lacked the diversification needed to protect his holdings upon the market's downturn. Claimant alleged that given his lack of investment experience, Respondent should have instituted a conservative investment strategy and recommended the purchase of bonds and cash to protect and diversify his portfolio.

Respondent denied the allegations set forth in the Statement of Claim and asserted defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; any losses suffered by Claimant in his accounts were occasioned by the movement of the market prices of the securities in those accounts, not by any misconduct of Respondent; the investments in Claimant's accounts were suitable and were appropriately diversified, based upon the financial information Claimant gave to Respondent and Claimant's stated investment objective risks; Respondent acted in good faith and with due care respecting Claimant, his investments and his accounts; and Claimant failed to plead proper state law causes of action under the consumer protection laws, securities act and fraud statutes and, therefore cannot recover thereunder.

RELIEF REQUESTED

Claimant requested an award between \$3,000,000 and \$5,000,000 in compensatory damages, plus punitive damages, interest, costs, attorneys' fees and any other relief the panel deemed just and equitable.

Respondent requested that the claims asserted against it be denied and dismissed in their entirety and that it 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 originals 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, f/k/a Prudential Securities, Inc., is liable for and shall pay to Claimant, Jeffrey Scott Lewis, the sum of Seven Hundred Fifty Thousand Dollars and No Cents (\$750,000.00) in compensatory damages;
2. Respondent, Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc., is liable for and shall pay to Claimant, Jeffrey Scott Lewis, post award interest on the above stated sum at the rate of 8% per annum from and including February 10, 2005, through and including the date this award is paid in full;

3. Respondent, Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc., is liable for and shall pay to Claimant, Jeffrey Scott Lewis, the sum of Thirteen Thousand Five Hundred Dollars and No Cents (\$13,500.00) in arbitration costs; and
4. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, including punitive damages, are denied with prejudice;

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 600

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, f/k/a Prudential Securities, Inc.

Member surcharge = \$ 2,800
Pre-hearing process fee = \$ 750
Hearing process fee = \$ 5,000

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(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with the Chairperson x \$ 450 = \$ 450

Pre-hearing conference: 10/13/2004 1 session

One (1) Pre-hearing session with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: 07/12/2004 1 session

Six (6) Hearing sessions with Panel x \$ 1,200 = \$ 7,200

Hearing Dates:	02/07/2005	2 sessions
	02/08/2005	2 sessions
	02/09/2005	2 sessions

Total Forum Fees	= \$ 8,850
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The Arbitration Panel has assessed \$ 8,850 of the forum fees to Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc.

FEE SUMMARY

Claimant, Jeffrey Scott Lewis, is liable for:

<u>Initial Filing Fee</u>	= \$ 600
Total Fees	= \$ 600
<u>Less payments</u>	= \$ 1,800
Balance Refunded By NASD Dispute Resolution	= \$ 1,200

Respondent, Prudential Equity Group, LLC, f/k/a Prudential Securities, Inc., is liable for:

Member Fees	= \$ 8,550
<u>Forum Fees</u>	= \$ 8,850
Total Fees	= \$ 17,400
<u>Less payments</u>	= \$ 8,550
Balance Due NASD Dispute Resolution	= \$ 8,850

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

ARBITRATION PANEL

Mari C. Bush, Esq. - Public Arbitrator, Presiding Chair
John G. Brant - Public Arbitrator
Kenneth R. Von der Heiden- Non-Public Arbitrator

Concurring Arbitrators:

Mari C. Bush, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John G. Brant
Public Arbitrator

Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

FEBRUARY 18, 2005

Date of Service (NASD use only)

ARBITRATION PANEL

Mari C. Bush, Esq. - Public Arbitrator, Presiding Chair
John G. Brant - Public Arbitrator
Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

Mari C. Bush

Mari C. Bush, Esq.
Public Arbitrator, Presiding Chair

Feb. 16, 2005

Signature Date

John G. Brant
Public Arbitrator

Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

Date of Service (NASD use only)

ARBITRATION PANEL

Mari C. Bush, Esq. - Public Arbitrator, Presiding Chair
John G. Brant - Public Arbitrator
Kenneth R. Von der Heiden - Non-Public Arbitrator

Concurring Arbitrators:

Mari C. Bush, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John G. Brant
John G. Brant
Public Arbitrator

2/18/05
Signature Date

Kenneth R. Von der Heiden
Non-Public Arbitrator

Signature Date

Date of Service (NASD use only)

ARBITRATION PANEL

Mari C. Bush, Esq. - Public Arbitrator, Presiding Chair
John G. Brant - Public Arbitrator
Kenneth R. Von der Heiden- Non-Public Arbitrator

Concurring Arbitrators:

Mari C. Bush, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John G. Brant
Public Arbitrator

Signature Date


Kenneth R. Von der Heiden
Non-Public Arbitrator

Feb 17, 2005
Signature Date

Date of Service (NASD use only)