
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Canaciet Caja Nacional de
Cesantia de Andinatel, S.A.,
Pacifictel, S.A. y Superintendencia
de Telecomunicaciones

Case Number: 04-02797

Name of the Respondent

Prudential Equity Group, LLC f/k/a
Prudential Securities, Incorporated

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Canaciet Caja Nacional de Cesantia de Andinatel, S.A., Pacifictel, S.A. y Superintendencia de Telecomunicaciones, hereinafter referred to as "Claimant", Curtis Carlson, Esq. and V. Michael Arias, Esq., Carlson & Lewittes, P.A., Miami, Florida.

For Prudential Equity Group, LLC f/k/a Prudential Securities, Incorporated, hereinafter referred to as "Respondent": Robert A. Boraks, Esq. and Carolyn Prince, Esq., Garvey Schubert Barer, Washington, D.C.

CASE INFORMATION

Statement of Claim filed on or about: April 15, 2004.

Claimant signed the Uniform Submission Agreement: April 6, 2004.

Answer and Statement of Defenses filed by Respondent on or about: July 8, 2004.

Respondent signed the Uniform Submission Agreement: August 2, 2004.

Unopposed Motion to Change Venue from Puerto Rico to Boca Raton filed by Claimant on or about: June 9, 2006.

Motion to Show Cause Why Claimant's Case Should Not Be Dismissed for Lack of Capacity to Sue or Lack of Standing filed by Respondent on or about: June 14, 2006.

Response to Motion to Show Cause Why Claimant's Case Should Not Be Dismissed for Lack of Capacity to Sue or Lack of Standing filed by Claimant on or about: June 26, 2006.

Reply to Claimant's Response to Motion to Show Cause Why Claimant's Case Should Not Be Dismissed for Lack of Capacity to Sue or Lack of Standing filed by Respondent on or about: July 7, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: 1) unsuitability; 2) breach of fiduciary duty; 3) negligence; 4) churning; 5) common law fraud; and 6) unauthorized trading. The causes of action relate to Claimant's investments in, including but not limited to, unspecified equity stocks, preferred stocks, corporate bonds, government securities and mortgage backed securities.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses and other additional defenses.

RELIEF REQUESTED

Claimant requested total damages between \$1,000,000.00 and \$3,000,000.00 which consist of the following: 1) compensatory damages; 2) interest thereon; 3) punitive damages; 4) fees and costs of the arbitration forum; and 5) the costs of maintaining the action, including expert witness fees.

Respondent requested: 1) that the Statement of Claim be dismissed on the basis of failure to state any actionable claims, and/or lack of timeliness, or, in the alternative; 2) an award dismissing all claims with prejudice; 3) attorneys' fees; 4) costs; and 5) such other and further relief as is just and proper in the circumstances.

OTHER ISSUES CONSIDERED AND DECIDED

On or about June 21, 2006, the Panel granted Claimant's Motion to Change Venue from Puerto Rico to Boca Raton.

On or about July 10, 2006, during the evidentiary hearing, the Panel entered an order denying Respondent's Motion to Show Cause Why Claimant's Case Should Not Be Dismissed for Lack of Capacity to Sue or Lack of Standing.

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, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent is liable on the claims of unsuitability, breach of fiduciary duty, negligence, churning and unauthorized trading and shall pay to the Claimant compensatory damages in the amount of \$2,250,000.00, inclusive of pre-judgment interest.

2) In determining the amount of the Award, the Panel considered and ascribed some responsibility of the loss to the Claimant.

3) Any and all other claims for relief not specifically addressed herein, including Claimant's request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$ 500.00
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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. Accordingly, Respondent is a party and a member firm.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

There were no three-day cancellation fees assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 a single arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: March 28, 2005 1 session

Four (4) Pre-hearing sessions with the Panel @ \$1,200.00/session = \$ 4,800.00
Pre-hearing conferences: September 23, 2004 1 session
March 15, 2005 1 session
May 31, 2006 1 session
June 30, 2006 1 session

Nine (9) Hearing sessions with Panel @ \$1,200.00/session = \$10,800.00
Hearing Dates: July 10, 2006 2 sessions
July 11, 2006 2 sessions
July 12, 2006 2 sessions
July 13, 2006 2 sessions
July 14, 2006 1 session

Total Forum Fees = \$16,050.00

The Panel has assessed the total forum fees in the amount of \$16,050.00 to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent is solely liable for:

Forum Fees	= \$16,050.00
Member Fees	= \$ 8,550.00
Total Fees	= \$24,600.00
Less payments	= \$ 8,550.00

Balance Due NASD Dispute Resolution

= \$16,050.00

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

ARBITRATION PANEL

<i>Randy R. Freedman, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Paul E. Morgan</i>	-	<i>Public Arbitrator</i>
<i>Raymond W. Snow</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

 /s/
Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

July 18, 2006
Signature Date

 /s/
Paul E. Morgan
Public Arbitrator

July 19, 2006
Signature Date

 /s/
Raymond W. Snow
Non-Public Arbitrator

July 19, 2006
Signature Date

July 19, 2006
Date of Service (For NASD Dispute Resolution office use only)

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Balance Due NASD Dispute Resolution

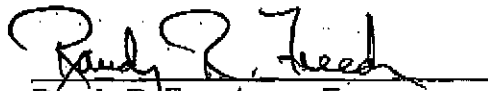
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<i>Raymond W. Snow</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures



Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

7/18/06

Signature Date

Paul E. Morgan
Public Arbitrator

Signature Date

Raymond W. Snow
Non-Public Arbitrator

Signature Date

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Paul E. Morgan - **Public Arbitrator**
Raymond W. Snow - **Non-Public Arbitrator**

Concurring Arbitrators' Signatures

Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Paul E. Morgan
Paul E. Morgan
Public Arbitrator

07/19/06
Signature Date

Raymond W. Snow
Non-Public Arbitrator

Signature Date

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<i>Raymond W. Snow</i>	-	<i>Non-Public Arbitrator</i>

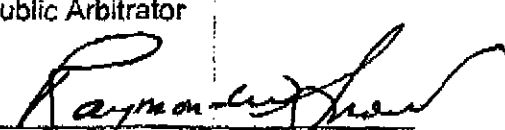
Concurring Arbitrators' Signatures

Randy R. Freedman, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Paul E. Morgan
Public Arbitrator

Signature Date



Raymond W. Snow
Non-Public Arbitrator



Signature Date

Date of Service (For NASD Dispute Resolution office use only)