

Award
NASD Dispute Resolution

COPY

In the Matter of the Arbitration Between:

David C. M. Schiff and Kathryn M. Schiff, Claimants v. Prudential Equity Group, LLC,
Respondent

Case Number: 04-05009

Hearing Site: Portland, Oregon

Nature of the Dispute: Customers vs. Member

REPRESENTATION OF PARTIES

For Claimants:

George S. Trevor, Esq.
Trevor & Weixel LLP
Corte Madera, California

For Respondent:

Robert A. Boraks, Esq.
Kenneth L. Schubert, III, Esq.
Garvey Schubert Barer
Seattle, Washington

CASE INFORMATION

Statement of Claim filed: July 9, 2004

Claimants' Arbitration Brief filed: July 13, 2005

Claimants' Uniform Submission Agreement signed: June 24, 2004

Statement of Answer filed by Respondent Prudential Equity Group, LLC ("Prudential"): October 15, 2004

Respondent Prudential's Uniform Submission Agreement signed: September 22, 2004

CASE SUMMARY

Claimants asserted that in addition to bringing this claim in their individual capacities, Claimants filed this claim in their capacities as trustees and/or other representatives of their respective IRAs and/or IRA rollover accounts. Claimants alleged the following claims with respect to investments in various securities, including but not limited to investments in Broadcom, GE, Lucent Technologies, Microsoft, PMC Sierra, Sun Microsystems and Yahoo stock: 1) Negligence; 2) Breach of Contract; 3) Failure to Supervise; 4) Breach of Fiduciary Duty; 5)

Common Law Fraud; 6) Breach of Third-Party Beneficiary Contract; and 7) Violations of California and Federal Securities Laws.

Respondent denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondent also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Out-of-pocket losses of at least \$1,500,000.00 plus additional damages proven at hearing;
2. Exemplary and punitive damages;
3. Interest;
4. Costs;
5. Attorneys' fees; and
6. Such other and further relief as the Panel may deem just and proper.

Respondent requested:

1. Dismissal of Claimants' claims with prejudice;
2. That the Panel deny Claimants any award or recovery and award Prudential its reasonable attorneys' fees and costs; and
3. Such other and further relief as the Panel may deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearing, the Panel considered the positions of the parties relative to Respondent's motion for discovery regarding Claimants' Mendocino bank account. The Panel denied the motion.

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

1. All claims by Claimants, including the claims for exemplary and punitive damages, are dismissed.
2. Each party shall bear its own costs, including attorney's fees.

3. All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD-DR received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$500.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, Prudential is a party and the following fees are assessed:

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

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

(1) Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$1,200.00
Pre-hearing conference: November 1, 2004	1 session
(8) Hearing sessions @ \$1,200.00/session	= \$9,600.00
Hearings: July 25, 2005	2 sessions
July 26, 2005	2 sessions
July 27, 2005	2 sessions
July 28, 2005	2 sessions
Total Forum Fees	= \$10,800.00

The Panel assessed the \$10,800.00 in forum fees to Respondent Prudential.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
<u>Less Payments</u>	<u>= \$(1,700.00)</u>
Refund Due Claimants	= \$(1,200.00)

2. Respondent Prudential is charged with the following fees and costs:

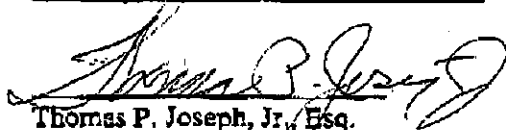
Member Fees	= \$ 8,550.00
<u>Forum Fees</u>	<u>= \$ 10,800.00</u>
Total Fees	= \$ 19,350.00
<u>Less Payments</u>	<u>= \$(8,550.00)</u>
Balance Due NASD-DR	= \$ 10,800.00

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

ARBITRATION PANEL

Thomas P. Joseph, Jr., Esq.	-	Public Arbitrator, Presiding Chair
Nancy E. Hochman, Esq.	-	Public Arbitrator
Joseph W. Cheek	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Thomas P. Joseph, Jr., Esq.
Chair, Public Arbitrator

8/5/05
Signature Date

Nancy E. Hochman, Esq.
Public Arbitrator

Signature Date

Joseph W. Cheek
Non-Public Arbitrator

Signature Date

8/9/05
Date of Service

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Public Arbitrator
Non-Public Arbitrator

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Public Arbitrator

8/3/05

Signature Date

Joseph W. Cheek
Non-Public Arbitrator

Signature Date

8/9/05

Date of Service

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