

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimants
Alfred L. Williams, Jr.;
Courtney Williams; and,
Travis Williams

Case Number: 05-01452

Name of the Respondents
Prudential Equity Group, LLC;
Pruco Securities, LLC;
Wachovia Securities, LLC; and,
George Reynolds Howard, III

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customer vs. Member Firms and Associated Person

REPRESENTATION OF PARTIES

Claimants Alfred L. Williams, Jr. ("A. Williams"), Courtney Williams ("C. Williams") and Travis Williams ("T. Williams"), hereinafter collectively referred to as "Claimants": John Andrew Conway, Esq., of the firm of Sayles Werbner, P.C., located in Dallas, Texas.

Respondents Prudential Equity Group, LLC ("PEG") and Pruco Securities, LLC ("Pruco"), hereinafter collectively referred to as "PEG Respondents": Kenneth L. Schubert, III, Esq., of the firm of Garvey Schubert Barer, located in Seattle, Washington. Mr. Schubert also represented George Reynolds Howard, III, limited to the duration of his employment at PEG.

Respondents Wachovia Securities, LLC ("Wachovia") and George Reynolds Howard, III ("Howard"), hereinafter collectively referred to as "Wachovia Respondents": Jack D. Ballard, Esq. of The Ballard Law Firm, located in Houston, Texas.

CASE INFORMATION

Statement of Claim filed: March 18, 2005.

All three Claimants signed the Uniform Submission Agreement: March 17, 2005.

Claimants' Motion for Leave to Amend was filed on: January 16, 2006.

Claimant's Reply to the Wachovia Respondents Response was filed on: January 31, 2006.

Claimants' Amended Statement of Claim was filed on: March 16, 2006.

Notice of Dismissal of Respondent Prudential Equity Group, LLC and Respondent Howard for acts or omissions prior to July 1, 2003 filed on: May 8, 2006.

Statement of Answer filed by the PEG Respondents on or about: June 10, 2005.
Respondent PEG signed the Uniform Submission Agreement: May 11, 2005.
Respondent Pruco did not file a signed the Uniform Submission Agreement.

Statement of Answer filed by the Wachovia Respondents on or about: June 9, 2005.
Respondent Wachovia signed the Uniform Submission Agreement: May 24, 2005.
Respondent Howard signed the Uniform Submission Agreement: May 24, 2005.
Wachovia Respondents' Response to the Claimants' Motion for Leave to Amend filed on: January 23, 2006.
Supplemental Statement of Answer filed by the Wachovia Respondents on or about: April 5, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: unsuitability; breach of fiduciary duty; fraud and misrepresentation in violation of Federal and state securities laws; common law fraud; violation of the Texas Deceptive Trade Practices Act ("DTPA"); churning; negligence and negligent supervision; respondeat superior; and, negligent misrepresentation. These causes of action resulted from Respondents alleged mishandling of Claimants' various accounts; including the purchase of unsuitable stocks.

Unless specifically admitted in their Answer, the PEG Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

1. The Statement of Claim fails to state a claim upon which relief may be granted;
2. Any losses suffered by Claimants in their accounts were occasioned by their own investment decisions and the movement of the market prices of its securities, and not by any misconduct by Respondents;
3. PEG reasonably supervised Claimants' accounts;
4. Claimants are estopped from asserting this claim against Respondents;
5. Respondents acted in good faith and with due care respecting Claimants, their investments and their accounts;
6. No statement or misrepresentations were made by Respondents to Claimants and relied upon to their detriment;
7. Claimants failed to state a claim upon which an award of punitive

- damages may be made;
8. Claimants failed to mitigate their own damages, if any;
 9. Respondents did not make any material representations or omissions with respect to any of the investments in Claimants' accounts, and did not engage in any other fraudulent or deceitful conduct;
 10. Claimants ratified their investments when they received notice thereof and failed to object in writing within ten days;
 11. Respondents did not owe Claimants a fiduciary duty for any accounts that were not discretionary;
 12. Claimants' claims are barred, in whole or in part, by the applicable statute of limitations;
 13. While Claimants claim common law fraud and statutory fraud under TEX. BUS. & COM. CODE §27.01, they failed to set forth any facts showing a false representation, made for the purpose of inducing them to act or enter into a contract, and that they relied on that false representation; and,
 14. Claimants' negligence claim is barred by the economic loss doctrine.

Unless specifically admitted in their Answer, the Wachovia Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimants' Statement of Claim fails to state a claim upon which relief can be granted;
2. Respondents were not the cause of any damages to Claimants. The alleged damages, if any, were the result of market forces for which Respondents were not responsible;
3. Respondents were not liable to Claimants under the doctrines of ratification, waiver and estoppel;
4. Respondents are not the producing or proximate cause of any damages to Claimants under any applicable state law, as alleged in the Statement of Claim;
5. Respondents have not violated the federal or state securities statutes. All recommendations were undertaken in good faith and were consistent with the Claimants' investment objectives, and the accounts were properly supervised;
6. Part or all of the Claimants' claims are barred by the applicable Statutes of Limitation;
7. The alleged damages sustained were the result of Claimants' own negligence and the Claimants' recovery, if any, must be reduced in proportion to their responsibility;
8. Respondents are not the producing or proximate cause of any damages to Claimants under the DTPA, or any other applicable consumer protection state law, as alleged in the Statement of Claim;
9. Claimants breached their contractual duties to promptly review statements and confirmations and notify Respondents in writing of any errors or changes in their investor profile;

10. An award of exemplary damages is inappropriate based upon the facts presented, applicable law, and would violate the Constitutions of Texas and the United States; and,
11. Claimants' request for attorneys' fees should not be granted because their claims lack merit, alternatively, because many of the causes of action do not provide for an award of attorneys' fees.

RELIEF REQUESTED

Claimants requested:

Compensatory Damages	\$2,500,000.00
Punitive Damages	Pursuant to the Texas Deceptive Trade Practices Act and TEX. BUS. & COM. CODE §27.01
Interest	Pre-judgment and post-judgment on all sums awarded
Attorneys' Fees	Reasonable fees pursuant to the Texas Securities Act, TEX. BUS. & COM. CODE §27.01, and the DTPA, and in exercise of the Panel's equitable powers
Other Costs	Including filing fees and expert costs
Other Monetary/Non-Monetary Relief if any:	Opportunity costs; refund of excess commissions; interest paid on margin debt; any unnecessary taxes paid; and opportunity lost interest.

The PEG Respondents requested that the Panel deny all claims with prejudice; deny Claimants any award and award Respondents their reasonable attorneys' fees and costs; enter an order expunging their case from the CRD of Respondent Howard; and, such further relief as is just and proper.

The Wachovia Respondents requested that the relief sought in Claimants' Amended Statement of Claim be denied in all respects; that all reported information regarding this case be expunged from the CRD records of Respondent Howard; that Respondents recover their attorneys' fees and costs; and for such further relief as the Panel deems just.

OTHER ISSUES CONSIDERED AND DECIDED

On August 9, 2005, Claimants removed Respondent Pruco as a party based upon the

representations of the PEG Respondents. As a result, by agreement of the parties, Respondent PEG was substituted as the Respondent.

On March 16, 2006, the Panel granted Claimants' Motion for Leave to Amend.

On April 25, 2006, Claimant notified the NASD that they had resolved all claims against Respondent PEG. On May 8, 2006, Claimant filed a Notice of Dismissal with prejudice of all claims against Prudential Equity Group, LLC. In addition, all claims against Respondent Howard in connection with acts or omissions that occurred on or prior to July 1, 2003 were dismissed with prejudice by the Notice.

At hearing, the Wachovia Respondents moved for a directed verdict. Upon review, the Panel denied the Motion.

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 Wachovia Securities, LLC is liable for and shall pay to Claimant Courtney Williams the sum of \$4,400.00 as compensatory damages;
2. In addition, Respondents Wachovia Securities, LLC is liable for and shall pay to Claimant Travis Williams the sum of \$5,200.00 as compensatory damages;
3. The claims against Respondent George Reynolds Howard, III are dismissed and denied with prejudice;
4. Respondent George Reynolds Howard, III's Request for expungement is denied;
5. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated herein; and,
6. Any and all relief not specifically addressed herein, including punitive and/or treble damages, is denied.

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 = \$ 500.00

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. Accordingly, Prudential Equity Group, LLC, Pruco Securities, LLC and Wachovia Securities, LLC are each a party and the following member fees are assessed against each member firm:

Prudential Equity Group, LLC

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Pruco Securities, LLC

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00

Wachovia Securities, LLC

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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:

Two (2) Pre-hearing sessions with a single
arbitrator @ \$450.00 = \$ 900.00

Pre-hearing conferences:	November 21, 2005	1 session
	April 10, 2006	1 session

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$ 1,200.00

Pre-hearing conference:	August 30, 2005	1 session
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Ten (10) Hearing sessions @ \$1,200.00 = \$12,000.00

Hearing Dates:	May 22, 2006	2 sessions
	May 23, 2006	2 sessions
	May 24, 2006	3 sessions
	May 25, 2006	2 sessions
	May 26, 2006	1 session

Total Forum Fees = \$14,100.00

The Panel has assessed \$7,050.00 of the forum fees, jointly and severally, to Alfred L. Williams, Jr., Courtney Williams and Travis Williams. The Panel has assessed the remaining \$7,050.00 of the forum fees to Respondent Wachovia Securities, LLC.

FEE SUMMARY

Claimants Alfred L. Williams, Jr., Courtney Williams and Travis Williams are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 7,050.00
Total Fees	= \$ 7,550.00
<u>Less payments</u>	<u>= \$ 1,700.00</u>
Balance Due NASD Dispute Resolution	= \$ 5,850.00

Respondent Prudential Equity Group, LLC is solely liable for:

Member Fees	= \$ 8,550.00
<u>Less payments</u>	<u>= \$ 8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Pruco Securities, LLC is solely liable for:

Member Fees	= \$ 3,550.00
<u>Less payments</u>	<u>= \$ 3,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Wachovia Securities, LLC is solely liable for:

Member Fees	= \$ 8,550.00
Forum Fees	= \$ 7,050.00
Total Fees	= \$15,060.00
<u>Less payments</u>	<u>= \$ 8,550.00</u>
Balance Due NASD Dispute Resolution	= \$ 7,050.00

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

ARBITRATION PANEL

Robert R. Nursey - Non-Public Arbitrator, Presiding Chairperson
Carol A. Freeland - Public Arbitrator
Joseph J. Ligi - Public Arbitrator

Concurring Arbitrators' Signatures

Robert R. Nursey
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Carol A. Freeland
Public Arbitrator

Signature Date

Joseph J. Ligi
Public Arbitrator

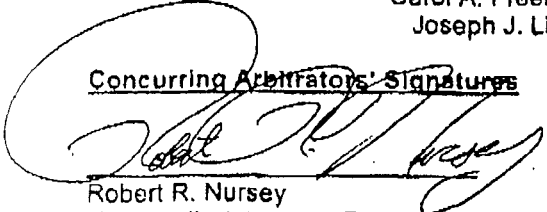
Signature Date

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

ARBITRATION PANEL

Robert R. Nursey - Non-Public Arbitrator, Presiding Chairperson
Carol A. Freeland - Public Arbitrator
Joseph J. Ligi - Public Arbitrator

Concurring Arbitrators' Signatures


Robert R. Nursey
Non-Public Arbitrator, Presiding Chairperson

6-7-06.

Signature Date

Carol A. Freeland
Public Arbitrator

Signature Date

Joseph J. Ligi
Public Arbitrator

Signature Date

6/9/06 man

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

ARBITRATION PANEL

Robert R. Nursey - Non-Public Arbitrator, Presiding Chairperson
Carol A. Freeland - Public Arbitrator
Joseph J. Ligi - Public Arbitrator

Concurring Arbitrators' Signatures

Robert R. Nursey
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Carol A. Freeland
Carol A. Freeland
Public Arbitrator

6-8-06
Signature Date

Joseph J. Ligi
Public Arbitrator

Signature Date

6/9/06 MLL
Date of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Robert R. Nursey - Non-Public Arbitrator, Presiding Chairperson
Carol A. Freeland - Public Arbitrator
Joseph J. Ligi - Public Arbitrator

NASD Dispute Resolution, Inc.
RECEIVED
JUN 12 2006

Concurring Arbitrators' Signatures

Robert R. Nursey
Non-Public Arbitrator, Presiding Chairperson

Signature Date

Carol A. Freeland
Public Arbitrator

Signature Date

Joseph J. Ligi
Public Arbitrator

6-6-06
Signature Date

6/9/06 msn
Date of Service (For NASD Dispute Resolution office use only)