

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Lynda M. Johnson

and

Case Number: 05-02563
Hearing Site: Houston, Texas

Name of Respondent

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

NATURE OF DISPUTE

Customer v. Member

REPRESENTATION OF PARTIES

Lynda M. Johnson ("Claimant") was represented by David K. Bissinger, Esq., Wilson Fulkerson LLP, Houston, Texas.

Prudential Equity Group, LLC ("Respondent") was represented by Retta A. Miller, Esq., Jackson, Walker, L.L.P., Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about May 16, 2005. The Submission Agreement of Claimant, Lynda M. Johnson, was signed on or about June 2, 2005.

A Statement of Answer and Motion to Dismiss was filed by Respondent, Prudential Equity Group, LLC, on or about August 8, 2005. Prudential Equity Group, LLC, did not submit a Submission Agreement.

Claimant's Response in Opposition to Respondent's Motion to Dismiss was filed on or about October 26, 2005.

Respondent's Reply to Claimant's Response to Respondent's Motion to Dismiss was filed on or about November 1, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: request for accounting; unsuitable trading and investing; fraud; violation of Securities Act, Tex. Rev. Civ. Stat. Art. 581-33, Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934; breach of fiduciary duty; negligence; failure to supervise; conversion; unauthorized trading; breach of contract; and unjust enrichment. The causes of action related to the recommendation and purchases of various unspecified securities. Claimant alleged that Respondent diverted approximately \$3.2 million of community property to pay for commissions and trading losses in her futures account without her written consent.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's alleged negligence/gross negligence and failure to supervise causes of action, if any, are barred, in whole or in part, by the applicable statute of limitations; Claimant's alleged fraud (including unsuitable trading and investing) and breach of fiduciary duty causes of action if any, are barred, in whole or in part, by the applicable statute of limitations; and Claimant's claims are barred, in whole or in part, by doctrines of equity including, but not limited to, laches, waiver, and estoppel.

RELIEF REQUESTED

Claimant requested an award in the amount of \$3,300,000.00 in compensatory damages, interest, costs and attorneys' fees and any other relief as the panel deemed just and proper.

Respondent requested that the claims asserted against them be denied in their entirety and further requested all other relief, in law or in equity, to which it shows itself entitled.

OTHER ISSUES CONSIDERED & DECIDED

Respondent, Prudential Equity Group, LLC, 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 answered the claim, appeared and testified at the pre-hearings is bound by the determination of the arbitration panel on all issues submitted.

On November 9, 2005, during a pre-hearing conference, the parties presented the panel with their oral arguments regarding the pending Motion to Dismiss. The panel granted Respondents' Motion to Dismiss.

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, and the arguments at the pre-hearing conference, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's claims, are dismissed in their entirety with prejudice pursuant to Rule 10305(b) of the NASD Code of Arbitration Procedure;
- 2) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 600.00
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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. In this matter, the member firm is Prudential Equity Group, LLC.

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

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:

Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$2,400.00
Pre-hearing conferences: October 3, 2005 1 session	
November 9, 2005 1 session	
Total Forum Fees	= \$2,400.00

The Arbitration Panel has assessed \$1,200.00 of the forum fees to Lynda M. Johnson.

The Arbitration Panel has assessed \$1,200.00 of the forum fees to Prudential Equity Group, LLC.

Fee Summary

Claimant, Lynda M. Johnson, is liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$1,200.00
Total Fees	= \$1,800.00
Less payments	= \$3,200.00
Refund due to Claimant	= \$1,400.00

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

Member Fees	= \$8,500.00
Forum Fees	= \$1,200.00
Total Fees	= \$9,750.00
Less payments	= \$8,550.00
Balance Due NASD Dispute Resolution	= \$1,200.00

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

ARBITRATION PANEL

Danielle L. Hargrove, Esq. - Public Arbitrator, Presiding Chair
Henry R. Barracano - Public Arbitrator
Joseph Herbert Strothz - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Danielle L. Hargrove, Esq.
Danielle L. Hargrove, Esq.
Public Arbitrator, Presiding Chair

11/19/05
Signature Date

/s/ Henry R. Barracano
Henry R. Barracano
Public Arbitrator

11/29/05
Signature Date

/s/ Joseph Herbert Strothz
Joseph Herbert Strothz
Non-Public Arbitrator

11/21/05
Signature Date

11/21/05
Date of Service (For NASD office use only)

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