

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Colby Collier
William Collier

Claimants

vs.

Prudential Bache Securities, Inc.
Robert Davidson
Gale Alden

Respondents

}
} Case #88-00268
} Award
}

CASE SUMMARY

Claimants allege that Respondents recommended unsuitable investments in United States Treasury strip coupons. Claimants maintain that Respondents failed to disclose the risks inherent in purchasing securities on margin and that Respondent Prudential Bache failed to adequately supervise Respondent Robert Davidson and failed to monitor the activity in Claimants' account. Claimants maintain that the actions of the Respondents: (1) constituted common law fraud, (2) violated Rule 10b-5 of the Securities Exchange Act of 1934, (3) breached a fiduciary duty owed to the Claimants, and, (4) constituted a pattern of racketeering activity under Section 18 U.S.C. Section 1962 (c). Claimants allege Respondents actions caused Claimants to suffer emotional distress.

Respondents categorically deny any wrongdoing alleged by the Claimants and assert a counterclaim against the Claimants for the debit balance remaining in Claimants' account.

RELIEF REQUESTED

Claimants' request damages of \$160,766.08 for Claimants trading loss, plus \$23,194.70 for margin interest, plus \$36,792.00 as interest on \$183,960.78 at 10% from May 26, 1987 to hearing date, plus non-economic damages of \$500,00.00 for negligent infliction of emotional distress plus exemplary damages of \$500,000.00. Total damages sought by Claimants are \$1,220,752.78 plus 10% interest from date of award. Respondent Prudential Bache request damage of \$11,975.85 plus interest at the legal rate from May 26, 1987 until the date of award in this matter.

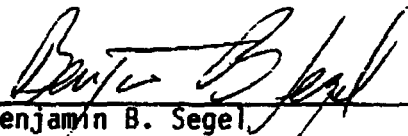
AWARD

On June 8 and June 9, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants William and Colby Collier on January 15, 1988, and by Respondents Prudential Bache Securities, Inc. on June 15, 1988. Respondent Robert Davidson did not execute a submission agreement; however, he did submit an answer and attend the hearing. Thus, the panel determined that it had jurisdiction over Respondent Robert Davidson pursuant to Section 12(a) of the Code of Arbitration Procedure. The panel noted that at the hearing the Claimant dropped all claims against Gale Alden such that he was no longer a Respondent in this matter. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:


DATED: July 19, 1989

1. That the Respondents are jointly and severally liable to the Claimants for compensatory damages in the amount of Two Hundred Twenty Thousand Seven Hundred Fifty-Two and 78/100 Dollars (\$220,752.78); inclusive of interest.
2. That the Respondents are jointly and severally liable to the Claimants for exemplary damages in the amount of Fifty Thousand 00/100 Dollars (\$50,000.00); no interest is awarded on this amount.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 (b) of the Code of Arbitration Procedure, the Respondents shall pay to the National Association of Securities Dealers, Inc. \$3,000.00 in forum fees for the June 8, 1989 double hearing session and for the June 9, 1989 single hearing session.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimants.

ARBITRATORS CONCURRING


Benjamin B. Segel


Norman H. Leonard


Thomas Burke