

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Kenneth R. Corn

Claimant

vs.

CASE #88-01018
AWARD

Prudential Bache Securities, Inc.
David C. Saalfrank
Eric A. Wachter
Joseph H. Ellershaw
Philip Ceravole

Respondents

CASE SUMMARY

In a claim filed by Kenneth R. Corn on March 30, 1988, Claimant alleged that Respondents Eric A. Wachter ("Wachter"), Prudential Bache Securities, Inc. ("Pru-Bache"), David C. Saalfrank ("Saalfrank") negligently handled Claimant's account and breached the fiduciary relationship with Claimant. Claimant alleged that Saalfrank and Pru-Bache failed to properly supervise Claimant's account. Claimant alleged that Respondents Saalfrank, Joseph Ellershaw ("Ellershaw"), Wachter, and Philip Ceravole ("Ceravole") conspired in the commission of fraudulent acts and intentional misrepresentations against Claimant. Claimant alleged that Respondents failed to keep him apprised of his margin position. Claimant alleged that Respondents made material misrepresentations to him and failed to disclose material facts and engaged in acts, practices and course of business which would and did operate as fraud or deceit against Claimant, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. That Respondent Wachter manipulated Claimant's account with the aid and assistance of Respondents Ellershaw, Ceravole and Saalfrank. Claimant alleged that Respondent Wachter made unauthorized trades and churned Claimant's account. Claimant alleged that Wachter was not properly registered to transact business with an Arizona resident and that Respondent Pru-Bache failed to qualify Wachter as a Broker in the State of Arizona.

Respondents categorically deny all allegations made by the Claimant and specifically deny the following:

- 1) that Claimant was not fully and adequately informed and aware of his margin position;
- 2) that any trades executed in Claimant's account were unauthorized;
- 3) that Wachter breached any duty, whether fiduciary or otherwise, owed to Claimant;
- 4) that Respondents manipulated or churned Claimant's account or conspired to defraud Claimant;

- 5) that Respondents failed to adhere to any applicable requirements regarding registration or the filing of documentation;
- 6) that Pru-Bache or Saalfrank failed to supervise Wachter, Ceravole and/or Ellershaw; or
- 7) that respondents defrauded or acted negligently or otherwise wrongfully with respect to Claimant.

RELIEF REQUESTED

Claimant requests an award of 1) money damages in the sum of \$363,866.00 plus interest thereon; 2) commissions in an amount of \$32,000.00 together with interest thereon; 3) interest on the sum of \$234,000.00 from April 21, 1987 through May 19, 1987; 4) punitive damages in an amount of \$1,187,598; and 5) reasonable attorney's fees together with the costs and disbursements of this proceeding.

Respondents' request that Claimant's claim be dismissed with imposition of permissible cost on the Claimants.


AWARD

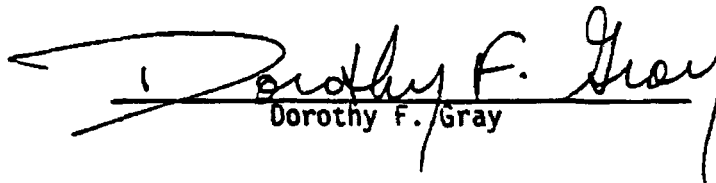
On November 30, December 15, 1988, February 27, 28, April 28, July 14, 28 and 31, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Kenneth R. Corn on March 8, 1988, and by Respondents Joseph H. Ellershaw and Philip Ceravole on June 16, 1988, by Respondents David C. Saalfrank and Eric A. Wachter on May 23, 1988 and by Respondent Prudential Bache Securities, Inc. on June 17, 1988. 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:

1. That the Respondent Prudential Bache Securities, Inc. shall pay to the Claimant the sum of Thirty Two Thousand and 00/100 Dollars (\$32,000.00); exclusive of interest. That all claims against all other individual Respondents are dismissed in their entirety
2. The parties shall each bear their respective costs including attorneys' fees.
3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain \$1,000.00 filing fee previously deposited by the Claimant.

4. Pursuant to Section 43 of the Code of Arbitration Procedure, forum fees in the amount \$8,000.00 are assessed against Respondent Prudential Bache Securities, Inc. and shall be made payable to the National Association of Securities Dealers, Inc.

ARBITRATORS CONCURRING


Martin Jay Siegel


Dorothy F. Gray

ARBITRATORS DISSENTING


Alvin Meentemeier