

Region H 0 U
Volume 3 Number 4
Year 91

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration BetweenName of Claimant(s)

Elaine A. Graveley

88-03046

Name of Respondent(s)Prudential-Bache Securities Inc.
Gerald S. Cohn

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on September 30, 1988, as amended by the filing of an Amended Statement of Claim on August 1, 1989. Claimant Elaine A. Graveley alleged that Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn induced the purchase of illiquid limited partnerships by misrepresentation and fraud; that said investments were unsuitable for a person in her position; and, that the actions of the Respondents breached a fiduciary duty owed to her. Respondent Prudential-Bache allegedly responsible under the doctrine of respondeat superior and provisions of the federal and state securities laws.

In a joint Statement of Answer filed with the NASD on December 9, 1988, Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn denied the Claimant's allegations, stating that the risks of each investment were thoroughly explained to the Claimant; that a prospectus for each investment was provided to Claimant; that the recommended investments were suitable and consistent with the Claimant's objectives; and, all investments were authorized by the Claimant.

RELIEF REQUESTED

Claimant Elaine A. Graveley requested entry of an award against Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn for rescission of the investments and/or damages in the amount of \$106,000.00 plus interest at the rate of 7% simple interest per annum, attorneys' fees and costs incurred from this proceeding.

Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn requested that the Statement of Claim be dismissed and denied in its entirety and that costs be assessed against the Claimant.

PROCEDURAL MATTERS

On May 21, 1990, July 19, 1990, and July 20, 1990 in Houston, Texas during a hearing lasting six sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, Elaine A. Gravely on September 23, 1988, on May 21, 1990 by William Willis on behalf of Respondent Prudential-Bache Securities, Inc. and on May 21, 1990 by Respondent Gerald S. Cohn.

A pre-hearing conference was held telephonically on June 27, 1990 to resolve outstanding discovery problems. Counsel for all parties, the Panel chairperson and a member of the NASD staff were present.

At the close of the hearing, the panel determined that the parties would submit their closing arguments to the panel in writing. Prior to submitting the closing arguments, Claimant requested that the panel reopen the record to allow for additional evidence regarding the value of the investments in issue. Respondents objected to the inclusion of the additional evidence. Upon review, the panel determined that the additional evidence would be accepted and that additional time would be allowed to submit the closing arguments to the panel.

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 originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony, the evidence presented at the hearing and the post-hearing submissions, the arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn are jointly and severally liable for and shall pay to Claimant Elaine A. Gravely the sum of \$60,139.31;
2. Upon receipt of payment of the sums enumerated in paragraph one (1) above, the Claimant shall immediately cause her interest in the following limited partnerships to be transferred to Respondents:
 - a. Pru-Bache Polaris Aircraft Investors II;
 - b. Prutech Research & Development Partnership I and II;
 - c. Lorimar Film Partners L.P.;
3. Parties shall bear their own costs, including attorneys' fees, except for those specifically enumerated herein.

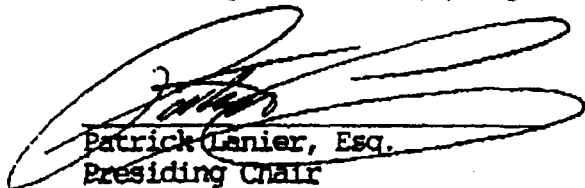
FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

The National Association of Securities Dealers, Inc. shall refund as forum fees the \$400.00 filing fee previously deposited with the NASD by the Claimant, Elaine A. Gravely. Respondents Prudential-Bache Securities, Inc. and Gerald S. Cohn are jointly and severally liable for and shall pay to the NASD forum fees in the amount of \$2,800.00.

Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator(s) Signature


Patrick Lanier, Esq.
Presiding Chair

Date of Decision: _____

Barry Abrams, Esq.

Date of Decision: _____

Edmund Grey
Industry Arbitrator

Date of Decision: _____

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Concurring Arbitrator(s) Signature

Patrick Lanier, Esq.
Presiding Chair

Date of Decision: _____

Barry Abrams
Barry Abrams, Esq.

Date of Decision: *Signed on*
February 27, 1991

Edmund Grey
Industry Arbitrator

Date of Decision: _____

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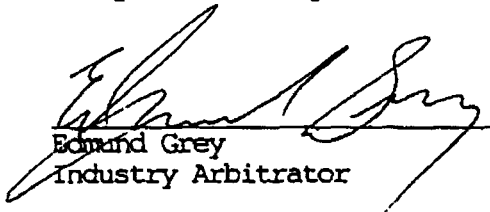
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Presiding Chair

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