

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	}	CASE NO. 88-03463
JOAN & JOSEPHINE QUACKENBUSH		
Claimant		
and		
DEAN WITTER REYNOLDS, INC., PRUDENTIAL BACHE SECURITIES, INC., WILLIAM J. SADLER		
Respondents		

CASE SUMMARY

Joan and Josephine Quackenbush ("Claimants") allege that Dean Witter Reynolds, Inc. ("Respondent Witter"), Prudential Bache Securities, Inc. ("Respondent Pru-Bache") and William J. Sadler ("Respondent Sadler") (sometimes collectively referred to as "Respondents") knowingly and with intent to deceive Claimants violated Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder by reason of fraudulent misrepresentations and material omissions of fact in connection with the purchase and sale of securities. Claimants allege that Respondent Witter and Respondent Pru-Bache are liable for their conduct as controlling person pursuant to Section 20(a) of the Exchange Act and under the common law theory of respondeat superior. Claimants further allege that Respondent Sadler breached a fiduciary duty owed to the Claimants by executing unsuitable securities transactions in the account thereby negligently handling same. Furthermore, Claimants allege that the Respondent Sadler owed a duty of reasonable care in choosing investments and executing transactions in the Claimants' discretionary account and that duty has been breached.

Respondent Witter generally denies the allegations set forth in the Statement of Claim. Respondent Witter states that while the Claimants' accounts were with Respondent Witter, the trading in the accounts was fair, appropriate and suitable for the Claimants' investment objectives.

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Respondent Pru-Bache and Respondent Sadler generally deny the allegations set forth in the Statement of Claim. Respondents Pru-Bache and Sadler state that no sales, purchases or transactions were undertaken without the knowledge, authority or approval of the Claimants. Further, Respondents Pru-Bache and Sadler state that the investments entered into were conservative and non-speculative in nature and completely within the investment goals of the Claimant.

RELIEF REQUESTED

Claimant request damages in the amount of \$73,000.00 together with any other damages proven at the hearing as well as interest, punitive damages, costs, attorneys' fees and other such relief as is deemed just and equitable.

Respondent Witter requests that the claim be dismissed and be Awarded its costs in defense of this claim.

Respondents Pru-Bache and Sadler request that the Statement of Claim be dismissed and any and all costs of this proceeding be assessed against the Claimant.

AWARD

On December 11, 12, 19 and 28, 1989, in Chicago, Illinois during a hearing lasting eight sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on October 27, 1988 by Claimants Joan and Josephine Quackenbush, on January 19, 1989 by Richard Dziedziula on behalf of Respondents Prudential Bache Securities, Inc. and William J. Sadler. No submission agreement was filed by Respondent Dean Witter Reynolds, Inc.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. The claims against Dean Witter Reynolds, Inc. are hereby dismissed;

2. The claims against William J. Sadler are hereby dismissed;

3. Prudential Bache Securities, Inc. are liable and shall pay to Joan and Josephine Quackenbush the amount of Five Hundred Dollars and No Cents (\$500.00), representing the filing fee in this matter;

4. The claims for interest, punitive damages, costs and attorneys' fees are hereby dismissed;

5. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$500.00 filing fee previously deposited with the NASD by the Claimants Joan and Josephine Quackenbush.

Presiding Chair

Dated: _____

/S/

Mr. Arthur Medow
Presiding Chair

Dated: February 14, 1990

/S/

Richard L. Merrick
Richard L. Merrick, Esq.

Dated: _____

/S/

Mr. Donald Whiteman

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5. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$500.00 filing fee previously deposited with the NASD by the Claimants Joan and Josephine Quackenbush.

Presiding Chair

Dated: Feb. 9, 1980/S/ Arthur MedowMr. Arthur Medow
Presiding Chair

Dated: _____

/S/ _____
Richard L. Merrick, Esq.

Dated: _____

/S/ _____
Mr. Donald Whiteman

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5. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$500.00 filing fee previously deposited with the NASD by the Claimants Joan and Josephine Quackenbush.

Presiding Chair

Dated: _____ /S/ _____
Mr. Arthur Medow
Presiding Chair

Dated: _____ /S/ _____
Richard L. Merrick, Esq.

Dated: 2-9-50 /S/ Donald L. Whiteman
Mr. Donald Whiteman