

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of Arbitration Between

Herman Muller
AnneMarie Muller

Claimants

vs.

Prudential-Bache Securities, Inc.
Joseph E. Kehoe
Wolcott Kenyon

Respondents

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CASE #89-00316
AWARD

CASE SUMMARY

This proceeding was commenced initially on January 31, 1989 by Claimants Herman and AnneMarie Muller against Respondents Prudential-Bache Securities, Inc. ("Pru-Bache"), Joseph E. Kehoe ("Kehoe") and Wolcott Kenyon ("Kenyon") and arises out of certain accounts held by Claimants from August 1986 through October 1987. Claimants assert that Respondents are liable for certain losses incurred in these accounts while Kehoe and Kenyon were employed with Pru-Bache. Claimants alleged that the Respondents breached their fiduciary duty to Claimants by engaging in excessive trading to generate commissions, by recommending unsuitable investments for the Claimants and by failing to adequately advise the Claimants regarding the option trades. Claimants further alleged that the Respondents misrepresented the manner in which the Claimants assets would be managed by the Lexington Capital Management, Inc., a financial management company recommended to the Claimants by the Respondents.

Respondents deny each and every allegation set forth in the statement of claim with respect to the accounts. Respondents contend that there was no negligence, fraud, failure to supervise or other improper conduct by or on behalf of any of the Respondents. Essentially, the Respondents contend that the losses in the Claimants accounts resulted from the decline of the market during October of 1987, not from any wrong-doing on the part of the Respondents.

RELIEF REQUESTED

Claimants requested damages, interest, costs, attorneys' fees, punitive damages and exemplary damages. Respondents requested dismissal of the claim.

AWARD

On November 16, 17, 1980, January 8, 9, and 30, 1990 and February 1, 1990, said dates representing twelve hearing sessions in New York City, New York the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants and Respondents hereto. 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. The claim of Claimants Herman Muller and AnnMarie Muller vs. Prudential Bache Securities, Inc. Joesph E. Kehoe and Wolcott Kenyon shall be denied.
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 the \$1000.00 filing fee previously deposited by the Claimant as costs of the initial hearing session conducted in this matter.

CONCURRING ARBITRATOR


Louis Green

Dated: May 21, 1990

AWARD

On November 16, 17, 1980, January 8, 9, and 30, 1990 and February 1, 1990, said dates representing twelve hearing sessions in New York City, New York the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants and Respondents hereto. 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. The claim of Claimants Herman Muller and AnnMarie Muller vs. Prudential Bache Securities, Inc. Joesph E. Kehoe and Wolcott Kenyon shall be denied.
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 the \$1000.00 filing fee previously deposited by the Claimant as costs of the initial hearing session conducted in this matter.

CONCURRING ARBITRATOR


Harvey Barrison

Dated: May 22, 1990