

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of Arbitration Between	}	NASD NO. 89-00700
MARGARET F. COKE		
Claimant		
v.		
PRUDENTIAL-BACHE SECURITIES, INC. JAMES P. CLARK and RICHARD P. ARCHBOLD		
Respondents		

CASE SUMMARY

In a claim filed with the NASD on or about March 13, 1989, Claimant Margaret F. Coke ("Claimant") alleged that Respondents Prudential-Bache ("Pru-Bache"), J.P. Clark ("Clark"), and Richard Peter Archbold ("Archbold") (collectively as "Respondents") made material misrepresentations regarding the risks involved in the purchase and sales of securities in a put writing strategy; that Respondents made unsuitable recommendations; common law fraud; violations of The Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. Sec. 1962 ("RICO"); that Respondents were negligent in making unsuitable recommendations, and that Respondents breached their contract with Claimant. Claimant is a 42 year old widow with two children. Claimant's husband was killed in 1982. Claimant invested the proceeds of insurance policies and a wrongful death action settlement in an account at Pru-Bache.

In their joint answer filed with the NASD on or about May 19, 1989, Respondents stated the following: denied that they wrongly or inadequately described the risks involved in the transactions, that Claimant knew the risks involved; that Respondent in good faith considered the status, desires and needs of Claimant when making recommendations and that the recommendations were suitable at the time in question; that there were no misstatements, misrepresentations, or omissions which would make RICO applicable; denied that they were negligent; and denied that they breached any contract with Claimant.

PROCEDURAL SUMMARY

During the hearing, the Claimant amended her Statement of Claim to include the suitability of the limited real estate partnerships and the panel allowed the amendment.

Prior to closing argument, the Claimant dismissed with prejudice its claim against J.P. Clark, Respondent.

RELIEF REQUESTED

Claimant requested an Award in the amount of \$845,831.66; pre-award interest; punitive damages; damages pursuant to RICO; and attorneys fees pursuant to RICO.

Respondents requested that the Statement of Claim be dismissed.

AWARD

On April 4 & 5, 1990, in Dallas, Texas during a hearing lasting 5 sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on January 13, 1989 by Claimant Margaret F. Coke, on May 23, 1989 by Kenneth E. Meister on behalf of Respondent Prudential Bache Securities, Inc. and on May 4, 1989 by Respondent James P. Clark and on May 4, 1989 by Respondent Richard Peter Archbold.

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 Statement of Claim is dismissed as against Richard Peter Archbold;
2. Prudential Bache Securities is liable for and shall pay damages including interest in the amount of \$1,007,000.00 to Margaret F. Coke;
3. Prudential Bache Securities shall pay to the NASD additional forum fees of \$2,500.00;
4. Each party shall bear their own attorneys fees;
5. Prudential Bache Securities shall pay to Margaret F. Coke the sum of \$1,000.00, representing the filing fee;
6. Pursuant to section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$1,000.00 filing fee previously deposited with the NASD by the Claimant Margaret F. Coke;
7. RICO denied;

8. Prudential Bache shall pay interest at the rate of 10% per annum from the date of the award until the date of payment.

BY THE PANEL

Dated: April 5, 1990

/S/ Howard V. Tygrett, Jr., Esq.
Presiding Chair

Dated: April 5, 1990

/S/ Arthur H. Geffen, Esq.

Dated: April 5, 1990

/S/ Mr. G. Dale McKissick