

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Susan E. Katz

90-00069

Name of Respondent(s)

Prudential-Bache Securities Inc.
Frank S. Lesser
Robert P. Goldstein, Jr.

Heard before:

Name

Public/Industry

James R. McGuone, Esq.

Public Arbitrator

Emily Grigsby

Public Arbitrator

Ann L. McKimmon

Industry Arbitrator

CASE SUMMARY

This matter was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on January 3, 1990. Claimant Susan Katz alleged that the Respondents failed to disclose the risks associated with a FNMA investment prior to initiating the investments and failed to disclose to her that she was engaged in margin transactions. Claimant further alleged that this investment was unsuitable for her investment objectives and needs. Respondents Prudential Bache Securities, Inc., Frank S. Lesser, and Robert P. Goldstein, Jr. maintained that the Claimant was not a naive, unsophisticated investor, was knowledgeable of the transactions in her account and asserted that they acted professionally and responsibly in handling the Claimant's account.

RELIEF REQUESTED

Claimant requested actual damages in excess of \$200,000.00 plus interest, costs, attorneys fees and punitive damages of \$1,000,000.00. Respondents requested that the claims of the Claimant be dismissed and that Respondents be awarded costs of the proceeding.

AWARD

On December 17, 1990 and January 18, 1991 in Atlanta, Georgia during a hearing lasting four (4) sessions, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant: Susan Katz on December 11, 1989, by Respondent Prudential Bache Securities, Inc. on March 7, 1990, by Respondent Frank S. Lesser on March 7, 1990, and by Respondent Robert P. Goldstein, Jr. on March 7, 1990. After considering the pleadings, the testimony, and the evidence presented at the hearing, the arbitrators have decided in full and final resolution of all issues submitted for determination as follows:

(1) The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award 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.

(2) Respondent: Prudential Bache Securities, Inc. and Robert P. Goldstein, Jr. are jointly and severally liable and shall pay to the Claimant Susan Katz the sum of Seventy Seven Thousand Dollars and No Cents (\$77,000.00).

(3) The claims of the Claimant against Respondent Frank S. Lesser are dismissed with prejudice based upon the voluntary dismissal of Mr. Lesser by the Claimant at the hearing on December 17, 1990.

(4) Respondent: Prudential Bache Securities, Inc. and Robert P. Goldstein are jointly and severally liable and shall pay to the Claimant: Susan Katz the sum of Fifteen Thousand Dollars and No Cents in attorneys fees (\$15,000.00).

(5) The parties shall bear all other respective costs.

FORUM FEES

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

(1) Respondents Prudential Bache Securities, Inc. and Robert P. Goldstein, Jr. are assessed jointly and severally the sum of \$4,000.00 in forum fees.

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

Concurring Arbitrator(s) Signature

/s/
James R. McGuone, Esq.

/s/
Emily Grigsby

/s/
Ann L. McKimmon

Date of Decision: April 12, 1991