

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Whiskey River Company  
and  
Barney Jeffcoats

Name of Respondent(s)

Prudential-Bache Securities Inc.  
Prudential-Bache Agriculture, Inc.

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JAN 31  
CHICAGO  
90 00357  
Consolidated with  
90-00448

CASE SUMMARY

In Statements of claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about February 2, 1990, by Whiskey River Company and on or about February 12, 1990 by Barney Jeffcoats ("Claimants") alleged that Prudential-Bache Securities, Inc. and Prudential-Bache Agriculture, Inc. ("Respondents") violated the Securities and Exchange Act Sec. 77 as et seq. and Rule 10b-5 promulgated thereunder; committed common law fraud; negligent misrepresentation; breach of fiduciary duty; and fraudulent concealment in connection with the offer and sale of interests in Spendthrift Thoroughbred Breeding No. 1, a tax sheltered limited partnership.

In the answers filed in the respective cases with the NASD on or about April 9, 1990 and April 7, 1990, Respondents alleged that the claims were time barred by various statutes of limitations; that Respondents performed adequate due diligence prior to the offering of the subject limited partnership; denied that false statements were made in connection with the offering; and alleged that the risks of this investment were fully and adequately disclosed to the claimants prior to their purchase.

RELIEF REQUESTED

Claimants requested awards of compensatory damages in the amount of \$90,187.00 and \$44,592.00 respectively, inclusive of interest, plus punitive damages, attorneys fees and costs.

Respondents requested that both Statements of Claim be dismissed in their entirety.

### PROCEDURAL SUMMARY

Prior to the initial hearing date, the panel determined to consolidate these matters for purposes of hearing.

Claimant's counsel also filed an amended Statement of Claim after the panel was appointed. The panel considered the purported amendment at the hearing on October 29, 1990. The panel determined pursuant to Section 39(b) of the NASD Code of Arbitration Procedure to allow the amendment. Thereafter, counsel for Respondents moved for additional discovery on the basis of the amended claim. The panel granted the request after hearing the arguments presented by the parties.

At the hearing on December 13, 1990, the parties agreed that the claim of Barney Jeffcoats was to be reduced by an offset in the amount of \$4,222.31 which represented the final installment payment for his interest in the Spendthrift Thoroughbred Breeding No. 1 limited partnership. The claim of Whiskey River Company was also reduced by an offset in the amount of \$12,500.00 which represents the final installment payment for its interest in the Spendthrift Thoroughbred Breeding No. 1 limited partnership.

At the close of claimant's case in chief, Respondents counsel made a motion to dismiss based upon the statute of limitations. After hearing oral argument and receiving memoranda submitted by the parties the panel denied the motion and Respondents presented their case in chief.

### PROCEDURAL MATTERS

On Monday, October 29, 1990, Tuesday, October 30, 1990, Thursday, December 13, 1990 and Friday, December 14, 1990 in Memphis, Tennessee during a hearing lasting a total of eight (8) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on January 30, 1990 by David Edmundson on behalf of Claimant Whiskey River Company on February 8, 1990 by Barney Jeffcoats and on March 29, 1990 by Robert G. Brunton on behalf of Respondents Prudential-Bache Securities, Inc. and Prudential-Bache Agriculture, Inc.

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 original(s) remain on file with the NASD.

### AWARD

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

1. The consolidated Statements of Claim shall be and hereby are dismissed and denied in their entirety;

2. Each party shall bear its own costs and expenses including any attorneys fees incurred in this matter; and

3. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain \$200.00 of the \$900.00 previously deposited with the NASD by the Claimant as the non-refundable filing fee and the remaining \$700.00 will be retained as forum fees. Respondents shall pay to the NASD the sum of \$5,300.00 as forum fees.

Dated:

January 4, 1991

Raymond S. Clift  
Raymond S. Clift, Esq.  
Presiding Chair

David E. Scott

Richard L. Oates  
Industry Arbitrator

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Dated:

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1/2/91

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Richard L. Oates  
Industry Arbitrator