

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)	
Mid-Exchange, Inc.)	
)	
Claimant)	
)	AWARD
vs.)	
)	NASD #90-01867
Prudential-Bache Securities, Inc.)	
Respondent)	

REPRESENTATION

Claimant was represented by Michael A. Firestein, Esq., of McCambridge, Deixler, Marmaro & Goldberg, Los Angeles, California.

Respondent was represented by Michael M. Gless, Esq., of Keesal Young & Logan, Long Beach, California.

SUMMARY OF ISSUES

Claimant alleged fraud, breach of fiduciary duty and negligence by Respondent with respect to investments in Chase Manhattan adjustable rate bonds, and the Eaton Vance and Pilgrim mutual funds.

Respondent denied all allegations, and asserted that Claimant was actively involved in all investment decisions and expressly authorized all transactions.

DAMAGES AND RELIEF REQUESTED

Claimant requested damages of \$830,000, as amended at hearing, plus interest, punitive damages more than \$1,000,000, costs of arbitration and attorney's fees.

Respondent requested dismissal of all claims and an award of all costs of defending the claim.

DAMAGES AND RELIEF AWARDED

This claim was filed with the NASD on July 2, 1990. On September 5 & 6, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on July 16, 1990 and by Respondent on May 10, 1990. The hearing was conducted in Los Angeles, California and lasted four (4) sessions. 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 as follows:

1. Respondent is liable for and shall pay to Claimant the sum of \$40,000 exactly.

2. The claim for punitive damages is dismissed.

3. Respondent is also liable for and shall pay to Claimant the sum of \$300.00 exactly, representing sanctions against Respondent for additional attorney's fees incurred by Claimant with respect to Claimant's Motion for Discovery.

4. The parties shall each bear their respective costs including attorneys' fees.

5. In accordance with Section 43 of the NASD Code of Arbitration Procedure, amended June 18, 1990, the NASD shall retain the \$1,000.00 hearing session fee previously deposited by the Claimant. Claimant shall pay additional forum fees of \$1,000. Respondent is assessed \$2,000.00 for forum fees and \$1,000 for unpaid postponement fees. All assessment are payable to the NASD.

OTHER ISSUES

None.

ARBITRATORS CONCURRING

DATE SERVED: 09/24/91


John B. Wells