

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Susan K. Goddard

91-01923

Name of Respondent

Prudential-Bache Securities Inc.

REPRESENTATION

For Claimant: Buckner Wellford, Esq. of Thomason, Hendrix, Harvey, Johnson, Mitchell, Blanchard & Adams, Memphis, Tennessee.

For Respondent: Gerard Kowalski, Esq. of Prudential Securities, Inc., New York, New York.

CASE INFORMATION

Statement of Claim filed: June 19, 1991.

Claimant's Submission Agreement signed on: July 9, 1991.

Statement of Answer filed by Respondent, Prudential Securities, Inc. on: October 4, 1991.

Respondent, Prudential Securities, Inc.'s Submission Agreement signed on: October 3, 1991 by Richard F. Dziedziula, First Vice President.

HEARING INFORMATION

Hearing Date/Sessions: January 16, 1991 for two (2) sessions.

Hearing Location: Memphis, Tennessee.

CASE SUMMARY

Claimant, Susan K. Goddard ("Goddard") alleged a cause of action pursuant to Section 10-b of the Securities and Exchange Act of 1934 and rule 10-b-5 promulgated thereunder, Section 17 (a) of the Securities Act of 1933 Section 20 of the Securities Exchange Act of 1934 and Section 15(c)(1) of the Securities Exchange Act of 1934. Goddard alleged that the proceeds generated from her deceased husband's life insurance policy and her life savings were invested through Respondent Prudential Securities, Inc. ("Prudential") by Prudential's employee and broker, Mr. Allen Green.

Goddard alleged that Prudential through Green invested Goddard's funds in an inherently speculative investment strategy which since August of 1986 resulted in a marked diminution in value of Goddard's investment portfolio. Goddard alleged that approximately 22% of her initial investment was placed into Prudential Bache Energy Income Partnership III-XIV ("the partnership or Prudential Energy"), an energy limited partnership. Goddard alleged that the partnership was extremely speculative and inconsistent with her stated investment objectives and her personal financial situation.

Prudential alleged that Goddard's account was handled properly and in accordance with the Know Your Customer Rule of the New York Stock Exchange, Inc., and The "Suitability Rule" of the National Association of Securities Dealers, Inc. Prudential also asserted that Goddard's funds were invested in accordance with her investment objectives and that any losses were due to market declines and to her own investment decisions, none of which were attributable to any action or inaction on the part of Prudential. Prudential alleged that the partnership was suitable for Goddard and that Goddard is using hindsight to make Prudential a guarantor of potential profits after the investment failed to live up to her investment expectations. Prudential alleged that Goddard deviated from her initial investment objective of zero speculation and knowingly and intelligently assumed a degree of risk in exchange for the potential to realize a greater degree of return. Prudential asserted that Goddard had not suffered any loss on the partnership and she knew the investment was a long-term illiquid investment. Goddard was never told anything by Green to suggest otherwise.

RELIEF REQUESTED

Goddard requested actual damages of in excess of \$50,000, attorney's fees, accountant's fees, financial analyst's fees and other costs and expenses.

Prudential requested that the claim be dismissed in its entirety and all costs associated with the proceeding be assessed against Goddard.

OTHER ISSUES CONSIDERED & DECIDED

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 originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claim asserted by Goddard against Prudential shall be and is hereby dismissed and denied in its entirety;
2. The parties shall each bear their own costs, expenses and attorney's fees incurred in this proceeding; and,

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed. The NASD shall retain the \$120.00 non-refundable claim filing fee and the \$380.00 hearing session deposit paid by Goddard. Prudential is assessed and shall pay to the NASD additional Forum Fees of \$400.00 and Goddard is assessed additional Forum Fees of \$20.00.

Forum Fees are calculated at the rate of \$400.00 per hearing session and are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures

Name

Irving M. Strauch
Irving M. Strauch
Public Arbitrator/Chairman

2/18/92
Dated

Fred M. Ridolphi, Jr., Esq.
Fred M. Ridolphi, Jr., Esq.
Public Arbitrator/Panelist

Dated

George A. Sawyer
George A. Sawyer
Industry Arbitrator/Panelist

Dated

Date Award Served by the NASD:

FORUM FEES

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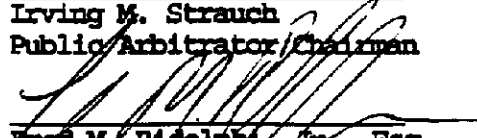
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Concurring Arbitrators' Signatures

Name

Irving M. Strauch
Public Arbitrator/Chairman

Dated


Fred M. Ridolphi, Jr., Esq.
Public Arbitrator/Panelist

2-24-92
Dated

George A. Sawyer
Industry Arbitrator/Panelist

Dated

Date Award Served by the NASD: _____

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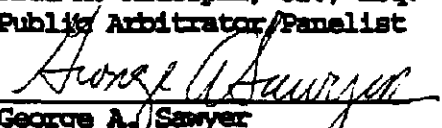
Name

Irving M. Strauch
Public Arbitrator/Chairman

Dated

Fred M. Ridolphi, Jr., Esq.
Public Arbitrator/Panelist

Dated



George A. Sawyer
Industry Arbitrator/Panelist

2/19/92

Dated

Date Award Served by the NASD: _____