

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimant

Agnes Tarino

91-02220

Name of Respondents

Prudential Securities Inc
Theodore E. Larson

REPRESENTATION

For Claimant Agnes Tarino ("Claimant"): Mary Ann Stokes, Esq. of Cohn and
Lifland

For Respondents Prudential Securities, Inc. ("Prudential") and Theodore E.
Larson ("Larson"): Herbert J. Marek, Esq. of Prudential Securities, Inc.

CASE INFORMATION

Statement of Claim filed: July 15, 1991.

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

Joint Statement of Answer of Prudential and Larson (collectively referred to
as "Respondents") filed: August 30, 1991.

Prudential's Submission Agreement signed on: February 27, 1992.

Larson's Submission Agreement signed on: February 26, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: February 26, 1992 - Three Sessions.
April 27, 1992 - Two Sessions.

Hearing Location: NASD Office, New York, New York.

CASE SUMMARY

Claimant alleged that she consulted Larson to discuss the redemption and

investment of proceeds of a stock which she had inherited. Claimant alleged that she told Larson that a certain portion of the proceeds was to be placed in a money market account and in CDs and that the balance should be placed in safe investments. Claimant alleged she requested a portion of the balance be used to purchase individual bonds which would provide a monthly income. Larson recommended several funds that Claimant should invest in. Among them were Polaris Aircraft Income Fund III Limited Partnership ("Polaris") and Prudential Bache Energy FD #17 Limited Partnership ("PB Energy"). Claimant alleged that Larson told her that the investments were safe, suitable and paid very high guaranteed rates of return. Despite her request, Claimant alleged that Larson did not recommend individual bonds to her.

Claimant alleged that the investments were unsuitable for her stated investment objectives in that they were neither safe nor secure. Claimant alleged that they were not liquid, speculative and were unreasonably risky. Claimant alleged that the investments chosen by Larson paid high commissions and fees to Respondents and that this was not disclosed to her at the time she made the investments. Claimant alleged that the representations made to her by Larson regarding the safety and suitability of the investments were false and Respondents knew them to be false when they were made.

Claimant alleged that she relied on Respondents' misrepresentations as to the nature of the investments, resulting in damage to her. Claimant alleges that the investments in Polaris and PB Energy are virtually worthless, there being no market for sale. Claimant alleged that the Respondents' actions constitute fraud. Claimant alleged, that in the alternative, that if the misstatements by the Respondents were not deliberate then Respondents were negligent in their handling of Claimant's account.

Respondents maintained that Claimant's claim for unsuitability is without merit and that Claimant's port folio was diversified. Respondents denied that Claimant wanted to invest in individual bonds instead of bond funds. Respondents maintained that Claimant never expressed an interest to purchase municipal bonds. Respondents maintained that the Claimant initiated an investment strategy with Larson and made informed choices to diversify her portfolio and obtain a higher income than she would have if she were invested in bonds. Respondents maintained that Claimant was informed of the risks of the proposed investments in conversations with Larson and by receiving a prospectus on each investment. Respondents maintained that Larson never told Claimant that the Funds delivered a guaranteed rate of return. Respondents maintained Claimant was aware of, authorized and approved the investments in limited partnerships, and that these investments were suitable for her investment objectives. Respondents denied the Claimant's allegations of misrepresentation, fraud and/or negligence.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$150,000.00 plus interest, costs and attorney's fees. In addition, Claimant requested rescission of each of the limited partnership investments and restoration to her of the funds invested plus interest.

Respondents requested that Claimant's claim be dismissed in its entirety, and that Claimant be assessed costs, attorney's fees and filing and forum fees.

AWARD

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

1. Respondents Prudential Securities, Inc. and Theodore E. Larson are jointly and severally liable to Claimant and shall pay Claimant the amount of \$106,650.00. This amount is inclusive of interest.
2. As a condition for payment to the Claimant in paragraph one above, Claimant Agnes Tarino is directed to return to the Respondent Prudential Securities, Inc. the two limited partnerships - Polaris Aircraft Income Fund III Limited Partnership and Prudential Bache Energy FD #17 Limited Partnership.
3. All parties shall bear their respective costs of this action, including attorney's fees.
4. All other claims and counterclaims, if any, are dismissed in their entirety.

FORUM FEES

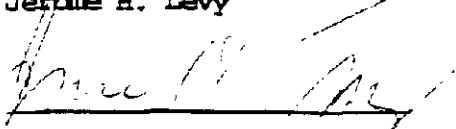
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

1. Claimant and Defendants are hereby each assessed one half of the forum fees of \$3,750.00 (5 hearing sessions x \$750.00). Therefore, Claimant is assessed the amount of \$1,875.00 and Respondents, jointly and severally, are assessed the amount of \$1,875.00.
2. Claimant is entitled to offset this amount with her previously deposited hearing session deposit of \$750 so that the amount due from the Claimant to the NASD is \$1125.
3. Respondents shall pay to the NASD the total amount of \$1,875.00.

91-2320

Concurring Arbitrator's Signature
Jerome H. Levy

Industry Arbitrator


Date of Decision

4/27/92

NASD Date of Decision: May 15th, 1992

Concurring Arbitrator's Signature
James M. Baumann

PUBLIC - CHAIRPERSON


Date of Decision 5/6/92

NASD Date of Decision: May 15th, 1992

Concurring Arbitrator's Signature
Edward T. Hill

Public Arbitrator

Edward T. Hill

Date of Decision

April 27 1992

NASD Date of Decision: May 15th, 1992