

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Deanna Wallach

91-02998

Name of Respondent(s)

Prudential Securities, Inc.
Margaret Spanjick

REPRESENTATION

For Claimant Deanna Wallach: Robert W. Dodds, C.P.A.

For Respondent Prudential Securities, Inc.: Laura Brevetti, Esq. of the law firm of Morrison Cohen Singer and Weinstein.

For Respondent Margaret Spanjick: Frederick Anton of the law firm of Jacobs Persinger and Parker.

CASE INFORMATION

Statement of Claim filed: May 24, 1991.

Claimant Deanna Wallach's Submission Agreement signed on: September 20, 1991.

Statement of Answer filed by Respondent Prudential Securities, Inc. on: January 9, 1992.

Respondent Prudential Securities, Inc.'s Submission Agreement signed on: February 17, 1993.

Statement of Answer filed by Respondent Margaret Spanjick on: January 15, 1992.

Respondent Margaret Spanjick's Submission Agreement signed on: February 17, 1993.

HEARING INFORMATION

Pre-hearing conference: November 19, 1992 (3 arbitrators)

Hearing Dates/Sessions: February 17, 1993 / Two Sessions
February 18, 1993 / One Session

Hearing Location: NASD offices located in New York City, New York.

CASE SUMMARY

Claimant alleged that in spite of the fact that she had informed the Respondents that she only wanted conservative investments and that her primary concern was safety and no risk investments, her portfolio suffered tremendous losses as a result of Respondent Spanjick investing her money in high risk investments. Claimant further alleged Respondent Spanjick made misrepresentations to the Claimant; failed to disclose the investments were of a high risk nature and betrayed the trust of Claimant by acting in a negligent manner by continuing to falsify her statements regarding the safety of the investments. Claimant further alleged Respondent Prudential Securities, Inc. as the principal, failed to adequately monitor and supervise their employee Margaret Spanjick.

Respondent Prudential Securities, Inc. maintained neither they nor their employees can guarantee neither market activity nor the success of any particular investment or strategy and Claimant undertook a certain degree of risk in the hopes of generating an increased level of income and Claimant was fully capable of understanding the recommendations made by Respondents. Respondent Prudential Securities, Inc. further maintained each and every investment in Claimant's account was recommended by Margaret Spanjick as consistent with Claimant's objectives of high income and with the best interest of the Claimant in mind and the recommended investment vehicles adopted by Claimant were in accordance with her level of investor sophistication. Respondent Prudential Securities, Inc. further maintained they maintain a regular course and routine supervision over accounts held at the firm and over its financial advisers. Respondent Prudential Securities, Inc. further maintained Claimant's claims are barred by the applicable statute of limitations.

In response, the Claimant denied that the Claimant's claims are timed barred.

Respondent Margaret Spanjick maintained as Claimant's account executive for approximately seven years, Margaret Spanjick at all times recommended only suitable quality investments which were consistent with Claimant's investment objectives and Claimant closely monitored the activity in her account and took a very active role in managing her investments. Respondent Margaret Spanjick further maintained each and every investment and trade recommended by her was discussed in detail and approved by Claimant and at no time did Margaret Spanjick misrepresent the nature of any investment or fail to disclose the risks associated with a particular investment. Respondent Margaret Spanjick asserted a cross-claim against Respondent Prudential Securities, Inc. alleging in recommending investments to Claimant, Margaret Spanjick relied upon the truthfulness of the investment and financial information provided by Prudential Securities, Inc. and if Claimant recovers any award against Margaret Spanjick because of false or misleading information provided by Prudential Securities, Inc. then Margaret Spanjick is entitled to recover all of the award against Prudential Securities, Inc.

RELIEF REQUESTED

Claimant requested the return of her losses plus interest, costs of suit, and any other relief that is deemed to be fair and equitable.

Respondent Prudential Securities, Inc. requested that the claim be dismissed in its entirety and that costs be awarded in its favor and requested a dismissal of the cross-claim against it.

Respondent Margaret Spanjick requested that the Statement of Claim be dismissed as to her, that an award over and against Prudential Securities, Inc. be rendered for the amount of any award obtained by Claimant against Margaret Spanjick.

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 Respondent Prudential Securities, Inc. be and hereby is liable and shall pay to the Claimant the sum of \$4,200.00 plus simple interest at the rate of 9% per annum from the date of decision until the date of payment of the award and the Claimant shall transfer to the Respondent Prudential Securities, Inc. all her right, title and interest in and to Prudential Bache Tax Credit L.P.
2. All claims against Respondent Margaret Spanjick be and hereby are dismissed in all respects.

3. The Respondent Margaret Spanjicks' cross-claim against Respondent Prudential Securities, Inc. is denied.
4. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

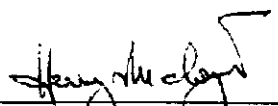
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

4 sessions x \$500.00 = \$2,000.00 minus Claimant's hearing session deposit (\$500.00) minus Respondent Margaret Spanjick's hearing session deposit (\$600.00) = net \$900.00 due.

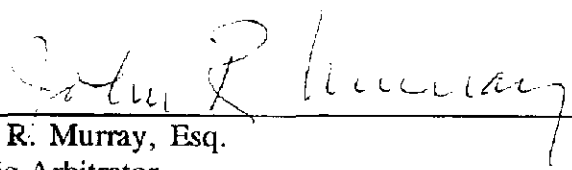
Forum Fees Assessed Against:

The Claimant be and hereby is liable and shall pay to the NASD the sum of \$166.00 to represent forum fees and the Respondent Prudential Securities, Inc. be and hereby is liable and shall pay to the NASD the sum of \$667.00 to represent forum fees and the Respondent Margaret Spanjick be and hereby is liable and shall pay to the NASD the sum of \$67.00 to represent forum fees.

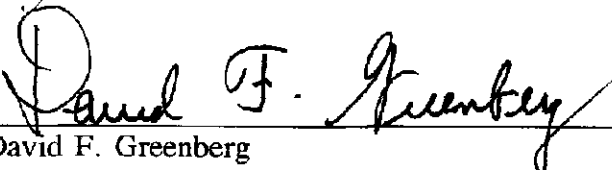
ARBITRATION PANEL



Henry McCoy, II, Esq.
Public Arbitrator



John R. Murray, Esq.
Public Arbitrator



David F. Greenberg
Industry Arbitrator

Date of Decision: April 1, 1993

STATE OF: *New York*

SS:

COUNTY OF: *New York*

On this *17th* day of *March*, 1993, before me personally appeared **Henry McCoy, II, Esq.** know and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

MAHESH M. DAVE
40 Balmoral Crescent
White Plains, N.Y. 10607
Registration No. 4953345
Commission Expires on *7/10/93*

Mahesh M. Dave

STATE OF: *New Jersey*

SS:

COUNTY OF: *Morris*

On this *24th* day of *March*, 1993, before me personally appeared **John R. Murray, Esq.** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Mary L. Giercyk

MARY L. GIERCYK
Notary Public of New Jersey
My Commission Expires July 24, 1995

STATE OF: *New York*

SS:

COUNTY OF: *NEW YORK*

On this *24th* day of *March*, 1993, before me personally appeared **David F. Greenberg** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Andrea B. Goldman

ANDREA B. GOLDMAN
Notary Public, State of New York
No. 31-4876594
Qualified in New York County
Commission Expires January 22, 19*95*