

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
: Sol Herman Trust, Sol Herman as Trustee :
: Claimant :
: CASE #91-03513
vs. : AWARD
: Prudential Securities, Inc. :
: Respondent :

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 7, 1991, Claimant, Sol Herman as Trustee, who appeared Pro Se, alleged that Respondent Prudential Securities, Inc.'s registered representative, Sanford Gladstone, recommended the purchase of 10 General Development Corporation Bonds at a price of \$5,500.00 with a yield of 18% by misrepresenting its future value. Claimant further alleged that Respondent, Prudential Securities, Inc. provided misleading information and withheld relevant facts about the investment. Claimant contended that when the price of the bonds dropped because of unfavorable news about General Development Corporation, he contacted Respondent's registered representative, Sanford Gladstone, who advised him to hold the bonds. Claimant further contended that he later instructed Respondent to sell the bonds, which resulted in a loss to his account. Claimant asserted that he learned that Respondent, Prudential Securities, Inc. registered representative, Sanford Gladstone, had filed personal bankruptcy and had listed Claimant as one of his creditors, thus, admitting his wrongdoing. Claimant further asserted that Respondents' inappropriate handling of his account and its failure to supervise its registered representatives, caused him to incur losses.

Respondent, Prudential Securities, Inc. by and through their in-house counsel, Nancy Basri, Esq., maintained that their registered representative, Sanford Gladstone, recommended to Claimant, Sol Herman, as Trustee, the purchase of General Development Corporation Bonds and advised Claimant that the bonds were speculative. Respondent further maintained that Claimant informed Respondent's registered representative, Sanford Gladstone, that he was familiar with this company and wished to invest with them. Respondent contended that Claimant was well aware of the

financial news about General Development Corporation and the ultimate decision to hold the bonds was Claimant's. Respondent further contended that Claimant had a history of making speculative investments, therefore, this investment was suitable for his investment objectives. Respondent asserted that when their former registered representative, Sanford Gladstone, filed for personal bankruptcy he listed Claimant as a possible creditor because Claimant had notified Respondent and Mr. Gladstone of his intention to file an arbitration, this in neither an admission or indication of liability. Respondent further asserted that Claimant is an experienced investor who possesses a high level of sophistication and must accept responsibility for his own investment decisions.

RELIEF REQUESTED

Claimant, Sol Herman, as Trustee, requested \$5,000.18 in actual damages plus interest at the rate of 8% per annum.

Respondent, Prudential Securities, Inc. requested the claim be dismissed in its entirety.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Jacob I. Levine, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on November 1, 1991 and by the Respondent on December 13, 1991.

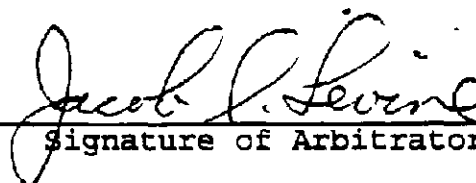
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant, Sol Herman, as Trustee, against Respondent, Prudential Securities, Inc. are dismissed.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Sol Herman, as Trustee, shall be retained by the NASD, Inc. Respondent, Prudential Securities, Inc. shall pay to the Claimant the sum of \$125.00 as reimbursement.

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AFFIRMATION

I, JACOB I. LEVINE, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: March 30, 1992