

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

Irene Ruti

91-03726

Name of Respondents

Prudential Securities Inc
William J. Drake

REPRESENTATION

For Claimant: Katherine Nathan, Esq., from the law firm of BRANDEIS,
BERNSTEIN & WASSERMAN

For Respondents: Peter Byer, Esq., of PRUDENTIAL SECURITIES INC.

CASE INFORMATION

Statement of Claim filed: November 25, 1991.

Claimant's Submission Agreement signed on: November 18, 1991.

Statement of Answer filed by Respondents Prudential Bache Securities, Inc.,
and William J. Drake: February 20, 1992.

Respondent Prudential Bache Securities Inc.'s, Submission Agreement signed
on: July 13, 1992 and Respondent William J. Drake's Submission Agreement
signed on March 23, 1992.

CASE SUMMARY

Hearing Date/Sessions: July 13, 1992, 2 sessions.

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

RELIEF REQUESTED

Claimant alleged that Respondents knowing Claimant's investment goals which were stable, low-risk investments which would generate a reasonable, consistent dividend and interest income while preserving capital, fraudulently misrepresented to Claimant they were following her investment goals, while in reality pursued a highly aggressive pattern of trading with extremely speculative transactions (involving numerous option trades, short term transactions, and large positions) leading to a forced liquidation of the account in November, 1987 to satisfy a huge margin loan. Claimant further alleged that Respondents breached their fiduciary duty to her by failing to explain the nature of the transactions in her account knowing her lack of education and language barrier, instead Respondent Mr. Drake assured her not to worry when Claimant personally questioned Mr. Drake about the status of her investments. Claimant further alleged these speculative transactions were unsuitable for her account as Respondents knew her investment goals and were aware that she was only able to work part-time due to back injuries she had sustained as a result of an automobile accident. Claimant also alleged Respondents' conduct constituted churning by engaging in excessive transactions for the sole purpose of generating commissions.

Respondents maintained Claimant was fully aware of all transactions in her account, in fact each and every transaction, whether margin or cash was discussed with Claimant. Respondents further maintained Claimant was not an unsophisticated investor who simply followed the recommendations of her stockbroker, but in repeated instances Claimant initiated transactions, and in other instances did not follow Respondent Mr Drake's suggestions.

Claimant Irene Ruti requested:

1. actual damages in the amount of \$65,000;
2. interest from October, 1984;
3. punitive damages;
4. reasonable attorneys' fees;
5. any further relief the arbitrators deem just and adequate.

Respondents Prudential-Bache Securities Inc., and William J. Drake requested:

1. the Statement of Claim be dismissed in its entirety.

BOARD

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 as follows:

1. The Respondents Prudential-Bache Securities, Inc., and William J. Drake be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$25,000.00 interest specifically excluded;
2. The Claimant's request for punitive damages is denied;
3. Each party shall bear their respective costs, including attorneys' fees.

FORUM FEES

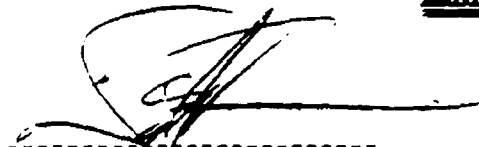
Pursuant to section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

2 sessions x \$500= \$1000 less hearing deposit of \$500= \$ 500 due.

The Respondents be and hereby are liable jointly and severally and shall pay the NASD the sum of \$500 representing Forum Fees.

The NASD shall retain the \$150 claim filing fee previously deposited by the Claimant.

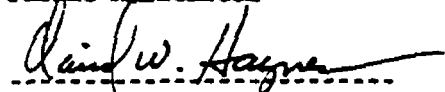
ARBITRATOR SIGNATURES



David Finnegan, Esq.
Public Arbitrator



Barry S. Jacobson
Public Arbitrator



David W. Haynes
Industry Arbitrator

Date of Decision: July 24, 1992