

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Harold and Rita Marcus

91-03974

Name of Respondents

Prudential Securities, Inc.
Jeffrey Moruzzi

REPRESENTATION

Claimants Harold and Rita Marcus ("Claimants") were represented by Carl Mazzie, Esq.

Respondent Prudential Securities, Inc., ("Prudential") was represented by Brian F. Amery of the law firm of Bressler, Amery & Ross.

Respondent Jeffrey Moruzzi ("Moruzzi") was neither represented at the hearing nor did he attend.

CASE INFORMATION

Statement of Claim filed on: December 16, 1991.

Claimants' Submission Agreement signed on: September 16, 1991.

Respondent Prudential did not execute a Submission Agreement.

Statement of Answer filed by Prudential on February 18, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: October 21, 1992 - One Session
December 3, 1992 - Two Sessions

Hearing Location:: October 21, 1992 - NASD Office, New York City
December 3, 1992 - Office of Bressler Amery & Ross, New York City

CASE SUMMARY

Claimants alleged that Respondent Moruzzi was advised of the Claimants' investment objectives and failed to follow their objectives. Claimants alleged that Respondents placed them in unsuitable investments and that Respondent Moruzzi made an unauthorized purchase of 5,000 shares of L.A. Gear for Claimants' account. Claimants alleged that due to Moruzzi's unauthorized purchase of L.A. Gear stock, Claimants account suffered a substantial loss. Claimants alleged that Prudential failed to properly supervise Moruzzi and that it failed to adequately investigate Moruzzi's background before hiring him.

Prudential categorically denied all allegations asserted by Claimants, and Prudential asserted a counterclaim for the costs associated with defending this suit. Prudential specifically maintained that, before the trade was executed, the L.A. Gear purchase was authorized by Claimant Harold Marcus. Prudential maintained that Claimants' account was handled in a professional manner by Moruzzi and that Prudential properly supervised Moruzzi. Prudential maintained that it acted with the Claimants' best interest in mind and that Claimants' account was properly handled and that all investments were suitable for Claimant.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of approximately \$99,607.58, *prejudgment interest and loss of investment income or a reasonable return of their investment.*

Respondent requested that the Panel issue an Order dismissing the Claimants' claim in its entirety and assess all costs associated with this proceeding against Claimants.

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.

The panel did not exercise its jurisdiction over Moruzzi due to the pendency of the Bankruptcy action. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the Panel exercised its jurisdiction over Prudential, although it failed to execute a submission agreement.

AWARD

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

1. That as Moruzzi has filed for bankruptcy, this matter is stayed against him so that no findings were made as to Moruzzi.
2. That Respondent Prudential Securities, Inc. is liable to the Claimants and shall pay to the Claimants the sum of Twenty Five Thousand Six Hundred Twenty Five and 00/100 Dollars (\$25,625.00); inclusive of interest.
3. That any and all rights of the Claimants in the class action pending concerning the L.A. Gear Stock at issue is assigned to Prudential Securities, Inc. This is to the extent of the award in paragraph number 2 above.
4. All parties shall bear their respective costs including attorneys' fees.

FORUM FEES

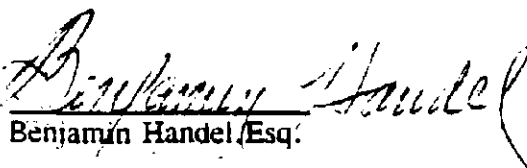
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Forum Fees for the three hearing sessions are split equally. Three Hearing Sessions were conducted in this matter at a cost of \$750 per session for a total of \$2,250. Claimants are assessed forum fees in the amount of \$1,125 but are entitled to offset this amount with their hearing session deposit of \$750 so that the amount due from the Claimants is \$375. Respondent Prudential Securities, Inc. is assessed hearing session fees of \$1,125.

Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator's Signature:

Name

Public/Industry


Benjamin Handel, Esq.

Public Arbitrator

NASD Date of Decision: January 6, 1993

AWARD

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Dissenting Arbitrator's Signature:

Name

Public/Industry

Terri L. Weiss, Esq.

Industry Arbitrator

NASD Date of Decision: January 6, 1993

AWARD

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

1. That as Morizzi has filed for bankruptcy, this matter is stayed against him so that no findings were made as to Morizzi.
2. That Respondent Prudential Securities, Inc. is liable to the Claimants and shall pay to the Claimants the sum of Twenty Five Thousand Six Hundred Twenty Five and 00/100 Dollars (\$25,625.00); inclusive of interest.
3. That any and all rights of the Claimants in the class action pending concerning the L.A. Gear Stock at issue is assigned to Prudential Securities, Inc. This is to the extent of the award in paragraph number 2 above.
4. All parties shall bear their respective costs including attorneys' fees.

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Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator's Signature:

Name

Public/Industry


Robert W. Cockren, Esq./Chairman

Public Arbitrator

NASD Date of Decision: January 6, 1993