

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Georgia Colonias

92-00097

Name of Respondents

Prudential Securities Inc
Gary Fox

REPRESENTATION

For Claimant Georgia Colonias ("Claimant"): Anthony J. Hom, a sole practitioner.

For Respondents Prudential Securities Inc. ("PSI") and Gary Fox ("Fox"): Brian F. Amery, of Bressler, Amery et al.

CASE INFORMATION

Statement of Claim filed: January 10, 1992.

Amended Statement of Claim and Claimant's Responses to Respondents' Answer filed: September 21, 1992.

Claimant's Motion to Preclude Respondents' Answer filed: June 29, 1992.

Claimant's Submission Agreement signed on: December 11, 1991.

Joint Statement of Answer filed by Respondents on: April 6, 1992.

Joint Response of Respondents to Claimant's Motion to Preclude Respondent's Answer dated: July 10, 1992.

Respondent PSI's Submission Agreement signed on: October 6, 1992.

Respondent Fox's Submission Agreement signed on: October 6, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: October 6, 1992/2 sessions
 January 20, 1993/2 sessions
 February 16, 1993/2 sessions
 February 18, 1993/2 sessions

Hearing Location: NASD, New York, NY.

CASE SUMMARY

Claimant alleged she was a widow with no investment experience who opened an account with Respondents on or about 1986. Claimant alleged she advised Fox she needed a relatively liquid investment as she needed money to live and raise her children. Claimant alleged Fox recommended Prudential Global Government Plus Fund ("Global") and Fogelman Limited Partnership ("Fogelman"). Claimant alleged Fox failed to disclose the risks of these investments nor did he advise her that Fogelman was an illiquid real estate limited partnership. Claimant further alleged she did receive a prospectus for Global or Fogelman; however, she did not understand either of them, nor did Fox explain them to her. Claimant alleged Fox later recommended Eagle One Limited Partnership, ("Eagle") and did not disclose it was an illiquid investment or the risks involved with the investment. Claimant alleged Fox never explained the Eagle prospectus she received. Claimant alleged Fox solicited her to invest in Prudential High Yield Plus Fund ("High

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Yield") and did not advise her it was a junk bond fund nor did he advise her the risks or explain the prospectus. Finally, Claimant alleged these investments were unsuitable for her.

Respondents alleged Claimant told Fox she had money invested to send her children to college and was looking for a supplement to her income. Respondents asserted that based upon Claimant's stated needs, Fox placed a portion of her funds in certificates of deposit and money markets and placed additional funds in Global and High Yield. Respondents maintained Fox recommended Prudential Bach Utility Fund, Eagle and Fogelman as long-term investments. Respondents maintained these investments and risks were explained to Claimant by Fox prior to any investments being made and that the portfolio was put together to meet Claimant's stated investment objectives.

Claimant responded to Respondents' Statement of Answer by alleging she had no other means of financial support other than her PSI account and a pension. Claimant alleged she neither understood the Eagle and Fogelman investments nor were the risks disclosed to her.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$42,337.33 which included attorney's fees, plus interest from the date of the loss to the date of the arbitration hearing; costs; and punitive damages.

Respondents requested: the Statement of Claim be dismissed in its entirety and costs.

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.

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 claims of Claimant Georgia Colonias are denied;
2. All other claims are denied;
3. Each party shall bear its own expenses.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$100.00 non-refundable filing fee previously paid by Claimant and the following Forum Fees are assessed.

8 sessions X \$400.00 = \$3,200.00 minus the hearing session deposit of \$400.00 = net \$2,800.00 due.

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Forum fees Assessed Against:

1. Claimant Georgia Colonias is hereby liable in the amount of \$1,400.00. The NASD shall also retain the \$20.00 overpayment by Claimant, therefore, the amount due and owing the NASD equals \$1,380.00;
2. Respondents Prudential Securities Inc. and Gary Fox are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,400.00.

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

Arbitrator Signature

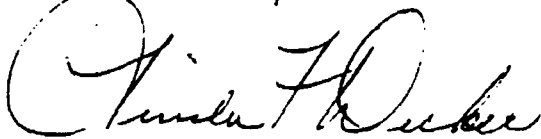


Andrew Cote/Industry Arbitrator

Date of Decision: March 25, 1993

Sworn to and Subscribed before me this

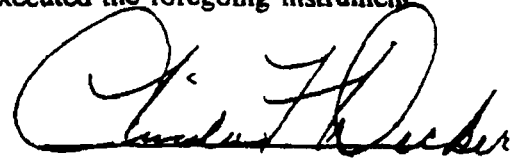
22nd day of March, 1993



My Commission Expires Mar. 31, 1996

STATE OF *Connecticut*
COUNTY OF *Litchfield*

On this *22nd* day of *MARCH*, 1993, before me personally appeared Andrew Cote 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.

A handwritten signature in cursive script, appearing to read "Charles F. Decker".

My Commission Expires Mar. 31, 1996

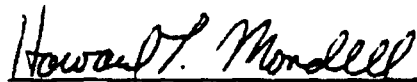
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Forum fees Assessed Against:

1. Claimant Georgia Colonias is hereby liable in the amount of \$1,400.00. The NASD shall also retain the \$20.00 overpayment by Claimant, therefore, the amount due and owing the NASD equals \$1,380.00;
2. Respondents Prudential Securities Inc. and Gary Fox are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,400.00.

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

Arbitrator Signature

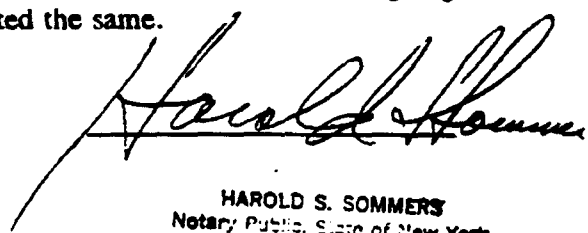


Howard L. Mandell/Public Arbitrator

Date of Decision: March 25, 1993

STATE OF NEW YORK
COUNTY OF NEW YORK

On this 8th day of March, 1993, before me personally appeared Howard L. Mandell 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.


HAROLD S. SOMMERS
Notary Public, State of New York
No. 410023
Qualified in New York County
Commission expires March 28, 1993
see 31

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Forum fees Assessed Against:

1. Claimant Georgia Colonias is hereby liable in the amount of \$1,400.00. The NASD shall also retain the \$20.00 overpayment by Claimant, therefore, the amount due and owing the NASD equals \$1,380.00;
2. Respondents Prudential Securities Inc. and Gary Fox are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,400.00.

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

Arbitrator Signature



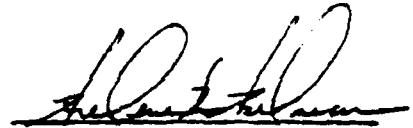
Irwin Kahn/Public Arbitrator

Date of Decision: March 25, 1993

STATE OF NEW YORK

COUNTY OF NEW YORK

On this 8th day of MARCH, 1993, before me personally appeared Irwin Kahn 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.



HELENE K. HELMAN
Notary Public, State of New York
No. 24-4834398
Qualified in Kings County
Commission Expires Jan. 22, 1995