

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

David S. Foster and Faye V. Foster

92-00331

Name of Respondents

Prudential Securities Inc
John Vandenburg

REPRESENTATION

For Claimant: James A. Iafrate, Esq. of Logeman & Associates, P.C.

For Respondents: Peter Byer, Esq. of Prudential Securities Inc.

CASE INFORMATION

Statement of Claim filed: January 17, 1992.

Claimant's Submission Agreement signed on: December 26, 1991.

Joint Statement of Answer filed by Respondents, Prudential Securities, Inc. and John Vandenburg on: June 10, 1992.

Respondent Prudential Securities, Inc.'s Submission Agreement signed on: July 10, 1992.

Respondent John Vandenburg's Submission Agreement signed on: July 22, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: February 10, 1993, 2 sessions.
February 11, 1993, 2 sessions.

Hearing Location: American Arbitration Association - Southfield, Michigan.

CASE SUMMARY

Claimants allege that Respondents purchased securities for their accounts that were unsuitable and made unsuitable recommendations. Claimants allege that Respondents churned their accounts to generate commissions and Claimants allege Respondent, Prudential Securities, Inc. failed to properly supervise Respondent, John Vandenburg's activities in the handling of Claimants' accounts.

More specifically, Claimants allege that Respondent, John Vandenburg ("Vandenburg") recklessly bought and sold options, ignoring Claimants' express instructions. Claimants allege that Vandenburg generated economic losses in excess of \$150,000. Claimants allege that Vandenburg further disregarded the Claimants' portfolio objectives and recommended the purchase of highly speculative options which Vandenburg was not properly qualified to do.

Respondents, Prudential Securities, Inc. ("Prudential") and John Vandenburg maintain that the Claimants' accounts were at all times competently and professionally managed and that any losses suffered were the result of "Black Monday", October 19, 1987, and not due to any negligent acts or omissions on part of the Respondents. Respondents maintain that Claimant, David Foster indicated that he wished to trade aggressively in one of the six accounts opened by the Claimants and that Claimants were aware that Vandenburg received recommendations on options trading directly from the Prudential Research. Respondents maintain that options trading did, in fact, take place in only the one account that Claimant, David Foster directed.

Respondent, Prudential Securities, Inc. asserted a counter claim for a "double credit" in the Claimants' accounts representing an over-payment.

RELIEF REQUEST

Claimants requested compensatory damages equal to \$150,000 plus interest and the costs of this action.

Respondents, Prudential Securities, Inc., and John Vandenburg requested dismissal of all claims against them. Respondent Prudential Securities, Inc. requested compensatory damages equal to \$10,625.44 on its counter claim.

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 the Claimants are hereby denied in their entirety.
2. The counter claim of Respondent Prudential Securities, Inc. is hereby denied in its entirety.
3. Each party shall bear their respective costs of this action, including attorney fees.

FORUM FEES

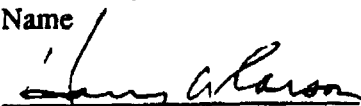
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

\$ 200 Non-refundable filing fee for claim.
\$ 500 Non-refundable filing fee for counterclaim.
\$ 3000 Hearing session fees (4 sessions x 750)

1. Total forum fees of \$ 3,700.00 are hereby assessed equally against Claimants and Respondents.
2. Accordingly, Claimants are hereby assessed forum fees in the amount of \$1,850.00. Claimants are entitled to offset this amount with the \$ 950.00 previously deposited with the NASD. Claimants are directed to pay the balance of \$ 900 to the NASD, Inc.
3. Respondents are hereby jointly and severally assessed forum fees in the amount of \$ 1,850.00. Respondents are entitled to offset this amount with the \$ 1,100.00 previously deposited with the NASD. Accordingly, Respondents are directed to pay the balance of \$ 750.00 to the NASD, Inc.

Concurring Arbitrator's Signature

Name


Harry A. Carson, Esq.

Public Chairperson

Date of Decision: April 6, 1993

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:

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Concurring Arbitrator's Signature
Name


Isadore Bernstein

Public Arbitrator

Date of Decision: April 6, 1993

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Concurring Arbitrator's Signature
Name

Industry Arbitrator


Harvey Frank

Date of Decision: April 6, 1993