

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Denise C. Burns

92-01711

Name of Respondents

Prudential Securities, Inc.
John Estrada
Jim Parker

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 21, 1992, Claimant Denise C. Burns, through her counsel, Mitchell S. Oswald of Seaman, Seaman & Oswald, Sacramento, CA, alleged that the Respondents Prudential Securities, Inc., John Estrada and Jim Parker failed to make low-risk suitable investments appropriate for both her level of investor sophistication and investment goals, and that the Respondents failed to provide competent, professional services. The Claimant further alleged that she has suffered losses on Watson-Taylor, NMS/Pharm, Inc., Canadian Biologix & Data Vision investments due to the Respondents misrepresentations and wrongful activity. The Claimant contended that excessive trading took place in her account in order for the Respondent to generate commissions, and that this churning of the account, along with the misrepresentations and unsuitable recommendation have caused a loss for which the Respondents should be held liable.

Respondent Prudential Securities, Inc. & John Estrada, in a joint statement of answer, through their in-house counsel, Ralph S. Blascovich, Esq., maintained that the Claimant never indicated that her investment objective was safety of principal, but to the contrary, that she wanted to earn high rates of return by investing limited funds in penny stocks. The Respondents further maintained that her account was appropriately supervised, that the investments made were suitable and in accordance with her investment goals and financial circumstances. The Respondents contended that the Claimant's claim is meritless and therefore, they should not be found liable in this matter.

Respondent James Parker, who appeared Pro Se, maintained that he did not enter any buy or sell orders for the time the account was reassigned to him, and that the account was later reassigned back to John Estrada.

RELIEF REQUESTED

Claimant Denise C. Burns, in her Amended Statement of Claim, requested \$4,563.00 in actual damages, plus punitive damages in the amount of \$3,000.00, interest, costs and attorney's fees.

Respondents Prudential Securities, Inc. and John Estrada requested that the claims of the Claimant be dismissed, and that it be awarded its costs.

Respondent James Parker requested that all claims against him be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, James M. Knowles, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on March 27, 1992, by the Respondent Prudential Securities, Inc. on July 20, 1992, by the Respondent John Estrada on July 2, 1992 and by the Respondent James Parker on June 19, 1992.

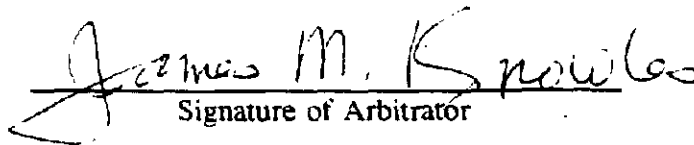
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Prudential Securities, Inc. and John Estrada are jointly and severally liable and shall pay to the Claimant Denise C. Burns \$4,563.00 in actual damages.
2. The Claimant's request for interest is denied.
3. The Claimant's request for punitive damages is denied.
4. The claims of Claimant Denise C. Burns against Respondent James Parker are all dismissed in their entirety.
5. The parties shall bear their respective costs and attorney's fees.

7. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondents Prudential Securities, Inc. and John Estrada are jointly and severally liable and shall pay \$150.00 to the Claimant as reimbursement.

AFFIRMATION

I, **JAMES M. KNOWLES**, 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: June 8, 1993