

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Betty Novak

92-01783

Name of Respondents

Prudential Securities Inc
Jack Davis

REPRESENTATION

For Claimant: Stephen J. Hopkins, Esq. of Googasian Hopkins Hohausser & Forhan.

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

CASE INFORMATION

Claimant's Submission Agreement signed on: May 18, 1992.

Statement of Claim filed: May 26, 1992.

Amended Statement of Claim filed on October 19, 1992.

Joint Statement of Answer filed by Respondents, Prudential Securities, Inc. and Jack Davis on: October 8, 1992.

Respondent, Prudential Securities, Inc.'s Submission Agreement signed on: October 5, 1992.

Respondent, Jack Davis' Submission Agreement signed on: August 31, 1992.

HEARING INFORMATION

Hearing Date/Sessions: April 27, 1992 - 2 Sessions.

Hearing Location: American Arbitration Association - Southfield, MI.

CASE SUMMARY

Claimant alleges that she had absolutely no investment experience prior to her husband's death. Claimant alleges that she met with Respondent, Jack Davis ("Davis") and explained her financial objectives of earning a modest income as well as preservation of funds. Claimant alleges that Davis assumed control of the account and purchased unsuitable investments either without prior approval, or without adequately explaining the nature of the investments. Claimant alleges that these investments were of a high risk nature which generated high commissions for Davis.

Respondents denied all the allegations of fraud and misrepresentation. Respondents maintained that Claimant told him that she was not overly interested in preserving capital, but rather, she wanted greater income and was willing to take greater risks to achieve that goal. Respondents maintained that Davis recommended a diversified portfolio for the Claimant and she followed his recommendations. Respondents denied that there were any unauthorized transactions in the account.

RELIEF REQUESTED

Claimant requested damages in the amount of \$176,838.00 plus rescission of all fraudulent transactions and costs and expenses of this action, including attorney's fees.

Respondents requested that the Claim be dismissed in its entirety.

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. Respondents, Prudential Securities, Inc. and Jack Davis are hereby jointly and severally liable and shall pay to the Claimant the sum of \$59,955.89 (FIFTY NINE THOUSAND NINE HUNDRED FIFTY FIVE DOLLARS AND EIGHTY NINE CENTS). This amount is inclusive of interest.
2. All other Claims, including for attorney's fees, are hereby denied.

3. As detailed below, Respondents are hereby directed to reimburse to the Claimant Forum Fees in the amount of \$100.00 Claimant previously deposited with the NASD, Inc.

OTHER COSTS

1. Respondents, Prudential Securities, Inc. and Jack Davis are hereby jointly and severally assessed costs of \$1,000.00. This cost is to be paid to the Claimant for expert witness fees.

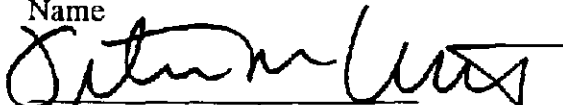
FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

\$200.00	Non-refundable filing fee
\$1,500.00	Hearing Session Fees (2 Sessions x \$750.00)

1. Total Forum Fees in the amount of \$1,700.00 are hereby assessed equally against Claimant and Respondents.
2. Accordingly, Claimant is hereby assessed Forum Fees in the amount of \$850.00. Claimant is entitled to offset this amount with the \$950.00 previously deposited with the NASD, Inc.
3. Respondents are hereby jointly and severally assessed Forum Fees in the amount of \$850.00. As directed above, Respondents shall reimburse to the Claimant the amount of \$100.00 and shall pay the balance of \$750.00 to the NASD, Inc.

Concurring Arbitrator's Signature
Name


Peter M. Kellett, Esq.

Public Chairperson

Date of Decision: June 9, 1993

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Concurring Arbitrator's Signature

Name

Industry Arbitrator


Anthony J. Bove, III

Date of Decision: June 9, 1993