

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Prudential Securities Inc

92-02628

Name of Respondents

Kathryn Shaifer
Carl H. Shaifer

Name of Third Party Respondents

Global America. Inc.
Michael Markowski

REPRESENTATION

For Claimant Prudential Securities. Inc. ("Claimant"): Richard A. Miller. Esq.
of the law firm of Katten. Muchin & Zavis

For Kathryn Shaifer ("K. Shaifer") and Carl Shaifer ("C. Shaifer" and
collectively referred to as "Respondents"): Charles J. Bloom. Esq. of the law
firm of Stevens & Lee

For Third Party Respondent Global America. Inc. ("Global"): Global was
unrepresented.

For Third Party Respondent Michael Markowski ("Markowski"): represented
himself

CASE INFORMATION

Statement of Claim filed: August 6. 1992

Amended Statement of Claim filed on: March 18. 1993

Claimant's Reply to Counterclaim filed: December 3. 1992

Claimant's Submission Agreement signed on: August 20. 1992

K. Shaifer Statement of Answer. Affirmative Defenses. Counterclaim and Joinder

of Third Parties filed on: October 20, 1992

K. Shaifer's Submission Agreement signed on: October 22, 1992

K. Shaifer Statement of Answer, Affirmative Defenses, Counterclaim and Joinder of Third Parties to Claimant's Amended Statement of Claim filed on: May 3, 1993

C. Shaifer Answer Affirmative Defenses, Counterclaim and Joinder of Third Parties to Claimant's Amended Statement of Claim filed on: June 9, 1993

C. Shaifer did not execute a submission agreement.

Third Party Respondents Global and Markowski did not file an answer to the Third Party Claim nor did either submit a submission agreement.

HEARING INFORMATION

Hearing Dates/Sessions: October 12, 1993 - two sessions
October 13, 1993 - two sessions

Hearing Location: NASD Office - Philadelphia, PA

CASE SUMMARY

Claimant alleged that a securities account was opened and maintained at Global. Claimant alleged that pursuant to its clearing agreement with Global, Global cleared all trades with Claimant. Claimant alleged that when Global ceased conducting business, it became the custodian for Global's accounts. Claimant alleged that Respondents directed a Global account executive to purchase for K. Shaifer's account 14,000 shares of Personal CMP PRO INC. ("PCPI") and 87,000 shares of HQ OFFICE SUP/WHSE ("HQ Stock"). Claimant alleged that Respondents tendered a check to Global as partial payment for the purchase but that there were insufficient funds in the Respondents account and the check was returned due to the lack of sufficient funds. Claimant alleged that they have demanded funds from Respondents. Claimant alleged that Respondents have failed to pay for the trade and the amount is still due and owing. Claimant maintained that the PCPI and the HQ Stock trades were authorized. Claimant alleged that it was forced to liquidate Respondents stock and that an unsecured debt remains due and owing by Respondents.

Respondents denied each and every allegation of wrongdoing asserted by Claimant. Respondents maintained that the purchases of PCPI and HQ Stock were unauthorized. Respondents maintained that Global and Markowski had told C. Shaifer that the trades would be canceled. Respondents maintained that Claimant failed to liquidate securities in an orderly and prompt fashion in

violation of Regulation T. Respondents maintained that had Claimant acted promptly no damages would have been suffered. Respondents maintained that had Claimant done a reasonable investigation into the transaction, it would have discovered that K. Shaifer had no relationship to any of the trades and Claimant could have protected its interests by correcting the errors that appeared to be made.

Respondents maintained that to the extent it is determined that K. Shaifer is the customer of the purchases. Respondents maintained, among other things, that the securities were unsuitable, that they were purchased in violation of Rule 10(b)-5, that they were wrongfully recommended, that credit was wrongfully extended and that the securities purchases were not properly confirmed.

Respondents counterclaimed, that among other things, Claimant failed to properly handle their account, failed to properly investigate the transactions in question, failed to properly liquidate the unauthorized transaction. Respondents alleged that they suffered monetary losses due to Claimant improper and illegal actions.

Respondents asserted a third party claim against Markowski and Global for indemnification.

Claimant replied to the counterclaim stating that the Respondents account was properly handled at all times and that it properly and legally liquidated Respondents account.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$181,037.96, attorneys' fees, interest and costs.

Respondents requested that their counterclaim be granted and that they be awarded attorneys' fees and costs. Respondents requested that the Panel enter an award of indemnity against Markowski and Global and that on behalf of Respondents that the Panel find Markowski and Global liable to Claimant.

Claimant requested that Claimant's counterclaim be denied 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.

That Respondents withdrew, without prejudice, on September 27, 1993 their third party claims that they had asserted against Respondents Global and Markowski. The Panel has no objections to Respondents withdrawing their third party claims.

The Panel exercised its jurisdiction over Respondent C. Shaifer, although he did not execute a submission agreement, he did submit an answer, attend the hearing and was represented by counsel.

AWARD

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

1. That Respondents Kathryn and Carl Shaifer are liable to the Claimant and shall pay to the Claimant the sum of \$79,625, plus 6% simple interest per annum from January 30, 1991 until the date this award is paid.
2. That Respondents counterclaim is denied in its entirety.
3. That Respondents third party claim were withdrawn without prejudice.
4. That the parties shall bear their respective costs including attorneys' fees, except as specifically addressed herein.

FORUM FEES

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

$$4 \text{ hearing sessions} \times \$750 = \$3,000$$

The forum fees shall be shared equally by the Claimant and the Respondents. Claimant is assessed forum fees in the amount of \$1,500; however, Claimant is entitled to offset this amount with its hearing session fee of \$750 deposited previously. The amount remaining due from Claimant is \$750.

Respondents are assessed forum fees in the amount of \$1,500; however, Respondents are entitled to offset this fee with the hearing session fee of \$600

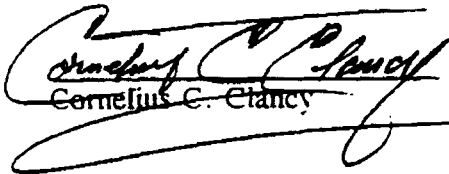
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previously filed by K. Shaifer. The amount due from Respondents K. Shaifer and C. Shaifer is \$900.

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

Concurring Arbitrator's Signature
Name

Public/Industry


Cornelius C. Etancy

Industry Arbitrator

NASD Date of Decision: November 17, 1993

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Concurring Arbitrator's Signature
Name

Public/Industry



Robert F. Sanville

Public Arbitrator

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Concurring Arbitrator's Signature
Name



Richard B. Laden-Chairperson

Public/Industry

Public Arbitrator

NASD Date of Decision: November 17, 1993