

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Prudential Securities Incorporated

NASD Arbitration
No. 92-03838

Name of Respondent(s)

Paul Laub

REPRESENTATION

For Claimant: Charles B. LaChaussee, Esq., Prudential Securities Incorporated, New York, New York

For Respondent: William E. Mussman, III, Esq., Carr & Mussman, San Francisco, California

CASE INFORMATION

Statement of Claim filed: November 11, 1992
Statement of Answer to Respondent's Counterclaim filed by Prudential Securities Incorporated: March 18, 1993
Amendment to Statement of Answer of Prudential Securities Incorporated filed: June 16, 1993
Claimant's Submission Agreement signed: January 25, 1993

Statement of Answer and Counterclaim filed by Respondent: March 2, 1993
Respondent Paul Laub's Reply to Prudential Securities Incorporated's Amended Statement of Answer filed: August 5, 1993
Respondent's Submission Agreement signed: February 26, 1993

HEARING INFORMATION

Pre-Hearing Conference Date/Session:
August 20, 1993 (one session)
Hearing Date/Sessions: October 1, 1993 (three sessions)
Hearing Location: San Francisco, California

CASE SUMMARY

Prudential Securities Incorporated (PSI) alleged that Respondent breached his employment agreement and promissory note entered into on or about March 7, 1991.

Respondent denied any liability to PSI with respect to their employment agreement and alleged that PSI breached an oral agreement to forgive Respondent's loan should PSI close its Modesto office. In his Counterclaim, Respondent alleged that he has refused to honor the repayment request of PSI due to the recruiting fraud by PSI, broken promises of a revised contract, Respondent's inability to continue with his current mode of developing his business, Respondent's community involvement, the lack of an honest effort by PSI to recruit and train new brokers, and Respondent's required presence in the assistance to his handicapped daughter.

PSI denied the claims set forth in Respondent's Counterclaim and alleged that the manager of PSI's Stockton and Modesto branch offices never promised Respondent that PSI's Modesto branch office would remain open indefinitely. PSI further alleged that its branch manager never verbally agreed with the Respondent that if he joined PSI his "up front loan" would be forgiven if the Modesto office was closed.

RELIEF REQUESTED

PSI requested:

1. The sum of \$30,993.29 based on Respondent's default in repayment of the Note;
2. Interest on the above-referenced sum, at the contract rate of 8% per annum from August 3, 1992, to the date of payment;
3. The cost of collection and of this proceeding including reasonable attorneys' fees as Respondent agreed to pay under the terms of the Note; and
4. Any other relief as the arbitrators deem fit.

Paul Laub requested:

1. The sum of \$14,408.00 based on the spreads on stock positions that PSI made a market in and PaineWebber, Inc. did not;
2. The sum of \$50,000.00 based on the loss of client transactions the first year after leaving PSI;
3. The sum of \$23,940.00 based on the loss of revenue for the months of July and August 1992;
4. Costs and reasonable attorneys' fees;
5. Exemplary-Punitive damages;
6. Treble damages; and
7. Any other relief as the arbitrators deem fit.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 National Association of Securities Dealers, Inc. (NASD).

AWARD

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

1. Respondent Paul Laub is liable for and shall pay to Claimant Prudential Securities Incorporated the sum of \$30,993.29, in satisfaction of Claimant's claims. Claimant's claim for interest is denied.
2. All claims by Paul Laub, including the claims for exemplary and punitive damages, are dismissed.
3. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 44(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$600.00 hearing session deposit previously deposited by Prudential Securities Incorporated and shall refund the \$600.00 hearing session deposit previously deposited by Paul Laub. Forum fees are assessed against:

Claimant Prudential Securities Incorporated in the amount of \$1,500.00, calculated as follows: One pre-hearing session times \$300.00/session plus three hearing sessions times \$600.00/session minus the \$600.00 hearing deposit retained by the NASD.

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
William G. McCollom, Esq.	Industry Arbitrator
Rudy E. Thorwirth	Industry Arbitrator
Donald C. Stewart	Industry Arbitrator

Concurring Arbitrators' Signatures

William G. McCollom, Esq.

Rudy E. Thorwirth

Donald C. Stewart

Date of Decision: _____

UNSIGNED COPY