

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Henry G. Lulkin and Frances Lulkin

92-04250

Name of Respondents

Prudential Securities, Inc.
Robert Allen

REPRESENTATION

For Claimants, Henry G. Lulkin and Frances Lulkin ("Lulkin"): Mark A. Tepper, Esq.

For Respondents, Prudential Securities, Inc. ("Prudential") and Robert Allen ("Allen"): Lisa V. Gianneschi, Esq. of Honigman Miller Schwartz & Cohen.

CASE INFORMATION

Statement of Claim filed: 12/21/92.

Claimant's Submission Agreement signed on: 10/16/92.

A Joint Statement of Answer filed by Respondents on: 2/3/93.

Respondent, Prudential's Submission Agreement and Corporate Acknowledgment signed on: 2/3/93 by David A. Weintraub on behalf of the firm.

Respondent, Allen's Submission Agreement signed on: 2/16/93.

HEARING INFORMATION

A pre-Hearing Conference lasting one (1) session was conducted via telephone with a single arbitrator on: 11/18/93.

Hearing Dates/Sessions: 12/13/93-two (2) sessions.
12/14/93-two (2) sessions.

Hearing Location: Fort Lauderdale, Florida.

CASE SUMMARY

Claimants alleged that they are unsuitable investors and that Allen, while employed with Prudential, made unsuitable purchases for their account which were inconsistent with Claimants' investment objectives and financial needs. Claimants further alleged that Allen churned their account; omitted to disclose and misrepresented the risks connected with the trading in Claimants' account; engaged in a pattern of unauthorized trading and used misrepresentations to conceal his wrongdoing from Claimants. Claimants stated that Respondents' actions constituted the following: violation of Section 517.301 of the Florida Securities and Investor Protection Act; breach of fiduciary duty; violation of 10b-5 under Section 10b of the Securities Exchange Act of 1934; common law fraud; failure to supervise.

Respondents denied all allegations of wrongdoing and alleged that when Claimant Joseph Lulkin met with Allen to open the account at Prudential he represented himself to be a wealthy, knowledgeable and sophisticated investor and that his stated investment objectives were safety of principal as well as income and speculation. Respondents maintained that Lulkin and Allen discussed each option strategy prior to execution and that Lulkin authorized each trade prior to execution by Allen. Respondents further maintained that Prudential sent confirmations to Claimants immediately after each trade and sent Claimants monthly account statements which identified each trade and that Claimants never objected to the trading which occurred in the account thereby waiving any legal rights and ratifying the trades.

RELIEF REQUESTED

Claimants requested an award against Respondents, jointly and severally, for compensatory damages in excess of \$66,172.11, plus interest at the legal rate from the date of purchase, attorneys' fees pursuant to Section 57.105, Florida Statute, punitive damages, costs of this proceeding and such other relief as is just and proper.

Respondents requested that the Arbitrators dismiss the claim and award Respondents' their attorneys' fees and costs.

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 and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Prudential and Allen, are found liable, jointly and severally, and shall pay to the Claimants the amount of \$20,000.00 plus post judgment interest at the legal rate of 12% per annum from December 14, 1993 to the date of payment of this Award.
2. Claimants' requests for attorneys' fees, punitive damages and costs are hereby denied.

OTHER COSTS

The parties shall each bear their own costs and expenses incurred in connection with this proceeding including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$3,300.00 (one-(1) pre hearing conference X \$300.00 + four (4) hearing sessions X \$750.00).

1. Respondents, Prudential and Allen, are hereby jointly and severally assessed forum fees in the amount of \$3,300.00 \$450.00 of which shall be paid directly to the Claimants and \$2,850.00 of which shall be paid to the NASD, Inc.
2. The NASD, Inc. shall retain the non-refundable filing fee of \$200.00 paid by the Claimants.

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

Concurring Arbitrators' Signatures

/s/
Mitchell A. Yelen, Esq.

Public/Chairman

/s/
Manny Levine

Public/Panelist

/s/
Bernard Finger

Industry/Panelist

Date: 2/4/94