

Claimants,
v.
Prudential Securities, Inc.,
as successor to Bache Halsey
Stuart & Shields, Inc.,
Respondent.

File No. 92-NM-10

For Claimant(s): Howard Groedel, Roetzel & Andress, Akron, Ohio

For Respondent(s): Irwin S. Haiman, McCarthy, Lebit, Crystal & Haiman Co., L.P.A.,
Cleveland, OH

Claimants' Opposition of Respondent's Motion to Dismiss filed: June 13, 1994

* Claimants' request confidentiality pursuant to CBOE Rule 18.31.

Hearing

The named parties appeared at the hearing specified below, and had full opportunity to present arguments and evidence.

Dates: July 28 and 29, 1994
November 1 and 2, 1994

No. of Sessions: Eight (8)

Location: Cleveland, OH

Summary of Issues

("Claimants") allege that Prudential Securities, Inc., as successor to Bache Halsey Stuart & Shields, Inc. ("Respondent") engaged in excessive, unauthorized and unsuitable options trading in two (2) accounts maintained by Respondents for Claimants from approximately April 1982 through November 1982. Claimants further allege that Respondent made false and fraudulent representations regarding the financial status of Claimants' accounts, and that Respondent failed to supervise the activity of its Registered Representative, Mark E. Cook. Claimants further allege that Respondent breached the Options Agreements entered into with Claimants, as well as the standards of professional conduct embodied in the rules and regulations of the SEC, NASD, and CBOE.

Respondent asserts that Claimants fail to state a claim upon which relief can be granted, that the claims are barred by CBOE rules and the doctrine of laches, and that Claimants are estopped from raising the claims. Respondent alleges that it acted in good faith and with due care, and did not directly or indirectly induce an act or acts constituting a violation of SEC, NASD, and CBOE rules. Respondent further alleges that Claimants failed to exercise reasonable diligence or due care in connection with their investment and knowingly entered into the option agreements with full knowledge of the financial risks involved.

Relief Requested

Claimants request an award against Respondents in the amount of \$211,750 in compensatory damages and \$500,000 in punitive damages, plus interest, costs and attorneys' fees. Respondent requests that the claims be dismissed.

Other Issues Resolved

The Arbitrators entertained arguments on Respondent's two (2) Motions to Dismiss at the beginning of the hearing. Upon deliberation and consideration of the arguments and pleadings submitted by the parties, the undersigned Arbitrators dismissed the breach of contract claim and denied the motions with respect to timeliness and the allegations based on the rules of the NASD and CBOE.

Award*

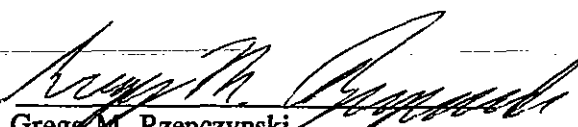
After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned Arbitrators, in full and final resolution of the matter in controversy, find against the Claimants on all remaining claims and in favor of Respondent. All claims against Respondent are dismissed.

Forum Fees

Pursuant to CBOE Rule 18.33, the Arbitrators assess forum fees in the total amount of \$6,950 as follows:

1. Claimants are responsible for forum fees in the total amount of \$3,200, which includes the filing fee in the amount of \$200 plus one-half (1/2) the hearing session fees ($8 \times \$750 = \$6,000$) in the amount of \$3,000. Claimants' deposits totaling \$2,875 shall be deducted from the amount due.
2. Respondent is responsible for forum fees in the total amount of \$3,750, which includes the one-half (1/2) the hearing session fees ($8 \times \$750 = \$6,000$) in the amount of \$3,000, plus an adjournment fee in the amount of \$750 for the postponement of the September 26, 1994 hearing. Respondent's deposit in the amount of \$1,875 shall be deducted from the amount due.

~~All forum fees are payable to the Chicago Board Options Exchange.~~


Gregg M. Rzepczynski,
Chairman and Industry Arbitrator

Date

12/20/94


Robert Deylin, Public Arbitrator

Date

12/21/94


Michael A. Wypasek, Public Arbitrator

Date

12/23/94

* Pursuant to CBOE Rule 18.31, all monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.