

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Rebecca Eaton

93-00433

Name of Respondents

Prudential Securities Inc.
Guy Luedke

REPRESENTATION

For Claimant, Rebecca Eaton at the hearing: Rebecca E. Bender, Esq. of Rebecca Bender & Associates, P.A., Minneapolis, Minnesota.

For Respondent, Prudential Securities, Inc. at the hearing: Peter Byer, Esq. of Prudential Securities, Inc., New York, New York. For Respondent, Guy Luedke at the hearing: Kathryn Walker Torgerson, Esq. of Popham, Haik Schnobrich & Kaufman, Ltd., Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed: February 5, 1993. Claimant's Submission Agreement signed on: January 19, 1993.

Joint Statement of Answer filed by Respondents, Guy Luedke and Prudential Securities, Inc. on: April 26, 1993. Respondent, Prudential Securities, Inc.'s Submission Agreement signed on: April 23, 1993. Respondent Guy Luedke's Submission Agreement signed on or about April 23, 1993.

HEARING INFORMATION

Pre-Hearing Conference on August 31, 1993 for one (1) session with the chairperson only.

Hearing Dates/Sessions: October 5, 1993 for two (2) sessions;
October 6, 1993 for two (2) sessions.

Hearing Location: Minneapolis, Minnesota.

CASE SUMMARY

Claimant Rebecca Eaton ("Eaton") alleged that Respondents Prudential Securities, Inc. ("Prudential") and Guy Luedke ("Luedke") violated Section 10(b) of the Securities Exchange Act of 1934, violated Section 80A.01 of the Minnesota Blue Sky Law, breached a contract and the NYSE Know Your Customer Rule, violated Minnesota Statute Section 325F.68, engaged in common law fraud, engaged in negligent misrepresentation, breached fiduciary duties, and breached fiduciary responsibilities.

Eaton alleged that Luedke ignored her investment objectives and purchased the following unsuitable investments: Orbital Sciences Corporation, Compaq Computer Corporation, Sun Micro Systems Inc., Acuson Corporation, Paging Network Inc., Salem Sportswear Corp., Gates/FA Distributing Inc., and Centocor Inc. Eaton also alleged that Luedke forged her signature in opening an account in her name at Prudential and also traded after hours for no apparent reason.

Respondents Prudential and Luedke denied the allegations asserted in the Statement of Claim. Prudential and Luedke alleged that Eaton was a knowledgeable and experienced investor and was well aware of the risks and nature of trading activity occurring in her account.

RELIEF REQUESTED

Claimant requested realized and unrealized losses in her account in the amount of approximately \$86,000.00, her losses from Account No. TEB-812761-38, which was churned in excess of \$71,000.00, twice the amount she paid as commissions in excess of \$50,000.00, punitive damages in excess of \$75,000.00, attorneys fees, margin interest, prejudgment interest, post-judgment interest, costs, filing and hearing fees and other disbursements, interest which she would have received, had her monies been left at the University of Minnesota, compensation for the difference between current taxable income and monies that would have been tax deferred in her IRA until age 59 1/2, and such other further or different relief as the panel deems just and equitable.

Respondents requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & DECIDED

The parties agreed at the hearing 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, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Prudential Securities, Inc. and Guy Luedke shall be and hereby are jointly and severally liable for and shall pay to the Claimant, Rebecca Eaton, damages in the total amount of Forty Five Thousand Dollars and No Cents (\$45,000.00);
2. All other requests for relief asserted by the Claimant, Rebecca Eaton are denied;
3. Each of the parties shall bear their own costs and expenses, including attorney's fees, other than those specifically enumerated for herein.

FORUM FEES

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

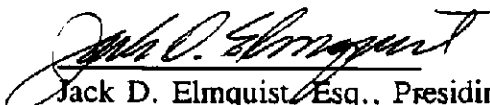
4 sessions X \$750 = \$3000 minus hearing session deposit of \$750 = \$2250. plus \$300 for the pre-hearing conference = net \$2550 due.

Additional Forum fees are Assessed Against Respondent Prudential Securities only in the sum of \$2550. Respondent Prudential Securities shall reimburse the Claimant Rebecca Eaton for the hearing session deposit previously deposited with the NASD in the sum of \$750, plus the non-refundable filing fee in the sum of \$200.00.

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

By The Arbitration Panel:

Nov. 10, 1993


Jack D. Elmquist Esq., Presiding
Public Arbitrator

Date Award Served By The NASD: 11-18-93

11/11/93

Richard J. Hansen

Richard J. Hansen
Public Arbitrator