

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Name of Claimants

William J. Nelson
Colleen M. Nelson

No. 93-00890

Name of Respondent

Prudential Securities Incorporated

REPRESENTATION OF PARTIES

For Claimants: Mark E. Maddox, Esq., of Coons & Saint,
Indianapolis, Indiana.

For Respondent: Peter Byer, Esq., Vice President, Associate
General Counsel, Prudential Securities Incorporated, New York, New
York.

CASE INFORMATION

Statement of Claim filed on or about: March 6, 1993.

Claimants' Submission Agreement signed: March 4, 1993.

Statement of Answer filed by Respondent on or about: June 18,
1993.

Respondent's Submission Agreement signed on: June 17, 1993.

HEARING INFORMATION

Hearing date: November 2, 1993. Three (3) sessions.

Hearing Location: Indianapolis, Indiana.

CASE SUMMARY

Claimants, William J. Nelson and Colleen M. Nelson ("Claimants") alleged: Breach of fiduciary duty and breach of contract; violations of securities laws; common law fraud and conversion; intentional infliction of emotional distress; negligence, gross negligence, negligent supervision; failure to reasonably supervise; failure to use due diligence; and engaging in criminal practices and civil theft in violation of civil theft and RICO legislation by Respondent, Prudential Securities Incorporated ("Respondent"). The allegations arose out of transactions in the following securities: Putnam High Income Government Trust; Growth Hotel II L.P.; PB Energy P-17; Polaris Income Fund III L.P.; and other securities more fully discussed at the hearing.

In its Answer, Respondent denied all of the allegations of the Statement of Claim. Respondent asserted that the account in question had been professionally serviced, and that any losses in the account were due to market forces over which Respondent had no control. Respondent also asserted that the investments were suitable, and that Claimants had received all prospectii prior to or at the time the Claimants invested in the various limited partnerships. Respondent further asserted that in light of the limited partnership distributions received by the Claimants, and also the current worth of the limited partnerships show that the actual losses suffered by the Claimants are much lower than those stated in the Statement of Claim. In addition, Respondents set forth the following affirmative defense:

1. The claims are barred by the applicable statutes of limitations.

RELIEF REQUESTED

Claimants requested an award against Respondent in an amount including the following:

1. Actual damages, or rescission (original investments in the limited partnerships totalling \$128,000.00) of the limited partnership investments in Claimants' account;
2. Actual damages for the losses that occurred in the high yield bond funds of \$42,754.00 (\$21,000.00 Putnam loss and \$21,754.00 Franklin AGE loss);
3. Lost interest of eight (8%) percent per year, compounded annually, less the amount of distributions paid by the limited partnerships and the high yield funds;
4. Punitive damages and/or RICO damages;

5. Attorneys' fees and costs of arbitration (including expert witness, expenses and accounting fees) as provided in I.C. 23-2-1-19(a); and

6. Pre- and post-award interest at the statutory rate.
Respondent requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed by 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, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, Prudential Securities Incorporated is liable for, and shall pay to the Claimants, William J. Nelson and Colleen M. Nelson the sum of \$111,773.00 as satisfaction of their claims herein.
2. Claimants, William J. Nelson's and Colleen M. Nelson's claims for punitive damages and RICO damages are hereby denied and dismissed with prejudice.

OTHER COSTS

Respondent, Prudential Securities Incorporated is liable for, and shall pay to the Claimants, William J. Nelson and Colleen M. Nelson the sum of: \$11,175.00 as satisfaction for their claim for attorneys' fees; \$1,250.00 as satisfaction for their claims for costs; and the sum of \$2,750.00 as satisfaction for their claims for expenses herein. The authority for the award of attorneys' fees, costs, and expenses can be found in Indiana statutes, I.C. 23-2-1-19(a).

FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure

(the "Code"), the following forum fees are assessed:

3 hearing sessions x \$1,000.00 = \$3,000.00

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee in the amount of \$250.00, and shall retain the hearing session deposit in the amount of \$1,000.00 previously paid to the NASD by the Claimants.

Additional forum fees in the amount of \$2,000.00 are assessed against the Respondent.

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

CONCURRING ARBITRATORS

Dated:

Name:

November 16, 1993

/s/Lawrence W. Arness
Lawrence W. Arness
Presiding Chair
Public Arbitrator

November 16, 1993

/s/Thomas J. McAllister
Thomas J. McAllister
Industry Arbitrator

November 20, 1993

/s/Edward J. Peters
Edward J. Peters
Public Arbitrator

Date of Service by the NASD: 11/23/93