

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

William Harrison and Shirley Harrison

93-01083

Name of Respondents

Prudential Securities, Inc.
William Tatro

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on March 22, 1993, Claimants William and Shirley Harrison, who appeared Pro Se, alleged that in the latter part of 1986, Respondent Prudential Securities, Inc. held a few financial and investment seminars for employees of Black & Decker Company who were interested in ways to invest their lump sum severance pay since the company was closing their plant in Brockport where Claimants were employed, at which time Respondent Prudential Securities, Inc. explained that their approach to investing was a special concept meant to offer an extremely individualized approach to investing. Claimants further alleged that on January 26, 1987, they wrote to the head of the investment team, Respondent William Tatro, explaining their financial situation in detail whereby Claimants would use the interest from their investments to live on and if their seasonal business did not make any money, they would need their severance pay to cover them at which time, Claimants also asked that for 1987, any interest that they could avoid a high taxation rate would be preferred. Claimants contended that in March, 1987 Claimant Shirley Harrison traveled to Rochester to meet Respondent William Tatro personally to reiterate what was in Claimants' letter of January 26, 1987 at which time Respondent William Tatro was informed of their lack of knowledge of the investment world, and Claimant Shirley Harrison verbally told Respondents that Claimants did not want anything to do with the stock market because they did not understand it whereby, Claimants also emphasized that safety of their money was their number one concern. Claimants further contended that this was also reemphasized on the New Account Form whereby Respondent William Tatro verbally assured Claimants that their money would be safe with Respondent Prudential Securities, Inc. and that it would be invested with their best interests in mind, at which time, Claimants gave Respondents a check for \$25,000.00.

Claimants asserted that they received tons of mail from Respondent Prudential Securities, Inc., most of which was not clearly understandable and their investments were itemized for them but even though they did not completely understand where their money was, Claimants were receiving interest on their investments. Claimants further asserted that on September 12, 1987 they wrote a letter to Respondent William Tatro requesting an explanation of their investments and complaining that they did not understand the many mailings they were receiving whereby Respondent William Tatro failed to answer, at which time, Claimants began calling Respondent Prudential Securities, Inc. to try to get an answer about their money. Claimants argued that Respondents sent an account synopsis and the only information that they were able to understand was that some of their money had been lost in the stock market whereby Claimants had no idea that they had invested in stocks which shows how blatantly Respondent William Tatro ignored all of their wishes for safety of principal. Claimants further argued that Respondents' inappropriate handling of their funds in relation to their specific instructions, caused them to incur loss, thus, they are seeking the return of their investment of \$7,500.00 used to purchase the Polaris, limited partnership.

Respondents Prudential Securities, Inc. and William Tatro, by and through their in-house Paul M. Waldman, Esq., maintained that on March 24, 1987 Claimants William and Shirley Harrison opened an account with Respondent William Tatro at the Rochester office whereby the Claimants had met Respondent at an investment seminar sponsored by their employer, Black & Decker, and by March 1987 both Claimants had been laid off and had received \$22,600.00 in severance, at which time, Claimant William Harrison told Respondent William Tatro he planned to expand a part-time business he had operated for about 20 years. Respondents further maintained that according to financial information supplied by the Claimants and recorded on their New Account Form, the Claimants in 1987 met the suitability criteria established for investors in Polaris. Respondents contended that the Claimants were looking for high-yielding investments to cover their living expenses and the New Account Form puts their "Available Risk Capital" at \$10,000.00. Respondents further contended that taking all relevant factors into consideration Respondent William Tatro recommended the Claimants make the following investments: \$10,000.00 in Prudential Bache Research Fund; \$7,500.00 in the Prudential Bache Energy Income Fund; and \$7,500.00 in Polaris, at which time, Claimants were provided with a prospectus for each security and approved the plan. Respondents asserted that they properly solicited the Claimants' interest in Polaris and truthfully appraised them regarding Polaris through discussion and the offering prospectus, which disclosed the risks and objectives associated with this investment, thus the Claimants' decision to invest in Polaris was an informed one.

RELIEF REQUESTED

Claimants William and Shirley Harrison requested \$7,500.00 in actual damages.

Respondents Prudential Securities, Inc. and William Tatro requested the claim be dismissed in its entirety.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, David P. Polino, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on March 17, 1993 and by the Respondents on May 6, 1993.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claim of Claimants William and Shirley Harrison against Respondents Prudential Securities, Inc. and William Tatro is dismissed.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants William and Shirley Harrison shall be retained by the NASD, Inc.

AFFIRMATION

I, DAVID P. POLINO, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



David P. Polino

DATE OF DECISION: August 10, 1993

STATE OF: New York

SS:

COUNTY OF: Erie

On this 2nd day of August 19 93, before me personally appeared David P. Polino to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Kathleen B. Winter

KATHLEEN B. WINTER
Notary Public, State of New York
Qualified in Erie County
My Commission Expires June 14, 1994