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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Alberta Foreman

93-01423

Name of Respondent(s)

Prudential Securities Inc
Edward B. Dugan

REPRESENTATION

For Claimant Alberta Foreman: Gerald B. Kline, Esq., Atlanta, GA.

For Respondents Prudential Securities, Inc. and Edward B. Dugan: William J. Holley, Esq. of the law firm of Parker, Hudson, Rainer and Dobbs, Atlanta, GA.

CASE INFORMATION

Statement of Claim filed: April 8, 1993.

Claimant's Submission Agreement signed on: March 23, 1993.

Joint Statement of Answer filed by Respondents Prudential Securities, Inc. and Edward B. Dugan on: August 4, 1993.

Respondent Prudential Securities, Inc.'s Submission Agreement signed on: September 2, 1993.

The Respondent Edward B. Dugan did not execute a Submission Agreement as required pursuant to Section 25 of the Code of Arbitration Procedure.

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HEARING INFORMATION

Pre-Hearing Dates/Sessions: September 7, 1994 - One Session

Hearing Dates/Sessions: September 8, 1994 - Two Sessions
 September 9, 1994 - Two Sessions
 September 10, 1994 - Two Sessions

Hearing Location: NASD offices located in Atlanta GA.

CASE SUMMARY

Claimant alleged that Respondents engaged in the unauthorized purchase and sale of unsuitable investments, excessive trading, deceptive practices, improper supervision and rendition of improper investment advice in connection with the management of her securities account. Claimant further alleged this wrongful conduct commenced in December, 1984, and continued into early 1992 and Respondents' conduct has violated various federal and state laws as well as the Rules of Fair Practice of the NASD. Claimant further alleged that she never requested nor understood margin trading and never executed a margin trading agreement with Respondent Prudential Securities, Inc. and Respondent Edward B. Dugan specifically omitted disclosure of the mechanics of margin trading and accompanying risks to the Claimant and had the disclosure been made, she would have terminated this practice immediately. Claimant further alleged Respondent Prudential Securities, Inc. failed to properly supervise its account executive and her account and Respondents violated their fiduciary duties.

Respondents maintained the Claimant was not only familiar with the investment strategy employed in her account but also approved such strategies and Mr. Dugan always received Claimant's authorization before purchasing or selling any securities in her account and Claimant received a client confirmation for each purchase and sale in her account and she received monthly account statements and for more than seven years, the Claimant never questioned the handling of her account. Respondents further maintained they did not churn her account as she was an active participant in the handling of her account. Respondents further maintained the Claimant executed a margin agreement and she discussed trading on margin with Mr. Dugan and elected to purchase securities on margin with complete knowledge of the risks involved. Respondents further maintained the Claimant's account was always handled in a professional manner in compliance with the rules and regulations governing such an account and her losses were caused by her own decisions, conduct and/or negligence.

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RELIEF REQUESTED

Claimant requested compensatory damages in the sum of not less than \$60,000.00; treble damages; the payment of interest; attorneys' fees and costs and expenses of litigation; separate awards of exemplary damages against each of the Respondents in sums as the panel deems appropriate and such other and further relief as is just and appropriate.

Respondents requested that the arbitrators dismiss Claimant's claims in their entirety.

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. Statute of Limitation, Statute of Repose, N.A.S.D. Jurisdiction:

The Panel does not have jurisdiction to consider any claims alleged by Claimant arising greater than six years prior to the filing of her Statement of Claim.

The alleged losses of Claimant outside of the two year State and one and three year Federal securities Acts were time-barred by the applicable statute of limitations and repose.

2. Ratification:

Based on the evidence presented, Claimant was found to have ratified all trading in her account prior to April, 1987.

Further, Claimant ratified the use of margin in her account and her claims for margin interest are hereby denied.

3. Breach of Fiduciary Duty and Breach of Contract:

The Panel found that during the period of time after April 1987 until the account was closed, Respondents Edward B. Dugan and Prudential Securities Incorporated did breach and violate their Fiduciary Duty to Claimant by churning and/or permitting

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of said churning, and taking into consideration all relevant facts and circumstances, the Panel found that Claimant suffered actual damages, and Respondents are jointly and severally liable to Claimant in the amount of \$21,503.26 inclusive of interest.

4. Attorneys' Fees:

Under the circumstances in this matter, the Panel finds that it has the authority pursuant to the Official Code of Georgia Annotated ("O.C.G.A.") §13-6-11 to grant reasonable attorneys' fees and costs of arbitration to Claimant, and Respondents are jointly and severally liable to Claimant for her reasonable attorneys' fees and costs in the amount of \$6,000.00.

5. Punitive Damages:

The Panel found that the facts in the case did not warrant an award of punitive damages.

6. Treble Damages:

The Claimant's request for treble damages is denied.

FORUM FEES

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

1 pre-hearing conference x \$300.00 + 6 sessions x \$750.00 = \$4,800.00
less Claimant's hearing session deposit (\$450.00) = net \$4,350.00 due.

The Claimant be and hereby is liable and shall pay to the NASD the sum of \$1,950.00 representing forum fees and the Respondents be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$2,400.00 representing forum fees.

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

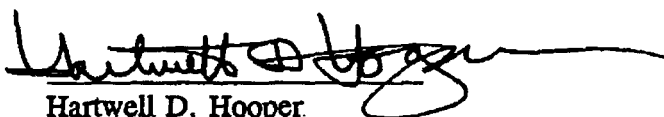
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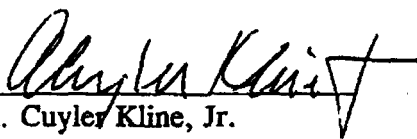
ARBITRATORS' SIGNATURE



Richard Allan Kaye, Esq.
Public Arbitrator



Hartwell D. Hooper
Public Arbitrator



A. Cuyler Kline, Jr.
Industry Arbitrator

Date of Decision: January 5, 1995