

NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimant

Charles A. Wolf and Chaseco, Inc.

and

93-03052

Name of Respondent

Prudential Securities, Inc.

PaineWebber, Inc.

Bruce Tolbert

REPRESENTATION OF PARTIES

Charles A. Wolf and Chaseco, Inc. ("Claimants") was represented by Richard G. Schultz, Esq., Foran & Schultz, Chicago, Illinois.

Prudential Securities, Inc. ("Respondent Prudential") and Bruce Tolbert ("Respondent Tolbert") were represented by Robert P. Bramnik, Esq., Altheimer & Gray, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about August 5, 1993. Submission Agreement of Claimant Charles A. Wolf, individually and as President of Chaseco, Inc. was signed on July 30, 1993

Statement of Answer was filed by Respondents Prudential Securities, Inc. and Bruce Tolbert on or about October 6, 1993. Submission Agreement of Respondent Prudential Securities, Inc. was signed on September 22, 1993 by William F. Teuting. Submission Agreement of Respondent Bruce Tolbert was signed on September 29, 1993.

HEARING INFORMATION

The hearing was held on February 9, 1995 for two (2) sessions, February 10, 1995 for two (2) sessions, August 24, 1995 for two (2) sessions, August 25, 1995 for two (2) sessions, August 28, 1995 for two (2) sessions and August 29, 1995 for two (2) sessions in Chicago, Illinois for a total of twelve (12) sessions.

CASE SUMMARY

Claimant, Charles A. Wolf ("Wolf") alleged that he maintained brokerage accounts with Bruce Tolbert ("Tolbert"), a registered representative with Prudential Securities, Inc. ("PSI"). Claimant, alleged that during the summer of 1990 he became unemployed, and as a result reevaluated his investment strategies and goals. Claimant maintained that he discussed his unemployment with Respondent, Tolbert and informed Tolbert of his new interest in conservative investment strategies. Claimant alleged that during November 1991 Respondent Tolbert begin recommending to Claimant the stock of Response Technologies, Inc. ("Response"). Claimant alleged that as a result Respondent Tolbert purchased a total of 200 shares of Response stock for Claimant's account. Claimant alleged that during May 1992 Respondent made five additional purchases of Response stock for Claimant's account without authorization from the Claimant. Claimant alleged that he informed Respondents, Tolbert and PSI of the unauthorized trades and demanded that the trades be reversed and removed from his account. Claimant alleged that during October 1992 Respondents, Tolbert and PSI sent him a letter acknowledging that the trades in his account were, in fact, unauthorized and agreeing to indemnify him against any loss in his account due to the unauthorized trades. Claimant alleged that despite his demands and Respondents' assurances, Respondents have never reversed the trades in question.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated that all trades were authorized and ratified by Respondent, Wolf; and virtually all trades were unsolicited. Respondents alleged that they never agreed to indemnify Claimant, and that the "guarantee" letter of October 1992 was a forgery produced by the Claimant. Respondents, Tolbert and PSI denied Claimant's allegations of unauthorized and unsuitable trades.

RELIEF REQUESTED

Claimant requested an award in the amount of \$185,000, prejudgment interest, costs, and for such other and further relief as the arbitrators deem just and proper.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed 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 original(s) remain on file with the NASD.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Prudential Securities, Inc. shall be and hereby is liable for and shall pay to the Claimants Charles A. Wolf and Chaseco, Inc. the sum of **Thirty-five thousand twenty-seven dollars and seventy-six cents (\$35,027.76)**.
2. Respondent Bruce Tolbert shall be and hereby is liable for and shall pay to the Claimants Charles A. Wolf and Chaseco, Inc. the sum of **Four thousand nine hundred twenty-five dollars (\$4,925)**.
3. Each party shall bear its own costs, expenses and attorneys' fees incurred in this matter not specifically enumerated herein.

FORUM FEES

Forum fees are calculated at the rate of \$200 per hearing session and \$300 for each prehearing conference, if any. There were twelve (12) sessions x \$750 = \$9,000 in forum fees. Pursuant to §43(b) a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to §43(c) of the NASD Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("NASD") shall **retain** the non-refundable filing fee in the amount of \$200 and shall **retain** as forum fees the hearing session deposit in the amount of \$750 previously deposited with the NASD by the Claimant Charles A. Wolf and Chaseco, Inc. Respondent

Prudential Securities, Inc. shall be and hereby is liable for and shall pay to the NASD the sum of \$8,250 as the balance due for forum fees. **Fees are payable to the National Association of Securities Dealers, Inc.**

Dated:

/s/ Ralph M. Goren, Esq.

Ralph M. Goren, Esq.

Public Arbitrator, Presiding Chair

October 17, 1995

/s/ Theodore L. Leeb, Esq.

Theodore L. Leeb, Esq.

Public Arbitrator

October 20, 1995

/s/ Morgan F. McDonnell

Morgan F. McDonnell

Industry Arbitrator

October 16, 1995