

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Kimberly Knight

93-03462

Name of Respondent

Prudential-Bache Securities Inc.

REPRESENTATION

For Claimant, Kimberly Knight ("Knight"): Stanley Padgett, Esq. of Tampa, Florida.

For Respondent, Prudential-Bache Securities Inc. ("Prudential"): Delmer C. Gowing, III, Esq. of Hertz, Schram & Saretsky, P.C., West Palm Beach, Florida.

CASE INFORMATION

Amended Statement of Claim filed: October 20, 1993. Claimant's Submission Agreement signed on August 31, 1993.

Respondent's Statement of Answer filed: December 30, 1993. Respondent's Submission Agreement signed on April 26, 1995.

HEARING INFORMATION

On April 25, 1995 in Tampa, Florida a hearing lasting two (2) sessions was conducted.

CASE SUMMARY

Claimant alleged that Prudential hired her as a newly licensed Series 7 broker, put her through its training program, and trained her to sell its direct investments. Claimant further stated that, unfortunately, Prudential misrepresented to its own brokers, including Claimant, the nature of the direct investments, the type of client for whom those investments were suited and that as a result of her sale of direct investments to her clients, she lost a substantial number of them, along with her faith in the industry. Claimant stated that since she left Prudential, she has had five (5) customers make complaints against her which appear on her CRD, for sale of direct

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investments; that with those complaints, she cannot obtain a license from the Florida Division of Securities and is effectively barred from the industry; and that Prudential's misrepresentation of direct investments has cost Claimant the difference between the amount she could reasonably have expected to earn as a broker, and the amount she is able to earn in alternative employment.

Respondent alleged that Claimant failed to elicit any evidence that her leaving the industry related to any wrongdoing on the part of Prudential and that, further, Claimant failed to proffer any evidence of damages which can be ascribed to Prudential.

RELIEF REQUESTED

Claimant requested damages for the loss of income that would have been generated as an account executive in the securities industry over her working lifetime, in an amount in excess of \$1,800,000,000.00; punitive damages for the deliberate misrepresentations by Prudential in an amount sufficient to dissuade Prudential from such reckless disregard of the rights of its account executives and the investing public in the future. Claimant also requested attorneys' fees and costs.

Respondent requested that it be found not liable to Claimant and that all forum fees and costs should be assessed against Claimant.

OTHER ISSUES CONSIDERED & DECIDED

1. At the hearing, Claimant's attorney advised the Panel that the relief of \$1.8 Billion requested in the Amended Statement of Claim was a typographical error and that, instead, the relief requested is \$1.8 million.
2. 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 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, is found not liable and, therefore, all claims against it are hereby dismissed.
2. Claimant's requests for attorney's fee, costs, expenses and punitive damages are denied.

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OTHER COSTS

Apart from the Forum Fees addressed below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding.

FORUM FEES

Pursuant to Section 44c of the Code of Arbitration Procedure, the Panel has assessed Forum Fees in the amount of \$3,000.00 (two (2) hearing sessions X \$1,500.00).

1. Claimant is hereby assessed Forum Fees in the amount of \$3,000.00, for which the NASD shall retain the \$1,500.00 previously deposited in partial satisfaction thereof leaving a balance due to the NASD, by Claimant, of \$1,500.00.

2. The NASD shall retain the non-refundable filing fee of \$500.00 paid by the Claimant.

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

ARBITRATION PANEL

Concurring Arbitrators' Signatures

Name

Public/Industry

/s/

A. William Cohen, Esq.

Industry/Chairman

/s/

Jerrold E. Slutzky

Industry/Panelist

/s/

George K. Beardsley

Industry/Panelist

Date of Decision: May 17, 1995