

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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**In the Matter of the Arbitration Between**

**Name of Claimant**

**LeBaron Robinson, Jr.**

**93-03543**

**Name of Respondent**

**Prudential Securities, Inc.**

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**REPRESENTATION**

**Claimant LeBaron Robinson, Jr. ("Robinson") was represented at the hearing by Anthony D. Reagoso, Esq. of Reagoso & Baer of Media, Pennsylvania.**

**Respondent Prudential Securities, Inc. ("Prudential Securities") was represented at the hearing by Christopher Freeze, Esq. of Prudential Securities, Inc.**

**CASE INFORMATION**

**The Statement of Claim was filed with the NASD by Claimant Robinson on September 9, 1993. The Uniform Submission Agreement was signed by Robinson on August 20, 1993.**

**The Answer and Counterclaim was filed by Respondent Prudential Securities on January 26, 1994. The Uniform Submission Agreement was signed by Samuel W. Silver, Esq. on behalf of Prudential Securities on January 26, 1994.**

**The Answer to Counterclaim Filed by Respondent Prudential Securities, Inc. was filed by Claimant Robinson on February 14, 1994.**

**HEARING INFORMATION**

**The hearing was held on January 5, 1995, at the Holiday Inn-Downtown-Center City in Philadelphia, Pennsylvania for a total of two (2) hearing sessions.**

### **CASE SUMMARY**

Claimant Robinson alleged in his Statement of Claim that in April 1990, Respondent Prudential Securities breached the terms of Claimant's employment agreement. Claimant alleged that prior to leaving the employ of Prudential Securities, he obtained a verbal promise that his clients would not be solicited and that he would receive payment of certain trailing fees. Claimant additionally alleged that subsequent to his leaving the employ of Prudential Securities, he lost substantial sums as a result of the continued solicitation by Prudential Securities of Claimant's accounts and that Respondent failed to pay Claimant transition fees due to him. Claimant further alleged that Respondent issued an IRS 1099 reporting form for the calendar year 1992 attributing \$30,833 in income to Claimant when in fact Claimant had not been employed by Prudential Securities in that year. Claimant further alleged that Respondent failed to pay trailing fees due to Claimant in the amount of \$76,685.27. Claimant alleged that the actions of Respondent constituted breach of contract, conversion, unjust enrichment, and asked for a full accounting of Respondent's financial records as they relate to Claimant, including but not limited to matters regarding income for calendar year 1992 and trailing fees.

Respondent Prudential Securities in its Answer and Counterclaim denied each and every substantive allegation contained in the Claim. Respondent stated that Claimant Robinson did not perform all of the conditions of his employment agreement, but failed to make certain payments on a promissory note executed on April 9, 1987. Respondent further denied breaching the terms of the employment contract. Respondent further asserted that nobody at Prudential Securities made any agreement with or promise to Claimant that they would not solicit Claimant's accounts after his departure from the firm. Respondent stated that Claimant's allegations regarding transition fees and trailing fees lack the necessary detail to enable them to respond. Prudential Securities asserted that there is no provision in Claimant's employment contract with Respondent for the payment of trailing fees, and that any representations made to the contrary, if any, were unauthorized. Respondent stated that a Form 1099 was issued for 1992 because Prudential was forced to absorb a debt in the amount of \$30,833 that Claimant still owes to Respondent pursuant to the terms of the promissory note executed on April 9, 1987. Prudential Securities denies that it was unjustly enriched by virtue of its alleged wrongdoing and asserted that Claimant's claims are barred by the applicable statute of limitations.

Claimant Robinson, in his Answer to Counter Claim Filed by Prudential Securities, asserted that amounts due by him to Prudential under the promissory note were properly offset by monies generated by Claimant, pursuant to the terms of his employment contract.

### **RELIEF REQUESTED**

Claimant requested damages in the amount of \$126,685.27, interest, costs, and a full accounting relating to Claimant including, but not limited to income for which the Form 1099 was issued, and unpaid trailing fees.

Respondent Prudential Securities in its Answer requested that the Statement of Claim be denied in its entirety, and that they be awarded their costs and attorneys' fees.

Respondent Prudential Securities in its Counterclaim requested that it be awarded \$30,833 representing the unpaid balance on the promissory note, plus interest, costs and attorneys' fees.

### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed by counterpart copies. The parties have also agreed to receive conformed copies of the Award while the original remains 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, Inc., shall be liable for, and shall pay to Claimant, LeBaron Robinson, damages in the sum of Fifteen Thousand Eight Hundred and Eighty One Dollars and No Cents (\$15,881.00).
2. Claimant, LeBaron Robinson, shall be liable for, and shall pay to Respondent, Prudential Securities, Inc. the sum of Six Thousand Five Hundred Dollars and No Cents (\$6,500.00).
3. Each of the parties shall bear their own costs and expenses incurred, other than those specifically provided for herein.
4. Any relief not specifically provided for herein is denied.

### **FORUM FEES**

Pursuant to Section 44(c) of the NASD Code of Arbitration Procedure, the following Forum Fees are assessed:

2 hearing sessions x \$750 = \$1,500.

Pursuant to Section 44(c) of the Code, the NASD shall retain the non-refundable filing fee in the amount of \$500, and the hearing session deposit in the amount of \$750 previously paid to the NASD by Claimant.

The panel has ordered that the Claimant pay additional forum fees in the amount of \$750 to the NASD.

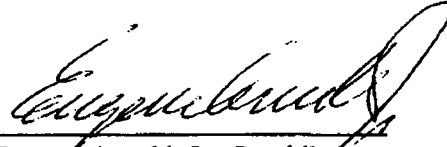
Pursuant to Section 44(c) of the Code, the NASD shall retain the non-refundable counterclaim filing fee in the amount of \$500, previously paid to the NASD by Respondent. Additionally, the NASD shall retain the counterclaim hearing session deposit in the amount of \$600 previously paid to the NASD by Respondent and will apply it toward the postponement fee of \$750, leaving a balance due of \$150.

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

**By The Arbitration Panel:**

Dated:

2/10/95

  
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Eugene Arnold, Jr., Presiding  
Industry Arbitrator

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Michael Quarto  
Industry Arbitrator

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Clifford A. Harwick  
Industry Arbitrator

Date Award Served By the NASD: February 13, 1995

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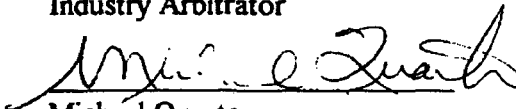
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