

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant

Theodore Roy Rice

NASD Arbitration
No. 93-05212

v.

Name of Respondent

Prudential Securities, Inc.

REPRESENTATION

For Claimant: Steven M. Green, Esq.,
San Diego, California

For Respondent: Terry A. Ross, Esq., Keesal, Young & Logan,
Long Beach, California

CASE INFORMATION

Statement of Claim filed: December 16, 1993

Claimant's Submission Agreement signed: December 13, 1993

Amendment and Supplement to the Statement of Claim filed: March 21, 1994 and a further
amendment was filed on December 2, 1994

Statement of Answer filed: May 24, 1994

Respondent's Submission Agreement signed: June 14, 1994

HEARING INFORMATION

A pre-hearing telephone conference lasting 1 session was held on November 28, 1994. The evidentiary hearing was held in Los Angeles, California, as follows:

December 5, 1994 - 2 sessions
December 6, 1994 - 2 sessions
December 7, 1994 - 2 sessions
December 8, 1994 - 2 sessions
December 9, 1994 - 2 sessions
December 16, 1994 - 2 sessions
December 22, 1994 - 1 session

CASE SUMMARY

Claimant alleged Respondent fraudulently induced him to invest in unsuitable limited partnerships by misrepresenting the risks and yields of the investments. Claimant also alleged Respondent breached the covenant of good faith and fair dealing, violated provisions of the Securities Act of 1933 and sections of the California Corporate Securities Act of 1968, the Elder Abuse Act, and that Respondent was negligent and converted Claimant's money to its own use.

Respondent denied the allegations of the claim and asserted that Claimant was informed of the risks of limited partnerships before investing, that Claimant's investment objectives were compatible with the investments at the time of purchase and that any losses on the investments were caused by economic conditions rather than Respondent's actions. Respondent also asserted that the claims are barred by applicable statutes of limitations and the NASD's rule of eligibility.

RELIEF REQUESTED

Claimant requested damages, as amended at hearing, of \$197,858.97, plus punitive damages, attorney's fees and costs of arbitration.

Respondent requested dismissal of the claim, and an award of costs of arbitration.

OTHER ISSUES CONSIDERED AND 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 remains on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, and after hearing arguments on the motions to dismiss pursuant to applicable statutes of limitations and Section 15 of the NASD Code of Arbitration Procedure, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent's motion to dismiss on statutes of limitations grounds is denied.
2. Respondent's motion dismiss pursuant to Section 15 of the NASD Code of Arbitration Procedure is denied.
3. Respondent is liable for and shall pay to Claimant the sum of \$75,000 in full satisfaction of all claims.
4. The claims for interest, punitive damages and attorney's fees are dismissed.
5. The parties shall each bear their respective costs of arbitration.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$200 non-refundable filing fee paid by Claimant. All forum fees are to be split between the parties as follows:

Total forum fees

1 pre-hearing telephone conference @ \$300/session	-	\$ 300.00
13 hearing sessions @ \$750/session	-	<u>9,750.00</u>
		\$10,050.00
Claimant's one-half share	-	\$5,025.00
Credit for hearing session deposit	-	<u>1,750.00</u>
Balance Due	-	3,275.00
Respondent's one-half share	-	5,025.00

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

ARBITRATORS

Name **Public / Industry**

Diana G. Davis

Public Arbitrator

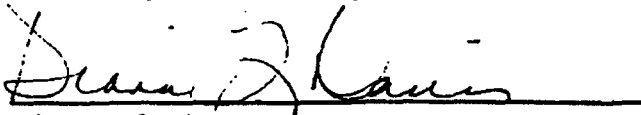
Leo B. Babich

Public Arbitrator

Charles A. Graham

Industry Arbitrator

Concurring Arbitrators' Signatures



Diana G. Davis

Leo B. Babich

Charles A. Graham

Date Served: 1-17-95

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