

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

George Moran
Leanore Carman Moran
Christine A. Moran
George Moran, Trustee of the George Moran
IRA R/O DTD 05/07/87
Leanore Carman Moran, Trustee of the
Leanore Carman Moran IRA R/O DTD 05/07/87

NASD Arbitration
No. 94-00567

Name of Respondent(s)

Prudential Securities, Inc.

REPRESENTATION

For Claimants: Keith J. Hollis, Esq., Santa Ana, California

For Respondent: Janet M. Simmons, Esq. and Rod Miller, Esq.,
Keesal, Young & Logan, Long Beach, California

CASE INFORMATION

Statement of Claim filed: June 29, 1994

Claimants' Submission Agreement signed: November 19, 1993

Statement of Answer filed by Respondent: November 30, 1994

Supplement to Statement of Answer filed: September 14, 1995

Respondent's Submission Agreement signed: August 18, 1994

HEARING INFORMATION

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): September 18, 1995 (two sessions)
September 19, 1995 (one session)

Hearing Location: Los Angeles, California

CASE SUMMARY

Claimants alleged the following issues/claims with respect to transactions made in their accounts: 1) whether Respondent breached its contract with Claimants by violating the rules and regulations of the various Exchanges, the customs and usages of the marketplace and/or California common law and/or Federal law; 2) whether Respondent intentionally or negligently misrepresented the trading status of Carolco bonds; 3) whether Respondent used Claimants' funds in an improper manner; 4) whether Respondent breached its fiduciary duty to Claimants; 5) whether Respondent's actions were in any way negligent which negligence caused the losses sustained by Claimants; and 6) whether Respondent in any other respect violated the rules and/or regulations and/or the customs and usages of the various exchanges to which it belongs, which conduct caused damage to Claimants.

Respondent denied any liability to Claimants and alleged that Claimants seek to hold Respondent liable under numerous legal theories for their November 1992 decision to sell their Carolco Pictures, Inc. 14% senior notes due June 1, 1993. Respondent further alleged that Claimants contend that Respondent should have known and disclosed at the time Claimants made their decision to sell, that what they believed was a dramatic decline in the price of the notes, occurred because the notes were trading flat, presumably meaning without accrued interest, and that Claimants contend that they would not have sold their notes had they known this fact. Respondent alleged that Claimants admit in their Statement of Claim that they made their decision to sell the notes based on their own belief that Carolco's financial situation had grown fatal and further alleged that the flat trading status of the notes, which was declared as a result of Carolco's failure to pay interest, was clearly consistent with this belief and would not have, as Claimants contend, convinced Claimants to hold rather than

sell the notes. Respondent further alleged that Claimants' Prudential broker made every effort to ensure that Claimants had all available information regarding the notes so they could make an informed investment decision and that unfortunately, neither the Prudential trader who Claimants' account executive contacted nor Carolco's own legal department knew of the flat status which was issued shortly before Claimants made their decision to sell. Respondent also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Losses in the amount of \$137,957.79;
2. Punitive damages in the amount of \$100,000.00;
3. Expert witness fees;
4. Attorney's fees;
5. Interest; and
6. Costs.

Respondent requested:

1. Dismissal of Claimants' Statement of Claim;
2. Costs; and
3. Such other and further relief as the panel may deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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 National Association of Securities Dealers, Inc. (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. All claims by Claimants, including the claim for punitive damages are dismissed.

2. The parties shall each bear their respective costs including attorney's fees.

3. The panel advises that although they have dismissed all claims against Respondent, the panel was deeply perturbed by the failure of Respondent to provide Claimants with information that should have been immediately available.

FORUM FEES

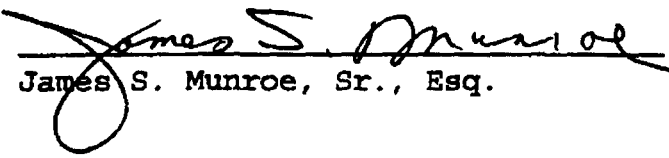
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall retain the \$750.00 hearing session deposit previously deposited by the Claimants as an assessment of forum fees against Claimants for one session. The balance of forum fees are assessed against Respondent, Prudential Securities, Inc., in the amount of \$1,500.00, calculated as follows: Two hearing sessions times \$750.00/session.

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
James S. Munroe, Sr., Esq.	Public Arbitrator
Robert L. Cole	Public Arbitrator
Jon A. Bostrom	Industry Arbitrator

Concurring Arbitrators' Signatures


James S. Munroe, Sr., Esq.

Robert L. Cole

Jon A. Bostrom

Date of Decision: 7-19-95

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Concurring Arbitrators' Signatures

James S. Munroe, Sr., Esq.

Robert L. Cole
Robert L. Cole

Jon A. Bostrom

Date served: 11/7/95

Date of Decision: _____

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Date served: 11/7/95

Date of Decision: 9/19/95