

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Sandy and Terry Lynn

94-00643

Name of Respondents

Prudential Securities, Inc.
Todd S. Morgan

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 22, 1994, Claimants Sandy and Terry Lynn, through their counsel James J. Eccleston, Esq., Chicago, IL, alleged that Respondent Prudential Securities, Inc., through its broker, Respondent Todd Morgan, recommended unsuitable investments in National Municipal Trust, Insured Series 44 Municipal Investment Trust 151st Insured Series, Central Lake County Illinois Joint Action, Series A & Van Kempen Merritt Strategic Sector Municipal Trust, and further that the investment needs of the Claimants were ignored. The Claimants further alleged that they also received incompetent advice regarding a transfer from an employer deferred compensation plan to a Prudential "Flex IRA" Account, which also caused them to suffer a loss. The Claimants contended that due to the wrongdoing of the Respondent, which included negligence, breach of fiduciary duty, misrepresentation, they have been damaged financially, and therefore should be compensated for their loss.

Respondents Prudential Securities, Inc. and Todd Morgan, through their in-house counsel, Christopher M. Mone, Esq., maintained that the investment advice provided to Claimants was intended to suit their financial needs and further that the investments recommended to the Claimants met their stated investment objectives of long term growth. The Respondents also maintained that the Claimants continually earned interest and sold the unit trusts at a substantial premium. Respondents Prudential Securities, Inc. and Todd Morgan contended that Morgan had no involvement whatsoever in the transfer of IRA funds to a Prudential Securities, Inc. account, and further that Claimants were fully informed of the nature of the investments and the securities market in general, and that they committed no wrongdoing, therefore the claims against them should be dismissed.

In a reply to the Answer, the Claimants refuted the defenses of the Respondents and again contended they were entitled to recover their losses.

RELIEF REQUESTED

Claimants Sandy and Terry Lynn requested \$9,670.00 in actual damages, plus pre-judgement interest at the rate of 10% per annum, along with attorney's fees and costs.

Respondents Prudential Securities, Inc. and Todd Morgan requested that the claims of the Claimants be dismissed.

AWARD

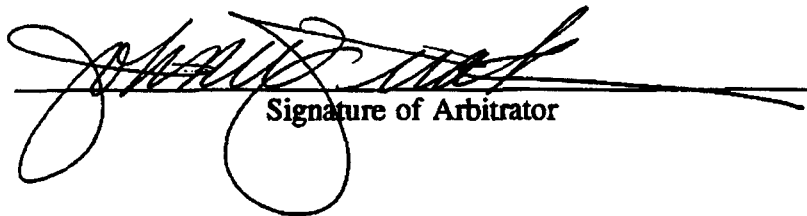
Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, John W. Jerak, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on February 7, 1994, by Respondent Prudential Securities, Inc. on April 15, 1994, but not signed by Respondent Todd Morgan as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants Sandy and Terry Lynn against Respondents Prudential Securities, Inc. and Todd Morgan are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Sandy and Terry Lynn shall be retained by the NASD, Inc.

AFFIRMATION

I, **JOHN W. JERAK, ESQ.**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: March 22, 1995