

N.A.S.D. AWARD

PUBLIC

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Charles S. Alston

94-01372

Name of Respondent(s)

Prudential Securities Inc
Peter Siegel

REPRESENTATION

For Claimant Charles S. Alston: Billy R. Smith, Esq., Atlanta, GA.

For Respondents Prudential Securities, Inc. and Peter Siegel: V. Michael Arias, Esq., in-house counsel at Prudential Securities, Inc., Boca Raton, FL.

CASE INFORMATION

Statement of Claim filed: April 11, 1994.

Claimant's Submission Agreement signed on: April 7, 1994.

Joint Statement of Answer filed by Respondents Prudential Securities, Inc. and Peter Siegel: July 19, 1994.

Respondent Prudential Securities, Inc.'s Submission Agreement signed on: July 19, 1994.

Respondent Peter Siegel's Submission Agreement signed on June 22, 1994.

HEARING INFORMATION

Hearing Date/Sessions: February 24, 1995 / Two Sessions.

Hearing Location: NASD offices located in Atlanta, GA.

CASE SUMMARY

Claimant alleged that Respondents recommended that the Claimant purchase Class "A" Cytrx Corporation warrants as it would be a good investment as the asking price was \$3.00 to \$3.50 per warrant and the stock price would probably increase to \$8.00 to \$10.00 a share in the very near future, based upon the sale of Cytrx Company and Mr. Siegel said the purpose of recommending the warrants over the common stock was that once the stock reached the \$7.50 range the warrants would exceed the price of the common stock. Claimant further alleged that relying upon the advice of Mr. Siegel he purchased the warrants. Claimant further alleged that on numerous occasions, due to the decline in value of the warrants, he requested advice as to the sale of the warrants and/or conversion to stock and Mr. Siegel advised him not to do so as he felt the price would go up in value. Claimant further alleged he was advised by a friend to sell the warrants and to purchase stock with the proceeds and he then instructed Mr. Siegel to do this and Mr. Siegel said not to sell the warrants as he was informed by an officer of Cytrx Corporation that the price of the warrants would increase before the expiration date. Claimant further alleged he would and should have realized substantial profits and/or income from the sale or conversion of such Warrants to Cytrx stock in lieu of holding such warrants until or after the expiration date and stated that if Mr. Siegel would have obeyed and followed his instructions as to the conversion of his warrants to stock, then Mr. Alston could have recouped his original investment capital. The Claimant further alleged that the Respondents, jointly and severally, have acted in bad faith, have been stubbornly litigious and have caused Claimant unnecessary trouble and expense.

Respondents maintained that all orders entered by the Claimant were promptly executed and no indirect influence, deception or omission of material fact was made to Claimant to induce him to purchase or to hold the Cytrx warrants at issue and Mr. Siegel did not advise Claimant to "hold" his warrants and on a number of occasions Mr. Siegel advised the Claimant to sell some of his warrants to lessen his exposure and Claimant always rejected Mr. Siegel's recommendation to reduce his position on the basis that Claimant wanted to make back all his losses sustained when he had his account elsewhere. Respondents further maintained approximately one week prior to the expiration of the Cytrx options Mr. Siegel advised Claimant to exercise the warrants and Claimant stated that he would think about the recommendation and get back to Mr. Siegel and when Claimant instructed Mr. Siegel to sell the warrants his orders were then executed. Respondents further maintained Claimant failed to mitigate his damages as he did not purchase Cytrx stock after the warrants expired and Respondents acted in good faith throughout their relationship with the Claimant. Respondents further maintained they have not been "stubbornly litigious" or caused Claimant "unnecessary trouble and expense" and Claimant is not entitled to punitive damages.

RELIEF REQUESTED

Claimant requested the following damages:

1. Compensatory (actual/special) damages of \$21,328.00;
2. Punitive damages in the amount of \$10,000.00;
3. That he be awarded treble damages;
Claimant is requesting the above damages - that is - \$50,000 to \$100,000 category.
In addition thereto, Claimant requested:
4. That he be awarded reasonable attorney's fees; and
5. That he be awarded interest on damages awarded; and
6. That he be awarded all costs and expenses in filing this action.

Respondents requested that the arbitrators dismiss Claimant's claims in all respects.

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 the Claimant against the Respondents are dismissed in all respects.
2. The Claimant's request for punitive damages and treble damages are denied.
3. The Respondents are jointly and severally liable and shall pay to the Claimant the sum of \$75.00 to reimburse him for their portion of the fees.
4. Each side shall bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are Assessed:

Non-refundable filing fee:	\$ 150.00
Hearing Session fees:	\$1,000.00 (2 sessions x \$500.00)
Total fees:	\$1,150.00

Page4


Award #94-01372

The undersigned arbitrators have determined that the Claimant is responsible for one-half (1/2) of the cost of arbitration and the Respondents are responsible for one-half (1/2) of the cost of arbitration:

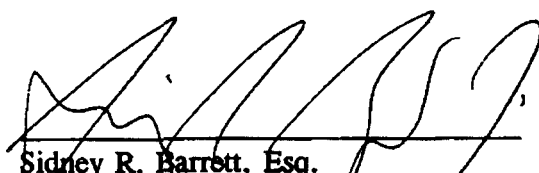
1. Claimant is assessed the sum of 575.00. Claimant previously paid \$650.00 and does not owe a balance.
2. Respondents are jointly and severally liable and shall pay to the NASD the sum of \$575.00 less \$75.00 equals \$500.00.

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

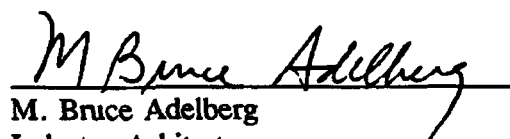
ARBITRATOR'S SIGNATURE



Joseph Carlisi, Esq.
Public Arbitrator



Sidney R. Barrett, Esq.
Public Arbitrator



M. Bruce Adelberg
Industry Arbitrator

Date of Decision: April 12, 1995