

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Bert Goldman

95-00863

Names of Respondents

Prudential Securities Inc
Floyd Jordan

REPRESENTATION

For Claimant Bert Goldman ("Goldman"): Christopher J. Twohey, Esq. of Bauer & Twohey, P.A., Stuart, Florida.

For Respondents, Prudential Securities, Inc. ("Prudential") and Floyd Jordan ("Jordan"): Gary M. Saretsky, Esq. of Hertz, Schram & Saretsky, P.C. Bloomfield Hills, Michigan.

CASE INFORMATION

Statement of Claim filed: 2/13/95.

Claimant's Submission Agreement signed on: 2/8/95.

A Joint Statement of Answer filed by Respondents on: 7/20/95.

HEARING INFORMATION

Hearing Date/Sessions: 10/1/96-two (2) sessions.

Hearing Location: Fort Lauderdale, Florida

CASE SUMMARY

Claimant alleged that he is a retired business owner and that he sought the advice of Respondents and trusted them; that he opened a number of accounts at Prudential in or about April of 1991; that in or about February of 1993, Respondent, Jordan, recommended to Claimant the purchase of Palm Beach County Florida Housing Finance Authority Revenue Bonds (Palm Glade Apartment project) Series A 1989 ("the Bonds"); that Jordan touted the high interest rate and

safety of the Bonds stating that the bonds were backed by the tax rolls of Palm Beach County, Florida; that no written prospectus or research information was given to Claimant; that Claimant was repeatedly assured by Jordan of the Bond's safety; that when Jordan left Prudential in or about August of 1994 and went to Legg Mason, Claimant transferred the referenced account to Legg Mason but kept his IRA account at Prudential; that Claimant was shocked to see his first Legg Mason account statement which listed the Bonds unpriced; that what Claimant subsequently discovered led him to the conclusion that Prudential and/or Jordan intentionally misrepresented and/or omitted material information it had or should have had regarding the bonds. Claimant further stated that Respondents omissions create legal liability to Claimant on several legal grounds including the following: Breach of Fiduciary Duty/Responsibility; Violation of Securities Laws; Negligence, Gross Negligence and Negligent Supervision; Failure to Use Due Diligence and, Common Law Fraud/Misrepresentation.

Respondents denied all allegations of wrongdoing contained in the Statement of Claim and maintained that Claimant is an experienced stock market investor; that at the time Claimant opened his account at Prudential, Claimant had twenty years of investment experience; that Claimant represented to Jordan that he was a knowledgeable and successful retired businessman with substantial income and net worth; that Claimant explained to Jordan that he was interested in investments that produced high income; that Claimant informed Jordan that he understood the higher risks associated with these high income producing investments; that Claimant made it very clear that he made his own decisions and he routinely rejected suggestions and recommendations from Jordan; that Claimant made investments which he demanded a large commission discount for than the commission discount he received on Jordan's investment recommendations; that Claimant never relinquished control over his accounts to Jordan; that in February of 1993 Jordan explained in detail the possible risks and rewards involved with the Bonds at issue to Claimant, that high rates of return come with higher risks; that Jordan informed Claimant that the bonds were not a new issue but had been in the secondary market for years, thus there was no prospectus to provide to Claimant on the Bonds but that if Claimant wished to pursue additional information on his own about the bonds he could contact the Chief Financial Officer of Palm Beach County; that at no time did Jordan inform Claimant that the Bonds were issued or backed by Palm Beach County; that at no time did Jordan misrepresent or omit any material facts to induce Claimant to purchase the Bonds and that at no time did Jordan guarantee that the Bonds would achieve its objective rate of return.

RELIEF REQUESTED

Claimant requested an award against Respondents for damages, including but not limited to compensatory damages, legal or statutory interest, punitive damages, costs of this proceeding and attorneys' fees pursuant to Chapter 517, Florida Statutes.

Respondents requested that the Arbitration Panel dismiss Claimant's claims in all respects and that they be awarded attorneys' fees incurred by the Firm in this proceeding.

OTHER ISSUES CONSIDERED & 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 originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Prudential and Jordan, are found liable, jointly and severally, and shall pay to Claimant the amount of \$25,000.00.
2. Claimants requests for punitive damages, attorneys fees and costs are hereby denied. ••
3. Respondents' requests for attorneys' fees is hereby denied.
4. All other claims are denied.

OTHER COSTS

Apart from the Forum Fees addressed below, the parties shall each bear their own costs and expenses incurred in connection with this proceeding.

FORUM FEES

Pursuant to Section 10332(c) (formerly Section 43c) of the Code of Arbitration Procedure, the Arbitrators have assessed Forum Fees in the amount of \$800.00 (two (2) hearing sessions X \$400.00).

1. Respondents, Prudential and Jordan, are hereby jointly and severally assessed Forum Fees in the amount of \$800.00, \$400.00 of which shall be paid directly to the Claimant and the remaining \$400.00 shall be paid to the NASD.
2. The NASD shall retain the non-refundable filing fee of \$100.00 paid by the Claimant.
3. The NASD shall retain the non-refundable member surcharge of \$200.00 paid by Respondent, Prudential.

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

ARBITRATION PANEL

Concurring Arbitrators' Signatures

/s/

Randy L. Rubin, Esq.

Public/Chairman

/s/

Stephen B. Fuchs

Public/Panelist

/s/

Seymour Roberts

Industry/Panelist

Date of Decision: November 25, 1996