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**NASD REGULATION, INC.
OFFICE OF DISPUTE RESOLUTION
ARBITRATION AWARD**

NASD REGULATION, INC. OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Debra Reda

NASD Regulation, Inc.
Office of Dispute Resolution
Arbitration No. 95-01873

Name of Respondents

Prudential Securities, Inc. and
Joseph Edelman

REPRESENTATION

For Claimant:

Bradd L. Milove, Esq.
Miller, Milove & Kob
San Diego, California

For Respondents:

Neal S. Robb, Esq. and
Janet M. Simmons, Esq.
Keesal, Young & Logan
Long Beach, California

CASE INFORMATION

Statement of Claim filed:

April 13, 1995

Claimant's Submission Agreement signed:

April 11, 1995

Statement of Answer filed by Respondent
Prudential Securities, Inc.:

September 28, 1995

Statement of Answer filed by Respondent
Joseph Edelman:

October 2, 1996

Respondent Joseph Edelman's
Submission Agreement signed:

September 30, 1995

HEARING INFORMATION

Pre-Hearing Conference Dates/ Sessions:

October 8, 1996 (1 Session)
October 29, 1996 (1 Session)

Hearing Dates / Sessions:

November 5, 1996 (2 Sessions)
November 6, 1996 (2 Sessions)
November 7, 1996 (2 Sessions)
November 8, 1996 (2 Sessions)
February 25, 1997 (2 Sessions)
February 26, 1997 (2 Sessions)
February 27, 1997 (2 Sessions)
February 28, 1997 (2 Sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondents made negligent and intentional misrepresentations about material facts used to predict expected share values. Claimant alleged that the misrepresentations caused her to buy stock for her clients' accounts as well as her own which resulted in losses both to Claimant's customers and herself.

Respondents Prudential Securities, Inc., and Joseph Edelman denied the allegation of wrongdoing found in the Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested \$175,000.00 in compensatory damages, \$4,000,000.00 in punitive damages, costs, and attorney fees.

Respondents Prudential Securities, Inc., and Joseph Edelman requested that the claim be dismissed in its entirety, costs, fees and expenses.

OTHER ISSUES CONSIDERED AND DECIDED

On October 29, 1996, Claimant Reda dismissed all of her claims not pertaining to the Centocor stock transactions, emotional distress, loss of customers, and lost commissions.

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 original remains on file with the NASD Regulation, Inc. Office of Dispute Resolution.

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. That the Claimant has proven by a preponderance of the evidence that she suffered damages as a result of Respondents conduct of negligent misrepresentation. Statements made for guidance of others which are not warranted by the person making them are negligent misrepresentations and deceit. Negligent misrepresentation is a form of actual fraud.
2. Fiduciaries, have a special duty to reveal ALL material facts. Known risks were concealed concerning future prospects of Centocor and their product.
3. Failure to disclose material facts despite cautionary information available to them cause Prudential and Mr. Edelman to be liable. Ms. Reda had reason to believe Respondents had access to accurate information from Centocor concerning its compliance with testing protocol. Prudential has failed to enforce an adequate supervisory system over the activities of Mr. Edelman.
4. Respondents are jointly and severally liable to and shall pay Claimant the sum of \$235,024.00 in compensatory damages.
5. The damages were calculated as follows:

Actual damage	\$165,866.84
Interest	\$ 60,357.00
Claimant's costs	<u>\$ 8,800.16</u>
	\$235,024.00
6. Claimant's claim for punitive damages was denied in its entirety.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondents jointly and severally:

2 Pre-Hearing Conference Sessions @ \$300.00/Session	=	\$ 600.00
<u>8 Hearing Sessions @ \$1,000.00/Session</u>	=	<u>\$8,000.00</u>
Total Fees Assessed against Respondents Jointly and Severally:	=	\$8,600.00

The NASD will reimburse Claimant for filing fees paid.

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert L. Schouweiler, Esq.	Public
Harriett A. Kottick, CFP.	Industry
Joyce E. Higgins	Public

Concurring Arbitrators' Signatures

Robert L. Schouweiler

Robert L. Schouweiler, Esq.

Harriett A. Kottick, CFP.

Joyce E. Higgins

Date of Decision: 3/7/97

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert L. Schouweiler, Esq.	Public
Harriett A. Kottick, CFP.	Industry
Joyce E. Higgins	Public

Concurring Arbitrators' Signatures

Robert L. Schouweiler, Esq.



Harriett A. Kottick, CFP.

Joyce E. Higgins

Date of Decision: 2/29/97

Date of Service: _____

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert L. Schouweiler, Esq.	Public
Harriett A. Kottick, CFP.	Industry
Joyce E. Higgins	Public

Concurring Arbitrators' Signatures

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Harriett A. Kottick, CFP.

Joyce E. Higgins

Joyce E. Higgins

Date of Decision: _____

Date of Service: 03/11/97