

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Audrey Hollis

95-05079

Name of Respondent

Prudential Securities Inc.

REPRESENTATION

For Claimant Audrey Hollis ("Hollis"), Seth E. Lipner, Esq. of the law firm Deutsch & Lipner, located in Garden City, New York.

For Respondent Prudential Securities Inc. ("Prudential"), Arthur Baumgartner, Esq. of Prudential, located in New York, New York.

CASE INFORMATION

Statement of Claim filed on October 24, 1995.

Claimant's Submission Agreement signed on October 18, 1995.

Statement of Answer filed by Respondent on December 29, 1995.

Respondent's Submission Agreement signed on December 29, 1995.

HEARING INFORMATION

Hearing Dates/Sessions: June 24, 1996 - 2 Sessions

The hearings were held at the offices of the National Association of Securities Dealers, Inc., located in New York, New York.

CASE SUMMARY

Claimant alleged that she was an extremely conservative person with little investment experience. Claimant further alleged that, in November 1990, she was unemployed and being supported by her mother, who collected social security and a pension from the postal service.

Claimant contended that her only savings were \$72,000.00 in a bank CD and \$20,000.00 in an IRA account.

Claimant asserted that in November of 1990, the CD was coming due so she needed to invest the funds. Claimant alleged that she called Prudential because she read they offered higher than local bank rates on CDs. Claimant contended that she spoke to broker Tom Rooney, who persuaded her to open an account at Prudential and invest the bulk of her moneys in a mutual fund.

Claimant alleged that she invested funds in mutual funds managed by Blackrock based on Tom Rooney's representations that the funds were safe, protected her principal, and without risk. Claimant alleged that she invested \$63,000.00 in the Blackrock Strategic Term Trust in December of 1990, \$88,060.00 in the Blackrock Income Trust in October of 1991, and about \$24,000.00 in Blackrock Investment Quality Term Trust in April of 1992. Claimant alleged that upon each separate investment, Tom Rooney assured her that the investments were risk free.

Claimant alleged that in June of 1992, after her mother passed away, she needed to withdraw the dividends she was earning on the funds. Claimant further alleged that the dividends began to decline at this point and it was at this time that she discovered from Blackrock that her principal was not guaranteed. Claimant contended that as a result, she closed her accounts at Prudential and incurred a loss of approximately \$60,000.00.

Respondent maintained that Hollis had numerous conversations with financial advisor Tom Rooney ("Rooney") in which they discussed various investment strategies. Respondent maintained that Hollis told Rooney she wanted to invest in securities that could provided her with a higher net profit than CDs. Respondent contended that Hollis decided to invest in some BlackRock Financial Management funds.

Respondent maintained that Hollis invested \$63,000.00 in December of 1990, \$88,059.79 in October of 1991, and \$22,004.50 in April of 1992. Respondent further maintained that the Claimant was sent monthly account statements reflecting the activity and investments in her accounts and was fully aware of how her money was invested. Respondent further maintained that contrary to the Statement of Claim, Ms. Hollis indeed profited in the amount of \$19,462.04 in her accounts.

RELIEF REQUESTED

Claimant requested:

1. \$60,000.00 in compensatory damages plus interest; and
2. costs of the arbitration.

Respondent requested:

1. the Statement of Claim be dismissed in its entirety; and

2. other relief that the panel deems appropriate.

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, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims be and hereby are denied;
2. All parties shall bear their respective costs, including attorneys' fees; and
3. Respondent Prudential Securities, Inc. shall pay to the Claimant the sum of \$500.00 as reimbursement of Claimant's hearing session deposit.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$150.00 non-refundable filing fee previously deposited by Claimant and have assessed the following forum fees:

2 Sessions	x	\$500.00	= \$1000.00
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Respondent be and hereby is liable for the sum of \$1000.00 representing the total amount of forum fees assessed, less \$500.00 previously paid, leaving \$500.00 due. Therefore, Respondent shall pay \$500.00 to the NASD.

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

ARBITRATORS' SIGNATURES

Robert D. Herschman, Esq.
Public Chairperson

Neil J. Carey
Public Arbitrator

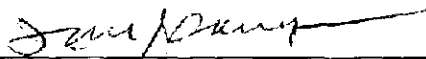


Robina Fedora Asti
Industry Arbitrator

Date of Decision: August 8, 1996

ARBITRATORS' SIGNATURES

Robert D. Herschman, Esq.
Public Chairperson



Neil J. Carey
Public Arbitrator

Robina Fedora Asti
Industry Arbitrator

Date of Decision: August 8, 1996

ARBITRATORS' SIGNATURES

Robert D. Herschman

Robert D. Herschman, Esq.
Public Chairperson

Neil J. Carey
Public Arbitrator

Robina Fedora Asti
Industry Arbitrator

Date of Decision: August 8, 1996

I, Robert D. Herschman, do hereby affirm that this is my decision in the above-captioned matter.

Robert Herschman

I, Robina Fedora Asti, do hereby affirm that this is my decision in the above-captioned matter.

Robina Fedora Asti

I, Neil J. Carey, do hereby affirm that this is my decision in the above-captioned matter.

