

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Prudential Securities, Inc.

96-00456

Name of Respondent

Flying Diamond Enterprises, Inc. M/P Pen

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on January 31, 1996, Claimant Prudential Securities, Inc. ("Claimant"), through its representative, Linda A. Gallagher, Esq., of the law firm of Gomberg, Kane & Fischer, located in Chicago, IL, alleged that Respondent Flying Diamond Enterprises, Inc. opened an account with it's Beverly Hills, CA branch on or about September 30, 1992. Claimant further alleged that the account was assigned number 02B-959461 and that Respondent signed an Account Authorizing Resolution ("Resolution"). Claimant also alleged that Respondent signed a Client Opening Account Agreement ("account agreement") wherein it agreed to arbitrate all future disputes. Claimant contended that on July 12, 1995, Respondent deposited 3,024 shares of CU Bancorp which Respondent then sold and received \$21,487.98. Claimant further contended that on or about August 9, 1995, it received notice that 504 of the shares were previously reported lost and had been replaced. Claimant also contended that it covered the resulting short position and has been unable to cause Respondent to pay for the losses. Claimant asserted that under the account agreement Respondent agreed to pay commissions, charges, interest and fees at the prevailing rate, and attorney's fees at the highest rate. Claimant further asserted that as a result of the above, it has suffered a loss for which the Respondent should be held liable.

Respondent Flying Diamond Enterprises failed to file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant requested \$5,324.66 as of January 10, 1996, which includes 1) \$4,190.20, the balance due on the sale and subsequent forced buy-in of 504 shares of CU Bancorp in July 1995 and September 1995, 2) \$10.08 for the September 5, 1995 dividend charge on the short position, 3) interest in the amount of \$116.62 from August 9, 1995, to January 10, 1996, 4) interest at the rate of 8.5% (\$0.98 per day) from January 10, 1996 until the balance is paid and, 5) attorneys' fees in the amount of \$329.00 and costs of \$678.76.

Respondent Flying Diamond Enterprises failed to file an Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

Pursuant to Section 10302 of the NASD Code of Arbitration Procedure, the Respondent Flying Diamond Enterprises was sent the Statement of Claim via regular mail and was given an opportunity to respond which it failed to do.

Pursuant to the by-laws of the NASD, the arbitrator determined that Respondent had notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore, bound by the arbitrator's ruling and determination.

AWARD

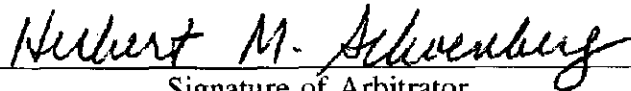
Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Herbert M. Schoenberg, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on January 24, 1996, and not by the Respondent as is required by Sections 10301 and 10302 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 Respondent Flying Diamond Enterprises is liable and shall pay to the Claimant Prudential Securities, Inc. \$4,200.28 in actual damages.
2. The Respondent Flying Diamond Enterprises is liable and shall pay to the Claimant Prudential Securities, Inc. simple interest at the rate of 8.5% from September 14, 1995 to the date of the award.
3. The Respondent Flying Diamond Enterprises is liable and shall pay to the Claimant Prudential Securities, Inc. \$329.00 as reimbursement of attorney's fees pursuant to the account agreement signed by the Respondent.
4. The Respondent Flying Diamond Enterprises is liable and shall pay to the Claimant Prudential Securities, Inc. the sum of \$678.76 for filing fees and other miscellaneous costs.
5. All other relief requests are denied.

AFFIRMATION

I, Herbert M. Schoenberg, 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: October 24, 1996