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**In the Matter of the Arbitration Between****Name of Claimant**

Allied Resources, Inc.

96-00572

**Name of Respondents**Prudential Securities Inc  
Investors Associates Inc.

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**REPRESENTATION**

For Claimant, Allied Resources, Inc. ("ARI"), appeared James A. Prestiano, a sole practitioner located in New York, New York.

For Respondent, Prudential Securities, Inc. ("PSI"), appeared William H. Freilich, Esq., in-house counsel located in New York, New York.

For Respondent, Investors Associates, Inc. ("IAI"), appeared Lawrence R. Gelber, Esq., in-house counsel located in Hackensack, New Jersey.

**CASE INFORMATION**

Statement of Claim filed: February 7, 1996.

Claimant's Submission Agreement signed on: February 5, 1996.

Statement of Answer filed by Respondent, PSI, on: April 12, 1996.

Respondent, PSI did not file a Submission Agreement as required by Rule 10314(b) of the Code of Arbitration Procedure.

Statement of Answer filed by Respondent, IAI on: April 10, 1996.

Respondent, IAI did not file a Submission Agreement as required by Rule 10314(b) of the Code of Arbitration Procedure.

**HEARING INFORMATION**

Pre-Hearing Conferences:	April 29, 1996	-	One Session
	May 16, 1996	-	One Session

Hearing Date/Sessions:	May 29, 1996	-	Two Sessions
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The hearings were held in the offices of NASD Regulation in New York, New York.

**CASE SUMMARY**

Claimant, ARI, alleged that, in early August 1995, it deposited shares of Dynamic American Corp. ("DAC") into its account at IAI, instructing them to sell the shares immediately. ARI further alleged that IAI failed to do so, and that ARI's account statement for the end of August included the comment "Awaiting Legal Documents". ARI also alleged that, despite repeated requests to sell, IAI held the stocks until late October, 1995. ARI asserted that IAI is a market maker in DAC and benefitted from selling the stocks from its proprietary account, rather than selling ARI's shares. ARI further asserted that the value of the stock dropped from \$9.00 to \$0.28 per share between August and October, generating a loss of \$87,000.00 for ARI.

Respondent, PSI maintained that its responsibilities to ARI were limited to the provision of trade processing, clearing and reporting services, and that IAI agreed to be responsible for supervision and handling of all accounts cleared through PSI. PSI further maintained that ARI was notified in writing that PSI had neither control nor responsibility for opening its account, accepting orders, or for executing its transactions and that claimant's transactions were conducted exclusively with IAI.

Respondent, IAI maintained that claimant's shares of ADD were not freely tradeable without legal documentation, which claimant did not provide. IAI further maintained that the shares were thinly traded and had been subject to a "reverse" split, hence, it took time to determine whether these stocks were old, and therefore restricted, or post-split and unrestricted; this held the account "awaiting legal documents". IAI also maintained that when it was confirmed that the shares were not restricted, they were forwarded to the transfer agent, but did not clear for sale until October, 1995. IAI contended that it actively sought to arrange the sale of the stocks, and made regular inquiries into the status of the sale, while keeping claimant informed of the stock transaction's status at all times, and reported the sale when it cleared the agent.

**RELIEF REQUESTED**

Claimant requested an award of \$87,000.00, plus all costs and attorney's fees.

PSI requested that claimant's claim, with respect to PSI, be dismissed in its entirety.

IAI requested that claimant's claim be dismissed in its entirety, and that IAI be awarded attorney's fees of \$7,500.00, all costs, fees and other expenses.

**OTHER ISSUES CONSIDERED & DECIDED**

Respondent PSI was dismissed as a party at Claimant's request.

Respondent IAI's Motion for a directed verdict is denied.

**AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent, IAI, shall pay to claimant the sum of \$13,125.00.
2. Claimant, ARI, shall transfer ownership of 10,000 shares of Dynamic American to Respondent IAI.
3. Each party shall bear their respective costs and attorney's fees.

**FORUM FEES**

Pursuant to Section 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee deposited by Claimant and have assessed the following forum fees:

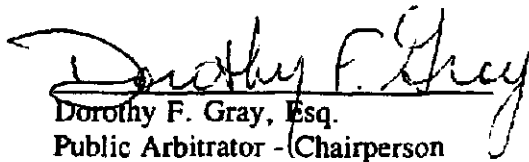
2 pre-hearing conferences	x \$300.00 = \$ 600.00
2 hearing sessions	x \$500.00 = \$1,000.00

1. Claimant, ARI, be and hereby is liable and shall pay to NASD Regulation the sum of \$1,600.00, representing the total amount of forum fees assessed. Claimant has previously deposited \$500.00 with NASD Regulation. Therefore, claimant shall pay to NASD Regulation \$1,100.00.
2. Respondent, IAI, be and hereby is liable and shall pay the sum of \$300.00 for the Member Surcharge. IAI has not submitted the sum of \$300.00 and, therefore, owes the Member Surcharge.

All fees are payable to NASD Regulation, Inc.

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ARBITRATORS' SIGNATURES

  
Dorothy F. Gray, Esq.  
Public Arbitrator - Chairperson

I, Dorothy F. Gray, Esq., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

\_\_\_\_\_  
Robert E. Tobin  
Public Arbitrator

I, Robert E. Tobin, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

\_\_\_\_\_  
Jerome Levy  
Industry Arbitrator

I, Jerome Levy, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

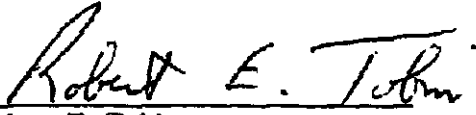
Date of Decision: August 28, 1997

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ARBITRATORS' SIGNATURES

\_\_\_\_\_  
Dorothy F. Gray, Esq.  
Public Arbitrator - Chairperson

I, Dorothy F. Gray, Esq., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

  
\_\_\_\_\_  
Robert E. Tobin  
Public Arbitrator

I, Robert E. Tobin, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

\_\_\_\_\_  
Jerome Levy  
Industry Arbitrator

I, Jerome Levy, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

Date of Decision: August 28, 1997

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ARBITRATORS' SIGNATURES

\_\_\_\_\_  
Dorothy F. Gray, Esq.  
Public Arbitrator - Chairperson

I, Dorothy F. Gray, Esq., do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.

\_\_\_\_\_  
Robert E. Tobin  
Public Arbitrator

I, Robert E. Tobin, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

  
\_\_\_\_\_  
Jerome Levy  
Industry Arbitrator

I, Jerome Levy, do hereby affirm, pursuant to article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executes this instrument which is my award.

Date of Decision: August 28, 1997