

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Susan Richards a/k/a Susan Schlueter and The Estate of Charles Richards, (Claimants) vs.
Prudential Securities, Inc., Ronald Harris and Nunzio Garzino, (Respondents)

Case Number: 96-01208

Hearing Site: New York, NY

REPRESENTATION OF PARTIES

Claimants, Susan Richards a/k/a Susan Schlueter and The Estate of Charles Richards, hereinafter collectively referred to as "Claimants": W. Randolph Kraft, Esq., Middletown, NJ.

Respondents, Prudential Securities, Inc. ("Prudential"), Ronald Harris ("Harris") and Nunzio Garzino ("Garzino"), hereinafter collectively referred to as "Respondents": Charles LaChaussee, Esq., Prudential Securities, Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: March 15, 1996

Claimant Susan Richards signed the Uniform Submission Agreement: February 29, 1996

Susan Richards executed the Uniform Submission Agreement as executrix of the Estate of Charles Richards: April 12, 1996

Joint Statement of Answer filed by Respondents Prudential, Harris and Garzino on or about: July 19, 1996

Respondent Prudential signed the Uniform Submission Agreement: August 16, 1996

Respondent Harris did not execute a Uniform Submission Agreement

Respondent Garzino did not execute a Uniform Submission Agreement

CASE SUMMARY

Claimants alleged that Respondents traded their accounts in an unsuitable manner, knowingly, fraudulently, intentionally and/or recklessly disregarded their interests, failed to disclose and knowingly suppressed the true facts regarding the investments recommended for them, traded their accounts without their prior knowledge or consent, and made false and misleading statements or omitted material facts intended to induce them to rely on such statements. Claimants further alleged that Respondents breached the contract with them and breached their continuous duties of loyalty, fair dealing and full disclosure. Claimants also alleged that Respondents employed a device, scheme or artifice to defraud, and engaged in acts, practices or courses of business which operated as a fraud or deceit in contravention of the New Jersey Uniform Securities Law and that Respondents' actions constituted acts of consumer fraud pursuant to the provisions of the New Jersey Consumer Fraud Act.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants authorized the

transactions, any losses sustained by Claimants are attributable to market conditions and to their own investment decisions, not to any action or inaction by Respondents, Claimants assumed the risks associated with the investments, and Claimants failed to mitigate damages.

RELIEF REQUESTED

Claimants requested compensatory damages to be proven at arbitration, punitive and exemplary damages, treble damages pursuant to the New Jersey Consumer Fraud Act, return of all commissions, interest, costs and legal fees, and such other and further relief deemed just and proper.

Respondents requested that the Claim be dismissed in its entirety and that they be awarded attorney's fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Harris and Garzino did not file with the NASD Regulation, Inc. Office of Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code of Arbitration Procedure and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

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.

AWARD

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

1. Respondents Prudential and Harris are hereby jointly and severally liable and shall pay Claimants the sum of \$40,000.00 plus interest at the statutory rate in New York accruing from October 1, 1994 until April 1, 1997.
2. All claims against Respondent Garzino are dismissed in their entirety.
3. The parties shall bear their respective costs, including attorneys' fees.
4. All other requests for relief are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$250.00

The Panel has assessed the initial filing fee against Respondent Prudential.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge = \$350.00

Adjournment Fees

Adjournments requested during these proceedings:

December 2 and 3, 1996, adjournment by Respondents	= \$600.00
July 18 and 21, 1997, adjournment by Claimants	= \$1,000.00
May 6 and 7, 1998, adjournment by Claimants	= \$1,000.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Seven (7) Hearing sessions x \$600.00 = \$4,200.00

Hearing Dates:	April 17, 1997	1 session
	April 18, 1997	2 sessions
	October 20, 1999	2 sessions
	October 21, 1999	2 sessions

Total Forum Fees = \$4,200.00

The Panel has assessed \$4,200.00 of the forum fees against Prudential.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Prudential, copies of audio transcripts, \$75.00

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

<u>Adjournment Fees</u>	= \$2,000.00
Total Fees	= \$2,000.00
<u>Less payments</u>	= \$ 950.00
Balance Due NASD Regulation, Inc.	= \$1,050.00

2. Respondent Prudential be and hereby is solely liable for:

Initial Filing Fee	= \$ 250.00
Member Fees	= \$ 350.00
Adjournment Fee	= \$ 600.00
Forum Fees	= \$4,200.00
<u>Administrative Costs</u>	= \$ 75.00
Total Fees	= \$5,400.00
<u>Less payments</u>	= \$1,025.00
Balance Due NASD Regulation, Inc.	= \$4,375.00

All balances are due and payable to NASD Regulation, Inc.

Arbitrators' Signatures

I, the undersigned arbitrator, 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.

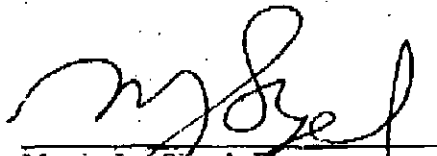
Mark N. Plaut
Public Arbitrator

Signature Date

Theresa Y. Hu
Industry Arbitrator

Signature Date

Dissenting Arbitrator's Signature



Martin Jay Siegel, Esq.
Public Arbitrator, Presiding Chair

Signature Date

December 3, 1999
Date of Service (For NASD office use only)

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Mark N. Plaut
Public Arbitrator

12/2/99

Signature Date

Theresa Y. Hu
Industry Arbitrator

Signature Date

Dissenting Arbitrator's Signature

Martin Jay Siegel, Esq.
Public Arbitrator, Presiding Chair

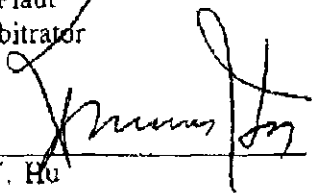
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