

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant

Prudential Securities, Inc.

v.

Arbitration No. 96-01277

Name of Respondent

Fred F. Klara

REPRESENTATION

For Claimant:

Steven P. Gomberg, Esq.
Gomberg Kane & Fischer, Ltd.
Chicago, Illinois

For Respondent:

No appearance

CASE INFORMATION

Statement of Claim filed: March 22, 1996

Claimant's Submission Agreement signed: March 20, 1996

Statement of Answer filed by Respondent: June 18, 1996

Respondent's Submission Agreement signed: June 6, 1996

HEARING INFORMATION

Pre-Hearing Conference Dates / Sessions:

March 20, 1997 (1 Session)

August 4, 1997 (1 Session)

Hearing Dates / Sessions:

September 15, 1997 (1 Session)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondent defaulted on a promissory note in connection with Respondent's employment with Claimant. Claimant's Amended Statement of Claim further alleged that Respondent fraudulently exaggerated his year-to-date production to obtain a bonus paid by the Claimant.

Respondent denied each and every allegation of wrongdoing set forth in the Claimant's Statement of Claim.

RELIEF REQUESTED

Claimant requested compensatory damages of \$193,665.67 for the principal of the promissory note, \$12,667.66 for arrears, \$1,262.76 in interest from 11/28/95 to 12/31/95 and \$2,376.96 in interest from 12/31/95 to 03/04/96. Claimant also requested an award of the 7% contract rate of interest from 03/04/96 to the date of payment. Claimant further requested costs, forum fees and attorneys' fees.

Respondent requested that Claimant's Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

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:

Respondent is liable to and shall pay Claimant \$193,665.67 in principal, \$23,138.22 in interest to date, \$12,667.66 in arrears, and \$22,234.35 in attorneys' fees and costs for a total of \$251,705.90.

Interest will accumulate at the rate of \$37.14 per day (7% on unpaid principal balance) until paid.

This award is based upon a finding of fraud on the part of respondent in grossly exaggerating his year-to-date production to obtain the bonus paid by the claimant.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed:

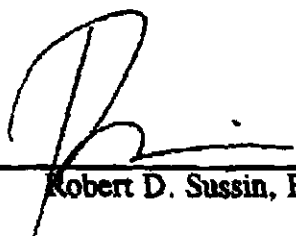
2 Full Panel Pre-Hearing Conference @ \$750.00/Session	=	\$1500.00
1 Hearing Session @ \$750.00/Session	=	\$750.00
<u>Total Fees Assessed</u>	=	<u>\$2250.00</u>
 Claimant's One-Half Share	=	\$1125.00
Credit for Hearing Session Deposit	=	(750.00)
<u>Claimant's Balance Due</u>	=	<u>\$375.00</u>
 Respondent's One-Half Share	=	\$1125.00
<u>Respondent's Total Balance Due</u>	=	<u>\$1125.00</u>

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name.....</u>	<u>Public / Industry</u>
Robert D. Sussin, Esq.	Industry
Luther Delano Prater	Industry
Robert S. Fash	Industry

Concurring Arbitrators' Signatures



Robert D. Sussin, Esq.

Luther Delano Prater

Robert S. Fash

Date of Service: _____

ARBITRATORS

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Robert D. Sussin, Esq.	Industry
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Robert S. Fash	Industry

Concurring Arbitrators' Signatures

Robert D. Sussin, Esq.



Luther Delano Prater

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Robert S. Fash	Industry

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Robert D. Sussin, Esq.

Luther Delano Prater



Robert S. Fash

Date of Service: OCTOBER 7, 1997