

2017

NASD REGULATION, INC. AWARD

OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Names of Claimants

Jeanette Friedman
Edria Wilt
Christopher Wilt

96-01318

Names of Respondents

Prudential Securities, Inc.

REPRESENTATION

For Claimants Jeanette Friedman ("Friedman"), Edria Wilt ("E. Wilt") and Christopher Wilt ("C. Wilt"), hereinafter collectively referred to as "Claimants," appeared Marianna E. Specter, Esq. of the firm Duffy, Israel & Specter, located in Pittsburgh, Pennsylvania.

For Respondent Prudential Securities, Inc. ("Prudential") appeared Peter von Maur, Esq., in-house counsel for Prudential.

CASE INFORMATION

Claimants' Statement of Claim was filed on March 18, 1996.
Jeanette Friedman's Submission Agreement was signed on March 19, 1996.
Edria Wilt's Submission Agreement was signed on March 19, 1996.
Christopher Wilt's Submission Agreement was signed on March 19, 1996.

Statement of Answer filed by Respondent Prudential on August 8, 1996.
Respondent Prudential's Submission Agreement was signed on September 5, 1996.

HEARING INFORMATION

Hearing Date/Sessions: October 27, 1997 - Three Sessions

The hearings were conducted at the Westin William Penn Hotel, located on William Penn Place in Pittsburgh, Pennsylvania.

CASE SUMMARY

Claimants alleged that Respondents Prudential and Merrill Lynch allowed a person other than those named on their stocks to sell thousands of dollars worth of their stocks and U.S. Treasury Bonds. Claimant stated that she bought and sold, under direction of her then companion, Dr. James Adams,

numerous securities for their children, Edria and Christopher. Claimant Friedman also stated that sometime in the late seventies, Dr. Adams directed her to open investment accounts for their children at Respondents Merrill Lynch and Prudential. Claimant contended that Dr. Adams traded and sold securities in the children's accounts without her knowledge, and that he sold the children's stocks and kept the gains for himself.

Respondent Prudential specifically and generally denied each and every allegation of misconduct in Claimant's Statement of Claim. Respondent Prudential maintained that the Claims are ineligible for submission to the NASD and are barred by the six-year eligibility rule.

Respondent Prudential initiated a Cross-claim against Claimant Jeanette Friedman. Respondent Prudential stated that Claimant Friedman opened an account for each of her children, and named herself the custodian. Respondent Prudential alleged that as custodian, Claimant Friedman was held to the "prudent man rule," and that Claimant Friedman was primarily liable to each minor child for any action taken in their accounts. Respondent Prudential also alleged that Claimant Friedman failed to properly supervise the accounts of her minor children and broke her fiduciary duty to each minor child.

Respondent Prudential also initiated a Counterclaim against Claimant Jeanette Friedman. Respondent Prudential asserted that from December 1981 until March 1983, Claimant Friedman actively traded her account with Respondent Prudential. Respondent Prudential also asserted that realized losses in the account by April 1983 created a debit of \$84,840.02, which was never repaid by Claimant Friedman.

RELIEF REQUESTED

Claimants requested actual damages of \$200,000.00.

Respondent Prudential requested that the claim be dismissed in its entirety and as for its counterclaim requested: (1) the sum of \$84,840.02, representing the principal sum owed to Prudential; interest at the rate of 8% from April 1993 to date, or the sum of \$89,930.42; (3) attorneys' fees and costs; (4) interest on the above sum until repaid at the legal rate; and (5) any other relief deemed reasonable by the arbitrators.

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 asserted by Claimants against Prudential Securities, Inc. are dismissed in their entirety;
2. All counter-claims asserted by Prudential Securities, Inc. against Claimants are dismissed in their entirety;

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3. Each party shall bear its respective costs, including attorneys' fees; and
 4. All other requests for relief are hereby denied.

FORUM FEES

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

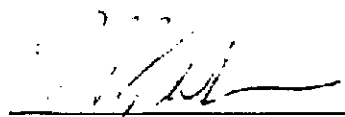
Total Forum Fees: \$2,250.00 (3 Hearing Sessions x \$750.00)

1. Claimants are liable and shall pay the sum of \$1,125.00, representing one-half of the total forum fees assessed, less \$750.00 previously deposited, leaving \$375.00 due.
2. Respondent Prudential Securities, Inc. is liable and shall pay the sum of \$1,125.00, representing one-half the total forum fees assessed.

Fees are payable to NASD Regulation, Inc.

9/11/2011

ARBITRATORS' SIGNATURES



Marvin J. Feldman, Esq.
Public Chairperson

Beth Rackley Hasselson
Public Panelist

Carl Hohnbaum
Industry Panelist

Date of Decision: December 19, 1997

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Date of Decision: December 19, 1997

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