

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Prudential Securities Inc

96-01552

Name of Respondent

Ariad Group

CASE SUMMARY

In a claim filed with the National Association of Securities Dealer, Inc. on April 10, 1996, Claimant Prudential Securities Inc. ("Claimant"), through its representative, Linda A. Gallagher, Esq. of the law firm of Gomberg Kane & Fischer, Ltd., located in Chicago, Illinois, alleged that Respondent Ariad Group ("Respondent") failed to pay its account debit. Claimant further alleged that Respondent purchased 20,000 shares of Aura Systems Inc. totaling \$75,800.00 on or about 3/10/95. Claimant also alleged that the Respondent signed a margin agreement that provided for payment of commissions, charges, interest, attorney's fees for any action necessary to collect money. Claimant asserted that Respondent sent them three checks, the first on 3/22/95 for \$1,641.00, one on 3/27/95 for \$3,000.00 and the last on 3/29/95 for \$29,582.00. Claimant further asserted that on 3/31/95 Respondent's 3/29/95 check was returned for insufficient funds so a debit for \$29,582.00 the outstanding amount was placed on the account along with a \$15.00 returned check fee. Claimant also asserted that it liquidated 20,000 shares of Aura Systems Inc. for \$60,512.00 leaving an unsecured debit balance of \$9,125.73. Claimant further contended that the margin interest increased the amount due to \$9,278.97 by June, 1995. Claimant also contended that the Respondent failed to respond to its 8/24/95 request that it pay the debit balance. Claimant alleged that due to the wrongdoing of the Respondent, it suffered damages for which the Respondent should be held liable.

Respondent Ariad Group ("Respondent") failed to file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant Prudential Securities Inc. requested \$9,278.97 in actual damages, \$15.00 reimbursement for the returned check, interest, attorney's fees and reimbursement for the filing fee.

Respondent Ariad Group did not file an Answer to the Statement of Claim.

OTHER ISSUES CONSIDERED & DECIDED

In accordance with Section 13 of the NASD Code of Arbitration Procedure, the Respondent Ariad Group was sent the statement of claim via regular mail and was given an opportunity to respond which it failed to do. In addition, notice of the arbitrator's identity and an overdue answer notice were sent by certified mail and the signed return receipt card is on file at the NASD.

Pursuant to the By-laws of the NASD, the Arbitrator determined that Respondent Ariad Group 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 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Robert G. Bailey was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Prudential Securities Inc. on April 2, 1996, and not by the Respondent Ariad Group.

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. Respondent Ariad Group is liable and shall pay to the Claimant Prudential Securities Inc. \$9,278.97 in actual damages.
2. Respondent Ariad Group is liable and shall pay to the Claimant Prudential Securities Inc. simple interest at the rate of 8.75% per annum from June 16, 1995, to the date of payment of the award.
3. Respondent Ariad Group is liable and shall pay to the Claimant Prudential Securities Inc. \$1,476.60 for attorney's fees pursuant to margin agreement signed by the Respondent.
4. The \$575.00 filing fee previously deposited with the National Association of Securities Dealer, Inc. by the Claimant Prudential Securities Inc. shall be retained by the NASD, Inc. Respondent Ariad Group is liable and shall pay to the Claimant Prudential Securities Inc. \$575.00 as reimbursement of the filing fee.

AFFIRMATION

I, **ROBERT G. BAILEY**, 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.


ROBERT G. BAILEY

Date of Decision: September 24, 1996