

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Prudential Securities Inc

96-01754

Name of Respondent

Kirk Y. Tang

CASE SUMMARY

In a case filed with the National Association of Securities Dealers Regulation, Inc. on April 23, 1996 claimant Prudential Securities, Inc. ("Prudential") through its representative and counsel Linda A. Gallagher, Esq. of the law firm Gomberg, Kane & Fisher, Ltd. located in Chicago, Illinois alleged that respondent Kirk Y. Tang ("respondent") failed and refused to honor his obligation to Prudential. Claimant further alleged that on or about August 18, 1992, Prudential and respondent entered into a Financial Advisor in Training Agreement ("FAIT Agreement"). Claimant also alleged that pursuant to the FAIT Agreement, respondent agreed to reimburse it for the cost of the training and benefits provided, if his employment was terminated before the end of three years following the respondent's approval for registration by the NYSE. Claimant asserted that respondent's NYSE registration was approved on January 12, 1993 and respondent resigned from Prudential on or about September 14, 1995. Claimant further asserted that pursuant to the terms of the FAIT Agreement, respondent became obligated to reimburse Prudential the sum of \$5,550.00 in liquidated damages or \$33,000.00 reduced by the \$2,750.00 for each full quarter year of employment following the date respondent's registration with the NYSE was approved. Claimant also asserted that on or about March 4, 1996, it tendered a demand to respondent to honor the remaining obligation under the FAIT Agreement. Claimant contended that the FAIT Agreement also provided that respondent agreed to pay all of the costs, including reasonable attorneys' fees, incurred by Prudential in collecting amounts owed under this agreement.

Respondent Kirk Y. Tang ("respondent") who appeared pro se, maintained that Prudential or its agent never informed him or other members of his class that the three year requirement would begin with registration and approval by the NYSE. Respondent further maintained that Prudential and its agents did not permit him as well as other members of his recruitment class the opportunity to read the contract before signing it and relied upon the representation that the three year requirement commenced upon training. Respondent contended that Prudential had not met its obligation to him as promised under the FAIT Agreement. Respondent further contended that during the last phase of the training course Brain Nakashima ("Nakashima") Prudential branch manager, felt he should be on the phones instead of training and therefore, breaching the FAIT contract by not allowing him to complete his training. Respondent also contended that his resignation was based on the good faith reliance and representation by Nakashima that there would be no problems with his departure. Respondent maintained that Prudential is discriminatory in its application of the penalty provision of the Agreement, by choosing which broker to bring allegations against.

RELIEF REQUESTED

Claimant Prudential Securities, Inc. requested (1)\$5,500.00 representing the default in the repayment of the FAIT Agreement; (2) \$680.96 for cost of collection; (3)\$371.00 in reasonable attorneys' fees from September 1, 1995 to April 11, 1996, plus any additional costs of collection and attorneys' fee incurred from April 11, 1996 to date of payment as agreed to under the terms of the FAIT Agreement; (4) Plus any other relief as the arbitrator deems just and proper.

Respondent Kirk Y. Tang requested that the claims asserted by claimant be dismissed their entirety.

AWARD

Pursuant to Section 10203 of the Code of Arbitration Procedure, a single Industry Arbitrator, David E. Harley, 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 19, 1996 and by respondent Kirk Y. Tang on June 24, 1996 as required pursuant to Sections 10201 and 10203 of the Code of Arbitration Procedure.

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 Kirk Y. Tang be and hereby is liable and shall pay to claimant Prudential Securities, Inc. the sum of \$5,500.00 in actual damages.

2. Respondent Kirk Y. Tang be and hereby is liable and shall pay to claimant Prudential Securities, Inc. \$680.96 representing costs.

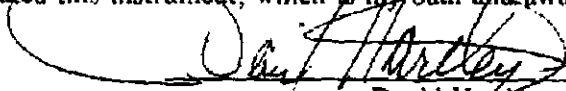
3. Respondent Kirk Y. Tang be and hereby is liable and shall pay to claimant Prudential Securities, Inc. the sum of \$371.00 representing attorneys' fees, pursuant to the Training Agreement.

4. All other relief requests are denied.

5. The \$575.00 filing fee previously deposited by claimant with National Association of Securities Dealers Regulation, Inc. shall be retained by the association.

AFFIRMATION

I, David Hartley, 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.


David Hartley

Date of Decision: November 27, 1996