

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

City of Dover, Delaware (Finance Dept)

96-02006

Name of Respondents

Prudential Securities Inc
Cindy Cutforth

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 9, 1996, with the Claimant Mike C. Karia as representative for the City of Dover, DE, ("Claimant"), who appeared Pro Se, alleged that Respondent Prudential Securities, Inc. ("Prudential") took over, alleged U.S. Central Securities ("USCS") in 1994. Claimant further alleged that prior to the take over, USCS was custodian over several of its certificates of deposit ("CD"). Claimant also alleged that the CD's were to be delivered to Prudential by USCS but that problems occurred during the transfers. Claimant contended that prior to the attempted transfers Prudential informed it that the "net effect of the custody transfer was to be zero to the City." Claimant further contended that due to the complexity of the transfers it was unable to track what had occurred unsuccessfully sought clarification from Prudential's representative, Respondent Cindy Cutforth ("Cutforth"). Claimant also alleged that after the transfers were completed it was determined that it had received interest payments higher than expected but came up short on the principal amount. Claimant asserted that as a result of the above, it has suffered a loss for which the Respondents should be held liable.

Respondents Prudential Securities, Inc. and Cindy Cutforth through their representative and in-house counsel, Richard L. Platt, Esq., maintained that Claimant failed to state a valid cause of action against them. Respondents further maintained even if the Claimant has stated a claim, the theory would be premised on Prudential having had 'taken over' USCS and that no such take over occurred. Respondents also maintained that no evidence has been offered on the alleged business combination. Respondents contended that USCS liquidated under the National Association of Securities Dealers' supervision and that Claimant created the business combination theory to enable it to make a claim against Respondents. Respondents further contended that Cutforth spent considerable time assisting Claimant as a gesture of good will. Respondents also contended that as a result of the above, they should not be held liable.

RELIEF REQUESTED

Claimant Mike C. Karia as representative for the City of Dover, DE, requested \$9,964.34 in actual damages plus fees.

Respondents Prudential Securities, Inc. and Cindy Cutforth requested that the claims be dismissed and that they be awarded costs and attorney's fees.

AWARD

Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Perry E. Wallace, Jr., Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on May 8, 1996, by Respondent Prudential Securities, Inc. on July 9, 1996, and by Respondent Cindy Cutforth on July 31, 1996.

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. The claims of the Claimant Mike C. Karia for the City of Dover, DE, are denied in their entirety.

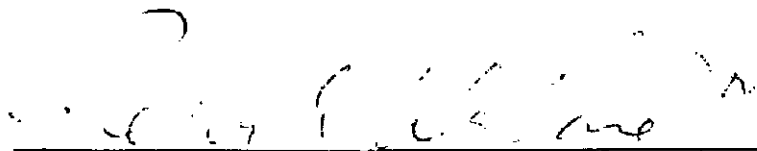
2. The parties shall bear their respective costs.

3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

4. All other relief requests are denied.

AFFIRMATION

I, Perry E. Wallace, Jr., Esq., 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.



Signature of Arbitrator

DATE OF DECISION: October 9, 1996