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AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

David Blom,

Claimant,

and

No. 96-02687

Prudential Securities, Inc.,
and William Mark,

Respondents.

REPRESENTATION OF PARTIES

Claimant David Blom ("Claimant") was represented by Mark E. Sanders, Esq. of Halling & Cayo, S.C. located in Milwaukee, Wisconsin.

Respondent Prudential Securities, Inc. ("PSI") was represented by Gerard Kowalski, Esq. of Prudential Securities, Inc. located in New York, New York.

Respondent William Mark ("Mark") was represented by Grover S. Parnell, Jr., Esq. of Davis, Malm & D'Agostine, P.C. located in Boston, Massachusetts.

CASE INFORMATION

The Statement of Claim was filed on or about June 21, 1996. Claimant's Submission Agreement was signed on June 21, 1996.

Respondent PSI's Statement of Answer was filed on or about September 30, 1996. Respondent PSI's Submission Agreement was signed on July 25, 1996 by Gerard Kowalski, Vice President of Prudential Securities, Inc.

Respondent Mark's Statement of Answer was filed on or about September 16, 1996. Respondent Mark's Submission Agreement was signed on July 24, 1996.

Claimant and Respondent PSI and Mark's post-hearing submissions were filed on or about September 3, 1997.

HEARING INFORMATION

A pre-hearing conference was held on March 11, 1997 for one (1) session.

The hearing was held on: April 29, 1997 for two (2) sessions; April 30, 1997 for two (2) sessions; and August 20, 1997 for two (2) sessions.

The hearing was held in Milwaukee, Wisconsin.

CASE SUMMARY

Claimant brought this action against Respondents PSI and Mark (collectively referred to as "Respondents") regarding Respondents' allegedly improper conduct in selling him stock in a company called International Gaming Management, Inc. ("IGMM"). Claimant contended that Respondent Mark, a registered representative of Respondent PSI, indicated that IGMM was "the best investment vehicle he had ever seen," and that "you don't have to be a rocket scientist to see you will make money on this stock." Claimant asserted that he understood that IGMM presented low risk and a very high gain. Claimant alleged that, upon the representations and solicitations of Respondent Mark, Claimant purchased a total of 65,000 shares of IGMM for \$474,427.61. Claimant maintained that he had noticed that several of the IGMM confirmations were marked "unsolicited," although the trading in IGMM had been Respondent Mark's idea. Claimant also alleged that IGMM was never registered for sale in Wisconsin. Claimant asserted the following causes of action: (1) violations of the Wisconsin Uniform Securities Law for the sale of unregistered securities and misrepresentation in the sale of securities; and (2) negligence.

Respondent PSI denied all liability to Claimant in its Statement of Answer. Respondent PSI contended that the investment in IGMM was discussed in detail with the Claimant and that each transaction was conducted only after Claimant's careful consideration and specific instructions. Respondent PSI asserted that the trading in IGMM was comparable with the Claimant's stated investment objectives. Respondent PSI maintained that Respondent Mark properly advised the Claimant that IGMM was a high risk company and at no time did Mark misrepresent any aspect of the investment or omit material public information. Respondent PSI denied that Respondent Mark or anyone else at PSI was improperly marking the order tickets as unsolicited, and noted that the Claimant continuously disregarded Respondent Mark's advice regarding the amount to be invested in IGMM and the timing of purchases and sales. Respondent PSI also alleged that IGMM was registered with the Securities and Exchange Commission and, as such, was exempt from state registration.

Respondent Mark also denied all liability to the Claimant in his Statement of Answer. Respondent Mark denied that he made any misrepresentations to Claimant regarding IGMM or that he was negligent in his conduct with the Claimant regarding IGMM. Respondent Mark contended that the Claimant personally made, on an unsolicited basis, the majority of his IGMM stock purchases, after

conducting his own due diligence and visits to IGMM facilities, conversations with IGMM management and control persons, and discussions with stock brokers other than Respondent Mark regarding IGMM and its prospects.

RELIEF REQUESTED

Claimant requested an award of compensatory damages for his out-of-pocket losses; statutory interest; and his costs and disbursements, including his reasonable attorneys fees.

Respondent PSI requested that the claims asserted against it be dismissed in their entirety and that it be awarded all of its costs associated with this proceeding.

Respondent Mark requested that the claims asserted against him be dismissed and that he be awarded all of his costs of defending this action, including attorneys' fees, and all other costs and forum fees.

OTHER ISSUES CONSIDERED AND 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 original(s) remain 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, as well as the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- (1) That the Statement of Claim is hereby dismissed in its entirety with prejudice;
- (2) That the parties shall each bear their own attorney's fees and costs; and
- (3) That other than forum fees, which are addressed below, all other claims and requests for relief not specifically awarded are hereby dismissed in their entirety with prejudice.

FORUM FEES

Forum fees are calculated at the rate of \$750 per hearing session and \$300 for each pre-hearing conference, if any. There was one (1) pre-hearing conference x \$300 = \$300 in forum fees. There were six (6) hearing sessions x \$750 = \$4,500 in forum fees. Total forum fees = \$4,800. Pursuant

to § 10332(b) of the NASD Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to § 10332(c) of the Code, NASD Regulation, Inc. Office of Dispute Resolution shall retain the non-refundable filing fee of \$200 and shall retain as forum fees the hearing session deposit of \$750 previously deposited with NASD Regulation, Inc. Office of Dispute Resolution by the Claimant. Pursuant to § 10332(c) of the Code, Claimant is liable for and shall pay forum fees in the amount of \$1,400 (1/2 total forum fees - hearing session deposit). Pursuant to § 10332(c) of the Code, Respondent PSI is liable for and shall pay forum fees in the amount of \$1,200 (1/4 total forum fees). Pursuant to § 10332(c) of the Code, Respondent Mark is liable for and shall pay forum fees in the amount of \$1,200 (1/4 total forum fees). Pursuant to § 10333 of the Code, Prudential Securities, Inc. is liable for and shall pay the member surcharge in the amount of \$350.

Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

Concurring Arbitrators' Signatures

/s/ Herbert S. Bratt, Esq.

Herbert S. Bratt, Esq.

Chairperson

Public Arbitrator

October 6, 1997

Dated:

/s/ Peter O. Kirchhoff

Peter O. Kirchhoff

Panelist

Public Arbitrator

October 6, 1997

Dated:

/s/ Ramona V. Larson

Ramona V. Larson

Panelist

Industry Arbitrator

October 6, 1997

Dated:

For NASD use only:

Date Award was served on the parties: OCTOBER 9, 1997