

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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IN THE MATTER OF ARBITRATION BETWEEN

PRUDENTIAL SECURITIES INCORPORATED,

Claimant

No. 96-02937

v.

Fred L. Pierdolla,

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Respondent

**REPRESENTATION OF PARTIES**

The Claimant Prudential Securities Incorporated was represented by Linda A. Gallagher, Esq., of Gomberg Kane & Fischer, Ltd. located in Chicago, Illinois.

Respondent Fred L. Pierdolla was unrepresented by counsel.

**CASE INFORMATION**

The Statement of Claim was filed on or about July 9, 1996.

Claimant's Submission Agreement was signed on July 1, 1996.

Respondent did not file an Answer or Submission Agreement with the NASD.

**HEARING INFORMATION**

The hearing was held on Friday, June 13, 1997 in Dallas, Texas, for a total of one (1) session.

### CASE SUMMARY

On or about April 29, 1993, Fred L. Pierdolla, Jr. ("Respondent") opened account number TCX-072990 (the "account") with Prudential Securities Incorporated ("Claimant"). In connection with opening the account, Respondent executed various account documents, including, but not limited to a Client Opening Account Agreement ("Client Agreement") and a Futures Account Client Agreement ("Futures Agreement"). Claimant also alleged that the Client Agreement and Futures Agreement gave Prudential the right to liquidate positions in Respondent's account to meet margin calls or because of Respondent's failure to pay for trades on a timely basis. In addition, by signing the Client Agreement, Respondent agreed to pay reasonable attorneys' fees and interest at the highest lawful rate in the event Prudential must take legal action to collect amounts owed by Respondent to Claimant.

Claimant alleged that during the month of May, 1994, Respondent bought and sold various Futures Contracts for Corn and Cattle. In addition, Claimant alleged that Respondent deposited various checks into his account, including a check in the amount of \$25,381.00 on or about May 25, 1994. Claimant also alleged that the \$25,381.00 check which was deposited on or about May 25, 1994 was returned unpaid on or about May 31, 1994. Claimant also alleged that at the end of May, 1994, Respondent's account was long 10 Contracts June 94 Live Cattle, 13 Contracts August 94 Live Cattle and 8 Contracts October 94 Live Cattle and that Respondent's account had a margin call in the amount of \$20,649.00. Claimant further alleged that Respondent failed to meet the required margin call and Prudential was forced to liquidate Respondent's Cattle Contracts on or about June 2, 1994, leaving Respondent's account in an unsecured debit balance in the amount of \$27,477.52. The unsecured debit balance was subsequently transferred to a collection account, number AUU-TCX927. On or about April 23, 1996, Claimant tendered a demand to Respondent to honor his obligation to Prudential as a result of the return of the \$25,381.00 check and subsequent forced liquidation of Respondent's Cattle Contracts. Claimant alleged that to date Respondent has failed and refused to honor his obligation to Prudential Securities Incorporated.

Respondent did not file an Answer.

### RELIEF REQUESTED

Claimant requested an award against Fred L. Pierdolla as follows:

- The sum of \$27,477.52 which represents the unsecured debit balance resulting from the returned check and subsequent forced liquidation of the Respondent's Cattle Contracts;
- Interest on the balance due and owing from 06/02/1994 to 06/13/1997 at the rate of 6.75% per annum (\$5.08 per day) in the amount of \$5,628.64;
- Interest on the balance due and owing at the rate of 6.75% per annum (\$5.08) from 06/13/1997 to the date of payment;
- Attorneys fees and costs as agreed to under the terms of the Client Agreement; and
- Any other relief as the Arbitrators deem just.

Respondent Fred L. Pierdolla Jr. did not make any request for relief.

### **OTHER ISSUES CONSIDERED & DECIDED**

Respondent Fred L. Pierdolla Jr. did not attend the hearing of this matter. Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Pierdolla Jr. has been properly served with the Statement of Claim pursuant to §10302 and §10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Pierdolla Jr. had received due notice of the hearing as required under §10315 of the Code and that arbitration of the matter would proceed pursuant to §10318 of the Code.

Respondent Pierdolla Jr. did not file with NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to §10301 of the NASD Code of Arbitration Procedure (the "Code") and is bound by the determination of the arbitration panel on all issues submitted.

### **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). That Respondent Fred L. Pierdolla, Jr. is liable for and shall pay Claimant Prudential Securities Incorporated the sum of \$27,477.52 as compensatory damages;
- (2). That Respondent Fred L. Pierdolla, Jr. is liable for and shall pay Claimant Prudential Securities Incorporated interest on the balance due and owing at the rate of 6.75% per annum (\$5.08 per day) in the amount of \$3,774.44 from 06/02/1994 to 06/14/1996;
- (3). That Respondent Fred L. Pierdolla, Jr. is liable for and shall pay Claimant Prudential Securities Incorporated interest on the balance due and owing at the rate of 6.75% per annum (\$5.08 per day) from 06/14/96 to the date of payment;
- (4). That other than forum fees, which are addressed below, all other claims and requests for relief not specifically awarded here are, and each of them, hereby denied.

### **FORUM FEES**

Forum fees are calculated at the rate of \$600 per hearing session and \$300 for each prehearing conference, if any. There was one sessions x \$600 = \$600 in forum fees. Pursuant to §10332(b) 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 NASD Code of Arbitration Procedure, NASD Regulation, Inc. Office of Dispute Resolution shall retain the non-refundable filing fee in the amount of \$200 and

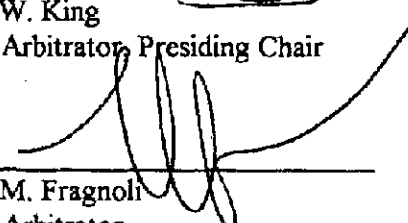
shall retain as forum fees the hearing session deposit in the amount of \$600 previously deposited with NASD Regulation, Inc. Office of Dispute Resolution by the Claimant.

No fees are due NASD Regulation, Inc. Office of Dispute Resolution.

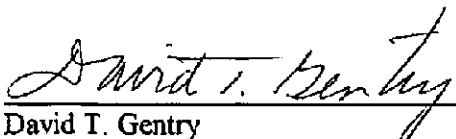
Dated:

  
Rollin W. King  
Public Arbitrator, Presiding Chair

8/12/97

  
Kathy M. Fragnoli  
Public Arbitrator

8/16/97

  
David T. Gentry  
Industry Arbitrator

8/14/97