

N.A.S.D. REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimants

Prudential Securities Inc

96-03051

Name of Respondents

Thomas Keyes

REPRESENTATION

For Claimant Prudential Securities, Inc. ("Claimant") appeared Christopher Freeze, Esq., in-house counsel for Prudential Securities, Inc., located in New York City, New York.

For Respondent/Counterclaimant Thomas Keyes ("Respondent") appeared Ralph Gant, Esq., located in New York City, New York.

CASE INFORMATION

The Statement of Claim was filed on July 11, 1996.

Claimant's Submission Agreement was signed on July 11, 1996.

Statement of Answer and Counterclaim was signed on September 6, 1996.

Respondent Thomas Keyes' Submission Agreement was signed on August 29, 1996.

HEARING INFORMATION

Hearing Dates/Sessions:	April 10, 1997	-	Two Sessions
	April 11, 1997	-	One Session
	June 12, 1997	-	Two Sessions
	June 13, 1997	-	Two Sessions
	June 14, 1997	-	Two Sessions

The hearing was held at the offices of NASD Regulation, Inc. located in New York City, New York.

CASE SUMMARY

Claimant alleged that on or about January 27, 1995, Prudential Securities, Inc. and Thomas Keyes voluntarily entered into an employment agreement. The agreement allegedly provided for Respondent to be loaned the sum of \$80,671.40. By the terms of the Note, Respondent Keyes was allegedly obligated to repay \$80,671.40 plus interest at 7% per annum in 43 equal payments of \$1,876.08 beginning in June 1995, with the last deduction to occur in December 1998.

On or about April 22, 1996, Respondent was allegedly terminated for cause. the balance of \$62,183.84 representing the unpaid portion of the loan, became due and owing on april 22, 1996.

On or about May 14, 1996, Prudential Securities, Inc. issued a demand to Respondent Keyes to honor his obligation under the Note.

Respondent denied all allegations of wrongdoing asserted in the Statement of Claim.

Respondent maintained that he was terminated without cause as a result of a complaint received from a customer's attorney concerning trades in a stock known as Trend Lines Inc. Respondent maintained that Prudential was the lead market maker and underwriter of the Trend Lines Inc. stock which plummeted from approximately \$12.00 per share down to \$3.00 - \$4.00 per share.

Respondent asserted counterclaims seeking commissions allegedly due; payment of the bonus that was allegedly due in February 1996; and \$20,000.00 payable on a money market account. In addition, Respondent Keyes maintained that Prudential inserted negative and false statements on his U-5 based on unsupported and false allegations.

### **RELIEF REQUESTED**

Claimant Prudential Securities, Inc. requested that it be granted an award against Respondent Keyes for the following:

1. The sum of \$62,183.84 based on Keyes' default in repayment of the Note; and
2. Interest on the above referenced sum, at the contract rate of 7% per annum from April 22, 1996, to the date of payment; and
3. The cost of Collection and of this proceeding including reasonable attorneys' fees as Keyes agreed to pay under the terms of the Note; and
4. Any other relief as the arbitrators deem fit.

Respondent Keyes requested Prudential's claim herein should be denied and Keyes should be awarded reasonable attorney fees, the cost of this arbitration as well as such other remedies as the Panel may deem appropriate.

Counterclaimant Keyes also sought the following relief:

1. April 1996 Commission Account - estimated at \$5,000.00;
2. Bonus due in February 1996 - estimated at \$45,000.00;
3. Joint Money Market Account - estimated at \$20,000.00;
4. U-5 Defamation Damages - \$2.5 million;
5. IRA Account Transfer - estimated at \$4,000.00;
6. Amendment of U-5 - expunging Defamatory Statements;
7. Reasonable attorney fees;
8. Arbitration costs; and,
9. Such other relief as the Panel may deem appropriate.

## OTHER ISSUES CONSIDERED & 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 originals remain on file with the NASD Regulation, Inc.

### 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. Respondent Thomas Keyes is hereby liable and shall pay to Prudential Securities, Inc. the sum of \$66,864.
2. CounterRespondent Prudential is hereby liable and shall pay to Thomas Keyes the sum of \$5,103.67 as payment of withheld commissions, plus interest at the legal rate from May 16, 1996 to the date of decision.
3. All other relief requested is hereby denied.
4. Each party shall bear their respective costs, including attorneys' fees.

### FORUM FEES

Pursuant to Rule 10332c of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. will retain the \$500.00 non-refundable filing fee submitted by Claimant and \$500.00 non-refundable filing fee submitted by Respondent and have assessed the following forum fees:

9 Hearing Sessions x \$1,500.00	=	\$13,500.00
Less Claimants hearing session deposit	=	\$ 600.00
Less Respondents hearing session deposit	=	\$ 1,500.00
Total outstanding Forum Fees	=	\$11,400.00

Claimant is hereby liable and shall pay the sum of \$13,500.00, representing the total forum fees assessed. Claimant previously deposited \$600.00 with NASD Regulation, Inc., and Respondent previously deposited \$1,500.00 with NASD Regulation, Inc., therefore, Claimant shall pay the balance of \$11,400.00 to NASD Regulation, Inc. representing the total amount of forum fees assessed.

Fees are payable to the NASD Regulation, Inc.

**ARBITRATOR'S SIGNATURE**

I, **Richard E. Lerner, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

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**Richard E. Lerner, Esq.**  
**Public - Chairperson**

I, **Charles S. Lester, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

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**Public Arbitrator**

I, **Harry Aronsohn**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

  
**Harry Aronsohn**  
**Industry Arbitrator**

**Date of Decision September 26, 1997**

**ARBITRATOR'S SIGNATURE**

I, **Richard E. Lerner, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

Richard E. Lerner

Richard E. Lerner, Esq.  
Public - Chairperson

Date of Decision September 26, 1997

I, **Charles S. Lester, Esq.**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

Charles S. Lester  
Public Arbitrator

I, **Harry Aronsohn**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual described herein, and who executed this instrument which is my award.

Harry Aronsohn  
Industry Arbitrator