

Stipulated Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Gary M. Hock

Case No. 99-02093

Name of Respondent

Prudential Securities, Inc.

REPRESENTATION OF PARTIES

For Gary M. Hock ("Claimant"): George C. Covington, Esq. of the law firm of Kennedy, Covington, Lobdell & Hickman, L.L.P., Charlotte, North Carolina.

For Prudential Securities, Inc. ("Respondent"): James P. McLoughlin, Jr., Esq. of the law firm of Moore & Van Allen, PLLC, Charlotte, North Carolina.

CASE INFORMATION

Statement of Claim filed on or about: May 5, 1999.

Claimant signed the Uniform Submission Agreement: May 4, 1999.

Statement of Answer filed by Respondent on or about: September 2, 1999.

Respondent signed the Uniform Submission Agreement: September 22, 1999.

CASE SUMMARY

Claimant alleged the following: Claimant opened an account with Respondent in April of 1996. Claimant routinely followed the recommendations and advice of Respondent and Respondent's associated person, David Capin, in making his investment decisions. In late 1996, Respondent issued research reports, authored or co-authored by Respondent's former employee, Michael Durante, which concerned Mercury stock. Respondent's research reports recommended the purchase of Mercury stock. Claimant purchased Mercury stock in reliance upon Respondent's false or recklessly misleading statements. Mercury stock declined in value and Claimant suffered losses totaling approximately \$1.5 million.

Claimant asserted the following causes of action: failure to supervise; fraud and fraudulent inducement; breach of contract; breach of fiduciary duties; negligence and gross negligence; violation of North Carolina Statute 78A-8; and suitability.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant failed to state a claim upon

which relief can be granted; Claimant is a wealthy and sophisticated investor who knew or should have known of the risks associated with the purchases of Mercury stock; Claimant is barred from recovery by his contributory negligence; Claimant is barred from recovery by the doctrines of estoppel, ratification and waiver; Respondent acted in good faith within the meaning of North Carolina General Statute 78A-56(c); Respondent adequately supervised its employees; and Claimant assumed the risk that Mercury stock could decline when he purchased the shares.

RELIEF REQUESTED

Claimant requested compensatory damages proximately caused by Respondent's investment advice and for lost opportunity in an amount in excess of \$1,500,000.00, punitive damages, interest, costs and attorneys' fees.

Respondent requested dismissal of the claims, an award of all costs incurred in defending the claims and such other relief as the Panel deemed just and proper.

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.

At the evidentiary hearing, the parties informed the Panel that they had entered into a settlement agreement which resolved all issues before the Panel.

AWARD

After considering the pleadings and the settlement agreement entered into by the parties, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. All claims asserted in this arbitration are hereby dismissed with prejudice pursuant to the agreement by the parties.
2. In the event there is a notation on the NASD CRD with respect to Michael Durante, former employee of Respondent, the Panel recommends the expungement of all references to the above captioned arbitration from Michael Durante's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09, Michael Durante must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with a single arbitrator x \$450.00 = \$1,350.00

Pre-hearing conferences:	January 20, 2000	1 session
	March 27, 2000	1 session
	April 24, 2000	1 session

One (1) Pre-hearing session with Panel x \$1,200.00 = \$1,200.00

Pre-hearing conference:	December 9, 1999	1 session
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Two (2) Hearing sessions x \$1,200.00 = \$2,400.00

Hearing Date:	April 25, 2000	2 sessions
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Total Forum Fees = \$4,950.00

Pursuant to the agreement of the parties, the Panel has assessed \$2,475.00 of the forum fees to Claimant and \$2,475.00 of the forum fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

The Claimant requested additional copies of arbitrator awards beyond those provided by NASD Regulation, Inc. without charge. = \$70.00

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$2,475.00
Administrative Costs	= \$ 70.00
Total Fees	= \$3,045.00
<u>Less payments</u>	<u>= \$1,770.00</u>
Balance Due NASD Regulation, Inc.	= \$1,275.00

Respondent be and hereby is solely liable for:

Member Fees	= \$ 7,600.00
Forum Fees	= \$ 2,475.00
Total Fees	= \$10,075.00
<u>Less payments</u>	<u>= \$ 7,600.00</u>
Balance Due NASD Regulation, Inc.	= \$2,475.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

_____/s/_____
Thomas C. Borthwick
Industry Arbitrator, Presiding Chair

Signature Date

_____/s/_____
Seymour Freed
Public Arbitrator

Signature Date

_____/s/_____
Edward T. Curry, Jr.
Public Arbitrator

Signature Date

May 23, 2000
Date of Service (For NASD office use only)

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FL ARBITRATION

Fee Summary

Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$2,475.00
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Balance Due NASD Regulation, Inc.	= \$2,475.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures



Thomas C. Borthwick
Industry Arbitrator, Presiding Chair

May 15, 2001
Signature Date

Seymour Freed
Public Arbitrator

Signature Date

Edward T. Curry, Jr.
Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Concurring Arbitrators' Signatures

Thomas C. Borthwick
Industry Arbitrator, Presiding Chair

Signature Date

Seymour Freed
Seymour Freed
Public Arbitrator

5/15/2000
Signature Date

Edward T. Curry, Jr.
Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Concurring Arbitrators' Signatures

Thomas C. Borthwick
Industry Arbitrator, Presiding Chair

Signature Date

Seymour Freed
Public Arbitrator

Signature Date



Edward T. Curry, Jr.
Public Arbitrator

MAY 14 2000
Signature Date

Date of Service (For NASD office use only)