

AMERICAN ARBITRATION ASSOCIATION

SECURITIES ARBITRATION TRIBUNAL AWARD OF ARBITRATORS

In the Matter of Arbitration between

Re: 74 136 00756 94
Sharon Lee Karel, Sharon Lee Karel Trust,
Robin Beth Karel Trust, Tamara Lynn
Karel Trust and Linda Susan Weinberg
and
Prudential Securities, Incorporated

WE, THE UNDERSIGNED ARBITRATORS, having been designated in accordance with the Arbitration Agreement entered into by the above-named Parties, and dated June 14, 1994 and having been duly sworn and having duly heard the proofs and allegations of the Parties, AWARD, as follows:

Representation

For Claimant: Law Offices of Cary S. Lapidus Cary S. Lapidus, Esq.

For Respondent: Keesal, Young & Logan - Terry S. Ross, Esq.

Case Information

Filing Date of Demand for Arbitration: June 15, 1993

Filing Date of the Answering Statement: June 30, 1994

Hearing Information

Dates of Preliminary Conference Held: October 28, 1994

Hearing Dates: January 23 - 27, 30 and 31; February 1 and 2, 1995

Hearing Location: San Francisco office of the American Arbitration Association

Case Summary

Claimant Allegations, Including Products in Dispute:

1. Limited partnership interests sold to Claimants by Respondent ("the Interests") were misrepresented as safe and conservative investments which would preserve Claimants' capital and provide a steady stream of income.
2. The Interests were unsuitable for Claimants given their investment objectives and financial situations.
3. Arizona law applies to the sale of the Interests to Claimants by Respondents, not New York law.

4. Claimants' demand for arbitration was timely filed with the American Arbitration Association under the discovery rule of federal and Arizona law and as a result of the filing of class action lawsuits involving the limited partnerships ("the Partnerships") in dispute.
5. Claimants' claim relief under the Arizona State Securities Act, the Arizona Consumer Fraud Act, for negligence, for negligent misrepresentation, for breach of fiduciary duty, for breach of contract, for common law fraud, and under RICO.

Respondent Allegations, Including Products in Dispute:

1. The performance of the Partnerships was dictated by adverse and unforeseen economic conditions.
2. Claimants were aware that Respondent did not guarantee the performance of the securities it sold.
3. The Interests were fully and accurately explained to Claimants, and Claimants received prospectuses therefor.
4. At the time of the Interests were purchased, they were suitable for Claimants objective of income, and provided diversification of their portfolios.
5. Claimants' claims are barred by the applicable statutes of limitations.
6. Claimants cannot prevail on a claim of oral misrepresentation in the face of contrary written prospectus disclosures, and any statement of opinion by Respondent is not actionable.
7. RICO is not applicable to Claimants' claims; Claimants cannot establish the elements of a RICO claim; and Claimants cannot establish standing to bring a RICO claim.
8. Claimants ratified the handling of their accounts by Respondent.
9. Claimants must establish that they acted with reasonable diligence.
10. Claimants' recovery is limited to their out-of-pocket losses.
11. Any losses by Claimants were not caused by Respondents.
12. Claimants are not entitled to recover attorneys' fees.
13. Claimants are not entitled to punitive damages.

Relief Requested

The Claimant's Requested Relief: Recission and/or compensatory damages according to proof, plus interest, lost opportunity damages, trebled; attorneys' fees, punitive damages; and costs of arbitration.

Other Issues Considered and Decided

Respondent submitted a motion to dismiss on ground of statute of limitations on the first day of the hearing. The Panel declined to rule on this motion before proceeding with the hearing and considered the motion, its statement of facts and its arguments of law in determining the award in this matter.

AWARD

Claimant, SHARON LEE KAREL, shall hereinafter be referred to as "SHARON KAREL".

Claimant, SHARON LEE KAREL TRUST, shall hereinafter be referred to as "THE SHARON KAREL TRUST".

Claimant, ROBIN BETH KAREL TRUST, shall hereinafter be referred to as "THE ROBIN KAREL TRUST".

Claimant, TAMARA LYNN KAREL TRUST, shall hereinafter be referred to as "THE TAMARA KAREL TRUST".

Claimant, LINDA SUSAN WEINBERG, shall hereinafter be referred to as "LINDA WEINBERG".

When it is necessary to refer to all of the Claimants as a group, they shall hereinafter be referred to as "THE CLAIMANTS".

Respondent, PRUDENTIAL SECURITIES, INCORPORATED, shall hereinafter be referred to as "PRUDENTIAL".

PRUDENTIAL shall pay THE CLAIMANTS recissionary damages, including interest, which total ONE HUNDRED THIRTEEN THOUSAND FOUR HUNDRED TWENTY-ONE DOLLARS AND ZERO CENTS (\$113,421.00) which shall be split by the various CLAIMANTS as follows:

SHARON KAREL:	\$51,887.00
SHARON KAREL TRUST:	\$ 4,113.00
ROBIN KAREL TRUST:	\$ 5,508.00

TAMARA KAREL TRUST:	\$10,402.00
LINDA WEINBERG:	\$41,511.00

No portion of the Award to the CLAIMANTS described above is for attorneys' fees.

CLAIMANTS' claims for compensatory damages according to proof, for lost opportunity damages, treble damages, and for punitive damages are denied.

PRUDENTIAL shall pay the CLAIMANTS' attorneys' fees in the amount of FIFTY-SIX THOUSAND SEVEN HUNDRED ELEVEN DOLLARS AND ZERO CENTS (\$56,711.00). This amount reflects the full award for attorneys' fees.

The administrative fees and expenses of the American Arbitration Association total FOUR THOUSAND SIX HUNDRED NINETY-SEVEN DOLLARS AND EIGHTY-NINE CENTS (\$4,697.89) and shall be borne by PRUDENTIAL. Therefore, PRUDENTIAL shall pay THE CLAIMANTS the amount of TWO THOUSAND NINE HUNDRED FORTY-EIGHT DOLLARS AND NINETY-FIVE CENTS (\$2,948.95) for administrative fees and expenses which THE CLAIMANTS advanced to the Association.

The compensation and expenses of the arbitrators total EIGHTEEN THOUSAND FIFTY-EIGHT DOLLARS AND FIFTY CENTS (\$18,058.50) and shall be borne by PRUDENTIAL. Therefore, PRUDENTIAL shall pay THE CLAIMANTS the amount of NINE THOUSAND TWENTY-NINE DOLLARS AND TWENTY-FIVE CENTS (\$9,029.25) for arbitrators' compensation and expenses which CLAIMANTS advanced to the Association.

This Award is in full settlement of all claims which have been submitted to this arbitration.

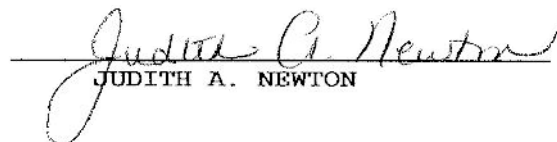
DATED: 3/13/95


DONALD L. FIELD, JR.

DATED: 3/16/95


ROBIN LYNN BERRY

DATED: 3/15/95


JUDITH A. NEWTON