

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

William D. Dailey, as Trustee of the
William D. Dailey, D.M.D. Profit Sharing
& Employee Pension Plan, and
William D. Dailey, Individually

Case Number: 01-06472

Names of the Respondents

UBS PaineWebber, Inc.
William R. Lee, Jr.

Hearing Site: Atlanta, GA.

REPRESENTATION OF PARTIES

For William D. Dailey, as Trustee of the William D. Dailey, D.M.D. Profit Sharing & Employee Pension Plan, and William D. Dailey, Individually, hereinafter referred to as "Claimants": Steven Spivey, Esq., Ocala, FL.

For Respondent UBS PaineWebber, Inc., ("PaineWebber"): Andrew J. Melnick, Corporate Vice President, Associate General Counsel, PaineWebber, New York, N.Y.

For Respondent William R. Lee, Jr., ("Lee"): Philip M. Giordano, Esq., Giordano, Champa & Powers, Boston, MA., until his withdrawal as counsel on August 23, 2002. John Surgent, Franklin Lakes, N.J. appeared as Respondent's representative at the evidentiary hearings.

CASE INFORMATION

Statement of Claim filed on or about: November 28, 2001.

Claimants signed the Uniform Submission Agreement: December 27, 2001.

Statement of Answer, Counterclaim and Third Party Claim filed by Respondent UBS PaineWebber, Inc. on or about: January 30, 2002.

Respondent UBS PaineWebber, Inc. signed the Uniform Submission Agreement: January 30, 2002.

Statement of Answer and Counterclaim filed by Respondent William R. Lee, Jr. on or about: June 20, 2002.

Respondent William R. Lee, Jr. did not submit an executed Uniform Submission Agreement. Motion to Preclude Answer of Respondent William R. Lee, Jr. filed by Claimants on or about: May 9, 2002.

CASE SUMMARY

Claimants asserted the following causes of action: violations of the Georgia Securities Act,

the Securities Act of 1934, the Securities Exchange Act of 1933, NASD rules and state and federal law for fraud, misrepresentation, unsuitability and negligent supervision. The causes of action relate to the inappropriate concentration of CMGI, Inc. in Claimants' account.

Unless specifically admitted in its Answer, Respondent PaineWebber denied the allegations made in the Statement of Claim and asserted various defenses. In addition, Respondent PaineWebber asserted a claim against Claimant William D. Dailey which alleged that Claimant William D. Dailey breached his duties to the pension plan and, accordingly, if Respondent PaineWebber is found liable to Claimants, it is entitled to an offset or apportionment of the award in the amount the Panel determines that Claimant William D. Dailey contributed to the claimed losses.

Unless specifically admitted in his Answer, Respondent Lee denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimants requested compensatory damages of \$832,963.00, plus legal interest, punitive damages, attorney's fees, the costs of this proceeding and such other relief as is deemed just and proper.

Respondent PaineWebber requested a dismissal of this proceeding, an award in its favor of the costs and disbursements of this proceeding and such other and further relief as is just, plus an award in its favor on its claim against William D. Dailey for indemnification.

Respondent Lee did not specifically delineate a relief request in his Answer, however, at the evidentiary hearing, he requested a dismissal of this proceeding.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Lee did not file with NASD, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

In response to Claimants' Motion to Preclude Respondent Lee's Statement of Answer, on or about May 31, 2002, the Panel issued an order which stated that Respondent Lee must file a response to the claim on or before June 21, 2002. On or about June 20, 2002, Respondent Lee filed a Statement of Answer.

Although Respondent Lee titled his Answer, Statement of Answer and Counterclaim, the Panel determined that Respondent Lee did not assert a counterclaim in his pleading or at the evidentiary hearing in this matter.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Claimants' claims are denied in the entirety.

Respondent PaineWebber's claim against Claimant William D. Dailey is denied in its entirety.

Any and all other claims for relief not specifically addressed herein, including Claimants' request for punitive damages and attorneys fees, are denied.

FEES

Pursuant to the Code the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 375.00
Counterclaim filing fee	= \$1,250.00

Member Fees

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

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

Adjournment Fees

No requests for adjournment were filed in this matter.

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

Forum Fees and Assessments

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

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$1,200.00
Pre-hearing conference: May 30, 2002 1 session

Four (4) Hearing sessions @ \$1,200.00 = \$4,800.00
Hearing Dates: August 28, 2002 2 sessions
August 29, 2002 2 sessions

Total Forum Fees = \$6,000.00

The Panel has assessed \$3,000.00 of the forum fees to Claimants, jointly and severally.
The Panel has assessed \$3,000.00 of the forum fees to Respondents, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative fees were incurred during this proceeding.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$3,000.00
Total Fees	= \$3,375.00
<u>Less payments</u>	<u>= \$1,575.00</u>
Balance Due NASD	= \$1,800.00

Respondents PaineWebber and Lee are jointly and severally liable for:

Forum Fees	= \$3,000.00
Total Fees	= \$3,000.00
<u>Less payments</u>	<u>= \$1,200.00</u>
Balance Due NASD	= \$1,800.00

Respondent PaineWebber, Inc. is solely liable for:

Counterclaim Filing Fee	= \$1,250.00
Member Fees	= \$7,000.00
Total Fees	= \$8,250.00
<u>Less payments</u>	<u>= \$8,250.00</u>
Balance Due NASD	= \$ 0.00

All balances are payable to NASD and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

<i>Karla Y. Vogel, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>David D. Brown, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Thomas C. Moxley</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

Karla Y. Vogel, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

David D. Brown, Esq.
Public Arbitrator

Signature Date

Thomas C. Moxley
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Public Arbitrator, Presiding Chairperson

Signature Date

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David D. Brown, Esq.
Public Arbitrator

Signature Date

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Thomas C. Moxley
Non-Public Arbitrator

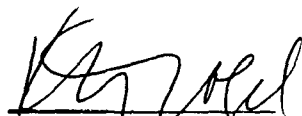
Signature Date

September 19, 2002
Date of Service (For NASD office use only)

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Signature Date

David D. Brown, Esq.
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Signature Date



David D. Brown, Esq.
Public Arbitrator



Signature Date

Thomas C. Moxley
Non-Public Arbitrator

Signature Date

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ARBITRATORS

<i>Karla Y. Vogel, Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>David D. Brown, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Thomas C. Moxley</i>	-	<i>Non-Public Arbitrator</i>

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Signature Date

David D. Brown, Esq.
Public Arbitrator

Signature Date

Thomas C. Moxley
Thomas C. Moxley
Non-Public Arbitrator

16 Sep 02
Signature Date

Date of Service (For NASD office use only)