

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Name of Claimant

UBS Financial Services, Inc.

and

Case Number: 03-03962  
Hearing Site: Houston, Texas

Name of Respondent

Michael R. Paredes

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**NATURE OF DISPUTE**

Member Firm v. Associated Person

**REPRESENTATION OF PARTIES**

UBS Financial Services, Inc. ("**Claimant**" or "**UBS Financial**") was represented by Laura Martin, Esq., of Davidson & Grannum, of Northvale, New Jersey.

Michael R. Paredes ("**Respondent**" or "**Paredes**") of San Antonio, Texas, did not enter an appearance in this matter.

**CASE INFORMATION**

The Statement of Claim was filed on or about June 2, 2003.

The Submission Agreement of Claimant, UBS Financial Services, Inc., was signed on or about May 15, 2003.

Respondent, Paredes, did not file either a Submission Agreement or a Statement of Answer.

**CASE SUMMARY**

Claimant alleged a failure to repay a promissory note. On or about November 3, 2000, UBS Financial Services, Inc. hired Paredes as a Financial Advisor in the San Antonio, Texas branch office. In connection with Paredes' hire, UBS Financial advanced to Paredes as a loan the sum of \$45,000.00. This loan was memorialized in a promissory note entitled, Promissory Note #23076 ("Note"). Note #23076 provided that if Paredes'

employment should terminate, whether voluntarily or involuntarily, no part of the unpaid Principal Amount shall be forgiven. Paredes was terminated on or about May 18, 2001, prior to the first forgiveness date of Note #23076. According to Claimant, the amount of the principal outstanding on Note #23076 on the date of Paredes' voluntary resignation from UBS Financial was \$45,000.00. Note #23076 further provided that should Paredes default in the timely payment of any portion of the principal amount, Paredes is obligated to pay interest on any such outstanding amount. Also, Note #23076 provided that should UBS Financial be required to enforce any and all provisions, Paredes is obligated to pay any and all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements incurred by UBS Financial.

On or about July 31, 2001, Claimant and Paredes entered into a "Confidential General Release and Settlement Agreement and Promissory Note" ("Settlement Agreement") as a resolution of the money Paredes owed to Claimant under Note #23076. Pursuant to the Settlement Agreement, Paredes agreed to pay Claimant the total sum of \$30,000 payable in 36 monthly installments beginning January 1, 2002, and continuing until December 2004. Claimant asserted that to date, Paredes has not made any payments to Claimant, and the full amount of \$30,000 remains due.

### **RELIEF REQUESTED**

Claimant requested an award in the amount of:

Actual/Compensatory	\$ 30,000.00
Interest	\$ 4,451.17
Other Costs	Unspecified
Attorney's Fees	Unspecified
Other Monetary Relief	Unspecified

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

By letter dated May 19, 2004, Claimant opted to proceed against Respondent, Paredes, pursuant to Rule 10314(e) of the NASD Code of Arbitration Procedure ("Code").

The arbitrator determined that Respondent, Paredes, was properly served notice of the Statement of Claim and Notification of the Arbitrator by certified mail, and that Respondent, Paredes, is required to submit to arbitration pursuant to the Code and is bound by the determination of the Arbitrator on all issues submitted.

### **AWARD**

The undersigned arbitrator has decided and determined in full and final resolution of the issues for determination as follows:

- 1.) Respondent, Michael R. Paredes, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$30,000.00 in compensatory damages;
- 2.) Respondent, Michael R. Paredes, is liable for and shall pay to Claimant, UBS Financial Services, Inc., interest at 6% on the above-stated sum, pursuant to the terms of the Promissory Note. The interest is to begin accruing on May 18, 2001, and to cease when paid in full or otherwise discharged;
- 3.) Respondent, Michael R. Paredes, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$3,503.59 in attorney's fees pursuant to the terms of the Settlement Agreement and Promissory Note;
- 4.) Respondent, Michael R. Paredes, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$2,350.00 in costs pursuant to the terms of the Settlement Agreement and Promissory Note; and
- 5.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

### **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 = \$1000.00

#### **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 events giving rise to the dispute. In this matter, the member firm is UBS Financial Services, Inc.

Member surcharge = \$ 600.00

Pre-hearing process fee = \$ 750.00

**Forum Fees and Assessments**

The Arbitrator assesses a forum fee for an Award issued under the Default Proceedings. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$450.00 = \$450.00  
Pre-hearing conference: April 26, 2004 1 session

Default Proceedings = \$300.00

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Total Forum Fees = \$750.00

The Arbitration Panel has assessed \$750.00 of the forum fees to Michael R. Paredes.

**FEE SUMMARY**

Claimant, UBS Financial Services, Inc., is liable for:

Initial Filing Fee	= \$ 1000.00
<u>Member Fees</u>	<u>= \$ 1350.00</u>
Total Fees	= \$ 2350.00
<u>Less payments</u>	<u>= \$ 2800.00</u>
Refund Due from NASD Dispute Resolution	= \$ 450.00

Respondent, Michael R. Paredes, is liable for:

<u>Forum Fees</u>	<u>= \$ 750.00</u>
Total Fees	= \$ 750.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 750.00

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

**ARBITRATOR**

~~Robert E. Otto - Industry Arbitrator, Presiding Chair~~

Arbitrator:

/s/ Robert E. Otto  
Robert E. Otto  
Industry Arbitrator, Presiding Chair

June 3, 2004  
Signature Date

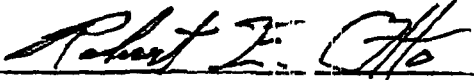
June 3, 2004  
Date of Service (For NASD office use only)

**ARBITRATOR**

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Robert E. Otto – Industry Arbitrator, Presiding Chair

Arbitrator:



Robert E. Otto  
Industry Arbitrator, Presiding Chair

June 3, 2004  
Signature Date

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Date of Service (For NASD office use only)