

**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: 03-04456  
Hearing Site: Houston, Texas

Name of Respondent

Stephen Stork

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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 Brent A. Burns, Esq., of Davidson & Grannum, LLP, of Northvale, New Jersey.

Stephen Stork ("**Respondent**") of Houston, Texas, did not enter an appearance in this matter.

**CASE INFORMATION**

The Statement of Claim was filed on or about June 19, 2003.

The Submission Agreement of Claimant UBS Financial Services, Inc. was signed on or about May 29, 2003.

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

**CASE SUMMARY**

Claimant alleges a failure to repay promissory notes. Claimant asserted the following: on or about June 9, 2000, UBS Financial Services, Inc. hired Stork as a Financial Advisor in the Houston, Texas branch office. In connection with Stork's hire, on or about June 22, 2000, UBS Financial advanced to Stork as a loan the sum of \$79,150.00. This loan was memorialized in a promissory note entitled, Promissory Note #10560 ("Note #10560"). On or about August 29, 2001, UBS Financial advanced to Stork another loan in the sum of

\$14,715.05. This loan was memorialized in a promissory note entitled, Promissory Note #31182 ("Note #31182"). Notes #10560 and #31182 provide that if Stork's employment should terminate, whether voluntarily or involuntarily, no part of the unpaid Principal Amount shall be forgiven.

Stork resigned prior to the third forgiveness date of Note #10560. Two of the four equal, annual installments of this loan, or \$39,575.00, were forgiven. According to the Claimant, the amount of the principal outstanding on Note #10560 on the date of Stork's voluntary resignation from UBS Financial was \$39,575.00. During the time of Stork's employment, UBS Financial accumulated the amount of \$465.99 for the purpose of paying Stork's tax obligations. This entire amount was applied, pursuant to the Note #10560 agreement, to reduce the aggregate principal amount owed by Stork. As a result, the amount due decreased to \$40,040.99 and remains due and owing to UBS Financial.

Stork resigned prior to the second forgiveness date of Note #31182. One of the three equal, annual installments of this loan, or \$4,905.02, was forgiven. According to the Claimant, the amount of the principal outstanding on Note #31182 on the date of Stork's voluntary resignation from UBS Financial was \$9,810.03.

The aggregate amount owed by Stork to UBS Financial with respect to Notes #10560 and #31182 is \$49,851.02. Notes #10560 and #31182 further provided that should Stork default in the timely payment of any portion of the principal amount, Stork is obligated to pay interest on any such outstanding amounts. Also, Notes #10560 and #31182 provided that should UBS Financial be required to enforce any and all provisions, Stork is obligated to pay any and all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements incurred by UBS Financial.

#### **RELIEF REQUESTED**

Claimant requested an award in the amount of:

Actual/Compensatory	\$49,851.02
Interest	Unspecified
Other Costs	Unspecified
Attorney's Fees	Unspecified

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

By letter dated January 8, 2004, Claimant opted to proceed against Respondent Stork pursuant to Rule 10314(e) of the NASD Code of Arbitration Procedure ("Code").

The Arbitrator determined that Respondent Stork was properly served notice of the Statement of Claim and Notification of the Arbitrator by certified mail, and that Respondent Stork 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, Stephen Stork, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$49,851.02 in compensatory damages;
- 2.) Respondent, Stephen Stork, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$4,591.38 in interest pursuant to the Promissory Notes dated June 22, 2000 and August 29, 2001;
- 3.) Respondent, Stephen Stork, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$3,499.47 in attorney's fees pursuant to the Promissory Notes dated June 22, 2000 and August 29, 2001;
- 4.) Respondent, Stephen Stork, is liable for and shall pay to Claimant, UBS Financial Services, Inc., the sum of \$2,625 in costs pursuant to the Promissory Notes dated June 22, 2000 and August 29, 2001; 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	= \$ 875.00
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:

Default Proceedings	= \$300.00
<hr/> Total Forum Fees	<hr/> = \$300.00

The Arbitration Panel has assessed \$300.00 of the forum fees to Stephen Stork.

### **FEE SUMMARY**

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

Initial Filing Fee	= \$ 1000.00
Member Fees	= \$ 1625.00
Total Fees	= \$ 2625.00
Less payments	= \$ 3075.00
Refund Due from NASD Dispute Resolution	= \$ 450.00

Respondent, Stephen Stork, is liable for:

Forum Fees	= \$ 300.00
Total Fees	= \$ 300.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 300.00

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

**ARBITRATOR**

Teresa A. Oxford, J.D. – Industry Arbitrator, Presiding Chair

Arbitrator:

/s/ Teresa A. Oxford, J.D.  
Teresa A. Oxford, J.D.  
Industry Arbitrator, Presiding Chair

March 4, 2004  
Signature Date

March 4, 2004  
Date of Service (For NASD office use only)

**ARBITRATOR**

**Teresa A. Oxford, J.D. – Industry Arbitrator, Presiding Chair**

**Arbitrator:**

*Teresa A. Oxford*  
Teresa A. Oxford, J.D.  
Industry Arbitrator, Presiding Chair

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