

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Jack R. and Diana Bonczynski, Stanley J. Cernoch,
Harry G. and Rosemary R. Dinwiddie, jointly and for
his IRA, Kenneth W. Frazier, Fred B. and Charlene
Himburg, jointly and for his IRA, Kenneth T. and
Linda M. Howell, jointly and for his IRA, Raymond
Martin, James R. Poepel, Bruce Simpson,
Carolyn P. Simpson, Forrest G. Speer, Jess Maybin,
and Eugene and Carol Thomas

and

Case Number: 03-05245
Hearing Site: Houston, Texas

Names of Respondents

UBS Financial Services, Inc., and
Prudential Equity Group, LLC

NATURE OF DISPUTE

Customers v. Member Firms

REPRESENTATION OF PARTIES

Jack R. and Diana Bonczynski, Stanley J. Cernoch, Harry G. and Rosemary R. Dinwiddie, jointly and for his IRA, Kenneth W. Frazier, Fred B. and Charlene Himburg, jointly and for his IRA, Kenneth T. and Linda M. Howell, jointly and for his IRA, Raymond Martin, James R. Poepel, Bruce Simpson, Carolyn P. Simpson, Forrest G. Speer, Jess Maybin, and Eugene and Carol Thomas, ("**Claimants**") were represented by Michael M. Wilson, Esq., Wilson Fulkerson, LLP, Houston, Texas.

UBS Financial Services, Inc. ("**UBS**") was represented by Paul D. Flack, Esq., and J.D. Nickens, Esq., Nickens, Keeton, Lawless, Farrell, and Flack, LLP, Houston, Texas.

Prudential Equity Group, LLC ("**Prudential**") was represented by Steve Ratner, Esq., Proskauer Rose, LLP, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about July 21, 2003. The Amended Statement of Claim was filed on or about September 30, 2003. The Submission Agreement of Claimants, Jack R. and Diana Bonczynski, Stanley J. Cernoch, Harry G. and Rosemary R. Dinwiddie, jointly and for his IRA, Kenneth W. Frazier, Fred B. and Charlene Himburg, jointly and for his IRA, Kenneth T. and Linda M. Howell, jointly and for his IRA, Raymond Martin, James R. Poepsel, Bruce Simpson, Carolyn P. Simpson, Forrest G. Speer, and Jess Maybin, was signed on or about July 21, 2003. The Submission Agreement of Claimants, Eugene and Carol Thomas were signed on or about October 14, 2003.

Statement of Answer was filed by Respondent, UBS Financial Services, Inc., on or about September 24, 2003. On or about October 29, 2003, UBS filed a Supplemental Answer. The Submission Agreement of Respondent, UBS Financial Services, Inc., was signed on or about August 11, 2003.

Statement of Answer was filed by Respondent, Prudential Equity Group, LLC, on or about November 12, 2003. The Submission Agreement of Respondent, Prudential Equity Group, LLC, was signed on or about February 17, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, negligence, failure to supervise, breach of fiduciary duty, misrepresentations, churning and omission of facts. The causes of action related to the recommendation and purchase of G.E. variable annuities and various unspecified mutual funds. Claimants alleged that the investments were unsuitable and were not consistent with their investment objectives. Claimants also alleged that examination of their accounts reveal a pattern of deception and fraud.

Unless specifically admitted in its Answer, Respondent UBS denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; and Claimants' claims are barred by the doctrines of estoppel, ratification and waiver; Claimants failed to mitigate their damages; and Claimants expressly authorized each of their investments.

Unless specifically admitted in its Answer, Respondent Prudential denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; and Claimants' claims are barred by the doctrines of estoppel, ratification and waiver; and Claimants knowingly and voluntarily assumed the risks of the investments and any losses incurred by Claimants were the proximate result of the risks, which Claimants knowingly assumed.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$8,000,000.00
Punitive/Exemplary Damages	\$8,000,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & 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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimants, Jack R. and Diana Bonczynski, the sum of \$83,389.27 in compensatory damages;
- 2.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimant, Stanley J. Cernoch, the sum of \$32,857.55 in compensatory damages;
- 3.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Harry G. and Rosemary R. Dinwiddie, the sum of \$98,763.18 in compensatory damages;
- 4.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimant, Kenneth W. Frazier, the sum of \$35,469.80 in compensatory damages;
- 5.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to

Claimants, Fred B. and Charlene Himburg, the sum of \$38,774.54 in compensatory damages;

- 6.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Fred B. and Charlene Himburg, the sum of \$1,071.00 in compensatory damages;
- 7.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimants, Kenneth T. and Linda M. Howell, the sum of \$28,891.92 in compensatory damages;
- 8.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Kenneth T. and Linda M. Howell, the sum of \$1,547.00 in compensatory damages;
- 9.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimant, Raymond Martin, the sum of \$37,265.00 in compensatory damages;
- 10.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimant, James R. Poepsel, the sum of \$34,809.02 in compensatory damages;
- 11.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimants, Bruce Simpson and Carolyn P. Simpson, the sum of \$14,572.66 in compensatory damages;
- 12.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, Forrest G. Speer, the sum of \$50,248.11 in compensatory damages;
- 13.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimant, Jess Maybin, the sum of \$51,185.05 in compensatory damages;
- 14.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Eugene and Carol Thomas, the sum of \$14,338.29 in compensatory damages;
- 15.) Respondent, UBS Financial Services, Inc., is liable for and shall pay to Claimants, Jack R. and Diana Bonczynski, Stanley J. Cernoch, Harry G. and Rosemary R. Dinwiddie, jointly and for his IRA, Kenneth W. Frazier, Fred B. and Charlene Himburg, jointly and for his IRA, Kenneth T. and Linda M. Howell, jointly and for his IRA, Raymond Martin, James R. Poepsel, Bruce Simpson, Carolyn P. Simpson, Forrest G. Speer, Jess Maybin, and Eugene and Carol Thomas, the sum of \$50,420.50 in costs;

- 16.) Respondent, Prudential Equity Group, LLC, is liable for and shall pay to Claimants, Jack R. and Diana Bonczynski, Stanley J. Cernoch, Harry G. and Rosemary R. Dinwiddie, jointly and for his IRA, Kenneth W. Frazier, Fred B. and Charlene Himburg, jointly and for his IRA, Kenneth T. and Linda M. Howell, jointly and for his IRA, Raymond Martin, James R. Poepsel, Bruce Simpson, Carolyn P. Simpson, Forrest G. Speer, Jess Maybin, and Eugene and Carol Thomas the sum of \$50,420.50 in costs;
- 17.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 18.) Any relief not specifically enumerated, including punitive damages and attorney fees, 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 = \$ 600.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are UBS Financial Services, Inc. and Prudential Equity Group, LLC.

Member surcharge = \$ 3,750.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 5,500.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

Four (4) Pre-hearing sessions with Panel x \$1200.00 = \$ 4,800.00
Pre-hearing conferences: February 13, 2004 1 session
April 12, 2004 1 session

	August 4, 2004	1 session	
	February 9, 2004	1 session	
Twenty Five (25) Hearing sessions x \$1200.00			= \$ 30,000.00
Hearing Dates:	February 14, 2005	2 sessions	
	February 15, 2005	2 sessions	
	February 16, 2005	2 sessions	
	February 28, 2005	2 sessions	
	March 1, 2005	2 sessions	
	March 2, 2005	3 sessions	
	March 3, 2005	2 sessions	
	March 21, 2005	3 sessions	
	March 22, 2005	3 sessions	
	March 23, 2005	2 sessions	
	March 24, 2005	2 sessions	
Total Forum Fees			= \$ 34,800.00

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Jack R. and Diana Bonczynski.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to Stanley J. Cernoch.

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Harry G. and Rosemary R. Dinwiddie.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to Kenneth W. Frazier.

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Fred B. and Charlene Himburg.

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Kenneth T. and Linda M. Howell.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to Raymond Martin.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to James R. Poepel.

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Bruce Simpson and Carolyn P. Simpson.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to Forrest G. Speer.

The Arbitration Panel has assessed \$1,450.00 of the forum fees to Jess Maybin.

The Arbitration Panel has assessed \$1,450.00 of the forum fees jointly and severally to Eugene and Carol Thomas.

The Arbitration Panel has assessed \$8,700.00 of the forum fees to UBS Financial Services, Inc.

The Arbitration Panel has assessed \$8,700.00 of the forum fees to Prudential Equity Group, LLC.

Fee Summary

Claimants, Jack R. and Diana Bonczynski, Stanley J. Cernoch, Harry G. and Rosemary R. Dinwiddie, jointly and for his IRA, Kenneth W. Frazier, Fred B. and Charlene Himburg, jointly and for his IRA, Kenneth T. and Linda M. Howell, jointly and for his IRA, Raymond Martin, James R. Poepsel, Bruce Simpson, Carolyn P. Simpson, Forrest G. Speer, Jess Maybin, and Eugene and Carol Thomas, are jointly and severally liable for:

Initial Filing Fee	= \$	600.00
Total Fees	= \$	600.00
Less payments	= \$	600.00
Balance Due NASD Dispute Resolution	= \$	0.00

Claimants, Jack R. and Diana Bonczynski, are jointly and severally liable for:

Forum Fees	= \$	1,450.00
Total Fees	= \$	1,450.00
Less payments	= \$	100.00
Balance Due NASD Dispute Resolution	= \$	1,350.00

Claimant, Stanley J. Cernoch, is liable for:

Forum Fees	= \$	1,450.00
Total Fees	= \$	1,450.00
Less payments	= \$	100.00
Balance Due NASD Dispute Resolution	= \$	1,350.00

Claimants, Harry G. and Rosemary R. Dinwiddie, are jointly and severally liable for:

Forum Fees	= \$	1,450.00
Total Fees	= \$	1,450.00
Less payments	= \$	100.00
Balance Due NASD Dispute Resolution	= \$	1,350.00

Claimant, Kenneth W. Frazier, is liable for:

Forum Fees	= \$	1,450.00
Total Fees	= \$	1,450.00
Less payments	= \$	100.00

Balance Due NASD Dispute Resolution = \$ 1,350.00

Claimants, Fred B. and Charlene Himburg, are jointly and severally liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimants, Kenneth T. and Linda M. Howell, are jointly and severally liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimant, Raymond Martin, is liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimant, James R. Poepfel, is liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimants, Bruce Simpson and Carolyn P. Simpson, are jointly and severally liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimant, Forrest G. Speer, is liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimant, Jess Maybin, is liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

Claimants, Eugene and Carol Thomas, are jointly and severally liable for:

Forum Fees	= \$ 1,450.00
Total Fees	= \$ 1,450.00
Less payments	= \$ 100.00
Balance Due NASD Dispute Resolution	= \$ 1,350.00

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

Member Fees	= \$ 10,000.00
Forum Fees	= \$ 8,700.00
Total Fees	= \$ 18,700.00
Less payments	= \$ 10,000.00
Balance Due NASD Dispute Resolution	= \$ 8,700.00

Respondent, Prudential Equity Group, LLC, is liable for:

Member Fees	= \$ 10,000.00
Forum Fees	= \$ 8,700.00
Total Fees	= \$ 18,700.00
Less payments	= \$ 10,000.00
Balance Due NASD Dispute Resolution	= \$ 8,700.00

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

ARBITRATION PANEL

Charles E. Munson, Jr., JD - Public Arbitrator, Presiding Chair
William A. Allen, CPA, Esq. - Public Arbitrator
Dale A. Hearn - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Charles E. Munson, Jr. JD
Charles E. Munson, Jr., JD
Public Arbitrator, Presiding Chair

March 31, 2005
Signature Date

/s/ William A. Allen, CPA, Esq.
William A. Allen, CPA, Esq.
Public Arbitrator

April 1, 2005
Signature Date

/s/ Dale A. Hearn
Dale A. Hearn
Non-Public Arbitrator


March 31, 2005
Signature Date

March 31, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

Charles E. Munson, Jr., JD - Public Arbitrator, Presiding Chair
William A. Allen, CPA, Esq. - Public Arbitrator
Dale A. Hearn - Non-Public Arbitrator

Concurring Arbitrators:


Charles E. Munson, Jr., JD
Public Arbitrator, Presiding Chair

May 31, 2005
Signature Date

William A. Allen, CPA, Esq.
Public Arbitrator

Signature Date

Dale A. Hearn
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

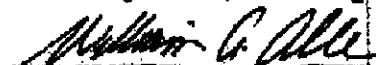
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Charles E. Munson, Jr., JD
Public Arbitrator, Presiding Chair

Signature Date


William A. Allen, CPA, Esq.
Public Arbitrator


Signature Date

Dale A. Hearn
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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William A. Allen, CPA, Esq. - Public Arbitrator
Dale A. Hearn - Non-Public Arbitrator

Concurring Arbitrators:

Charles E. Munson, Jr., JD
Public Arbitrator, Presiding Chair

Signature Date

William A. Allen, CPA, Esq.
Public Arbitrator

Signature Date


Dale A. Hearn
Non-Public Arbitrator

3-31-05
Signature Date

Date of Service (For NASD office use only)