

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Adulis Enterprises, Café Adulis, Ltd., and Gideon Gebreyesus (Claimants) v. UBS Paine Webber Inc., Carlos Garcia, Hugh McIlrevey, and David Moran (Respondents)

Case Number: 04-02977

Hearing Site: Hartford, Connecticut

Nature of the Dispute: Customers vs. Member and Associated Persons

REPRESENTATION OF PARTIES

Claimants Adulis Enterprises ("Adulis"), Café Adulis, Ltd. ("Café Adulis"), and Gideon Gebreyesus ("Gebreyesus") hereinafter collectively referred to as "Claimants": Richard Slavin, Esq., Cohen and Wolf, P.C., Bridgeport, CT.

Respondents UBS Paine Webber, Inc. n/k/a UBS Financial Services, Inc. ("UBS"), Hugh McIlrevey ("McIlrevey"), and David Moran ("Moran"): Andrew W. Sidman, Esq., Butler, Fitzgerald & Potter, New York, NY.

Respondent Carlos Garcia ("Garcia") did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: April 20, 2004.

Claimant Adulis signed the Uniform Submission Agreement: April 16, 2004.

Claimant Café Adulis signed the Uniform Submission Agreement: April 16, 2004.

Claimant Gebreyesus signed the Uniform Submission Agreement: April 16, 2004.

Joint Statement of Answer, Motion to Dismiss, and Motion to Strike filed by Respondents UBS, McIlrevey, and Moran on or about: July 16, 2004.

Respondent UBS signed the Uniform Submission Agreement: July 13, 2004.

Respondent McIlrevey signed the Uniform Submission Agreement: July 15, 2004.

Respondent Moran signed the Uniform Submission Agreement: May 18, 2004.

Respondent Garcia did not file a Statement of Answer or submit a signed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: fraud pursuant to the federal and Connecticut securities laws, common law fraud, negligence, omission of facts, negligent misrepresentation, conversion and failure to supervise. The causes of action relate to risky and speculative securities and trading on margin.

Unless specifically admitted in its Answer, the UBS Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: the Statement of Claim does not state viable causes of action; Claimants waived their right to assert the claims raised therein, are estopped from asserting those claims and ratified the transactions at issue; Claimants knowingly assumed the risks associated with the transactions at issue; Claimants' contributory negligence bars their claims; any losses incurred by Claimants were not proximately caused by any actions of the UBS Respondents that are the subject of the Statement of Claim; the claims are barred by the applicable statutes of limitations; UBS and McIlrevey exercised reasonable supervision with respect to the matters that are the subject of the Statement of Claim, acted in good faith and did not directly or indirectly induce the acts constituting the alleged causes of action; Claimants did not incur net investment losses; Claimants failed to mitigate any damages allegedly caused by the UBS Respondents; and Claimants have no right to recover attorneys' fees, punitive damages or treble damages.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$460,000.00, plus reasonable attorneys' fees, costs, interest, punitive damages, and any other damages the Panel deems appropriate.

Respondents requested dismissal of the Statement of Claim with prejudice in its entirety, expungement of Respondents McIlrevey and Moran's CRD records, that Respondent UBS be awarded costs in defending this proceeding and any additional relief the Panel deems is just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned arbitrators determined that Respondent Garcia has been properly served with the Statement of Claim and that arbitration of the matter would proceed, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent Garcia did not file with NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. The claims in this proceeding have been resolved in their entirety by agreement of the parties.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Hugh McIlrevey's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Hugh McIlrevey must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent David Moran's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent David Moran must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

4. Any and all relief not specifically addressed herein, including punitive damages, is 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 = \$ 300.00

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 persons at the time of the events giving rise to the dispute. In this matter, UBS Paine Webber, Inc. n/k/a UBS Financial Services, Inc. is a party.

Member Surcharge = \$ 1,700.00

Pre-Hearing Process Fee = \$ 750.00

Hearing Process Fee = \$ 2,750.00

Forum Fees and Assessments

The 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. Forum fees associated with these proceedings are:

(1) Pre-hearing conference session with the Panel @ \$1,125.00/session = \$ 1,125.00

Pre-hearing conference: September 20, 2004 1 session

Total Forum Fees = \$ 1,125.00

1. The parties have agreed that Claimant Adulis is responsible for \$187.50 of the forum fees.
2. The parties have agreed that Claimant Café Adulis is responsible for \$187.50 of the forum fees.
3. The parties have agreed that Claimant Gebreyesus is responsible for \$187.50 of the forum fees.
4. The parties have agreed that Respondent UBS is responsible for \$187.50 of the forum fees.
5. The parties have agreed that Respondent McIlrevey is responsible for \$187.50 of the forum fees.
6. The parties have agreed that Respondent Moran is responsible for \$187.50 of the forum fees.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee = \$ 300.00

Forum Fees = \$ 562.50

Total Fees	= \$ 862.50
<u>Less payments</u>	= \$ 862.50
Balance Due NASD Dispute Resolution	= \$ 0.00

Pursuant to Rule 10332(f) of the Code of Arbitration Procedure, NASD is retaining the total amount of the hearing session deposited by the Claimants because this office was notified by the parties that they settled or withdrew this matter within eight business days of the first scheduled hearing session.

2. Claimant Adulis is solely liable for:

Forum Fees	= \$ 187.50
Total Fees	= \$ 187.50
<u>Less payments</u>	= \$ 187.50
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Claimant Café Adulis is solely liable for:

Forum Fees	= \$ 187.50
Total Fees	= \$ 187.50
<u>Less payments</u>	= \$ 187.50
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Claimant Gebreyesus is solely liable for:

Forum Fees	= \$ 187.50
Total Fees	= \$ 187.50
<u>Less payments</u>	= \$ 187.50
Balance Due NASD Dispute Resolution	= \$ 0.00

5. Respondent UBS is solely liable for:

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 187.50
Total Fees	= \$ 5,387.50
<u>Less payments</u>	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 187.50

6. Respondent McIlrevey is solely liable for:

Forum Fees	= \$ 187.50
Total Fees	= \$ 187.50
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 187.50

7. Respondent Moran is solely liable for:

Forum Fees	= \$ 187.50
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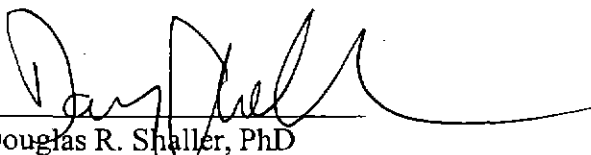
Total Fees	= \$ 187.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 187.50

All balances are due and payable to NASD Dispute Resolution.

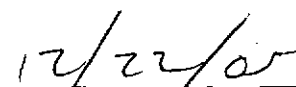
ARBITRATION PANEL

Douglas R. Shaller, PhD	-	Public Arbitrator, Presiding Chair
Allan E. Johnson	-	Public Arbitrator
Dennis C. Cronin	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Douglas R. Shaller, PhD
Public Arbitrator, Presiding Chair



Signature Date

Allan E. Johnson
Public Arbitrator

Signature Date

Dennis C. Cronin
None-Public Arbitrator

Signature Date

February 28, 2006

Date of Service (For NASD office use only)

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Douglas R. Shaller, PhD
Public Arbitrator, Presiding Chair

Signature Date



Allan E. Johnson
Public Arbitrator

2/23/06

Signature Date

Dennis C. Cronin
None-Public Arbitrator

Signature Date

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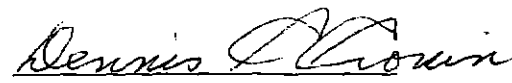
Concurring Arbitrators' Signatures

Douglas R. Shaller, PhD
Public Arbitrator, Presiding Chair

Signature Date

Allan E. Johnson
Public Arbitrator

Signature Date


Dennis C. Cronin
None-Public Arbitrator

12/21/05
Signature Date

February 28, 2006

Date of Service (For NASD office use only)