

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Deborah Stovall

and

04-05150
Kansas City, Missouri

Name of Respondents

Prudential Equity Group, LLC
UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc.
William T. Keen
Christopher L. Walker

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

REPRESENTATION OF PARTIES

Deborah Stovall ("**Claimant**") was represented by Diane A. Nygaard, Esq. and Susan Meagher, Esq., The Nygaard Law Firm, Leawood, Kansas.

Prudential Equity Group, LLC ("**Respondent Prudential**"), William T. Keen ("**Respondent Keen**") and Christopher L. Walker ("**Respondent Walker**"), for the period of time that Claimant's account was at Prudential only, hereinafter referred to as ("**Respondents**") were represented by John S. Barr, Esq. and Anne B. McCray, Esq., McGuire Woods LLP, Richmond, Virginia.

UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc. ("**Respondent UBS**"), William T. Keen ("**Respondent Keen**") and Christopher L. Walker ("**Respondent Walker**"), for the period of time that Claimant's account was at UBS, were represented by John W. Shaw, Esq., Berkowitz Oliver Williams Shaw & Eisenbrandt LLP, Kansas City, Missouri.

CASE INFORMATION

The Statement of Claim was filed on or about July 19, 2004. Submission Agreement of Claimant Deborah Stovall was signed on July 14, 2004. A corrected Uniform Submission Agreement was signed on August 14, 2004.

Statement of Answer was filed by Respondents Prudential Equity Group, LLC William T. Keen and Christopher L. Walker, for the period of time that Claimant's account was at Prudential only, on or about October 22, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: fraud; negligence; violation of NASD Rules of Conduct; breach of contract; breach of fiduciary duty; violation of the Missouri Securities Act of 2003; and violation of the Missouri Consumer Protection Act. Claimant summarized her claim as follows:

In 1999, Deborah Stovall met with Respondent William T. Keen and Respondent Christopher Walker to discuss her \$725,000 retirement plan savings she had accumulated with Marion Merrill Dow/Hoechst Marion Roussell (hereinafter "Marion/HMR"). At the time, Ms. Stovall was 42 years old and she wanted professional advice as to whether she should and could retire after 24 1/2 years at Marion/HMR. She had been referred to Respondents by co-workers who were also Respondents' clients. Respondents Keen and Walker assured Ms. Stovall that she could retire immediately, and that they would invest her \$725,000 to generate returns adequate to provide her with income for the rest of her life. Specifically, Respondents Keen and Walker recommended that Ms. Stovall start taking premature distributions from her retirement accounts immediately under IRC §72(t). They did not tell her that their strategy "locked" her in to taking approximately equal payments from the account for the next seventeen (17) years.

Deborah Stovall trusted Respondents Keen and Walker when they provided her with their expert opinion. She trusted that, as they told her, they could earn enough on her savings to provide her with a stable source of income for the remainder of her life, and that she would never run out of money. In reliance on their professional advice, Ms. Stovall decided to retire and "roll over" all her \$725,000 Marion/HMR retirement plan to Respondents' care. Using the PaineWebber "Selections" program, a semi-discretionary account based on PW's recommended stocks, Respondents invested Ms. Stovall's savings in individual stocks and equity-based, growth-oriented Federated and PaineWebber mutual funds. For their "services," Respondents charged Ms. Stovall an annual investment management fee, for their continuing management of her retirement savings. They invested more than 95% of Ms. Stovall's portfolio in equities, either individually, or within the mutual funds selected by Respondents, though she was retired and drawing a monthly income.

The entire portfolio, as established by respondents, would generate only \$1,556 in estimated annual income (from dividends, etc.). The remaining necessary "income" would have to come from liquidating positions in the various securities held in the account. This portfolio was entirely inappropriate for a retiree who was "locked into" retirement distributions for seventeen years, and would need the investments to provide income for the remainder of her life. Predictably, this aggressive and unsuitable investment plan decimated Claimant's retirement funds within a very short period of time.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated

Claimant's account was transferred to Prudential during the summer of 2001 and remained at Prudential only for a few months before being transferred to another firm. The new account forms completed when Claimant opened her Prudential accounts indicate that she had a net worth of \$75,000-\$100,000. Her stated primary investment objective was growth and her secondary objective was speculation. Her stated risk tolerance was aggressive. She indicated that she had ten years experience trading in equities, bonds and mutual funds.

All activity in Claimant's accounts while they were at Prudential was suitable for and consistent with her investment objectives. Claimant was made aware of the risks associated with her investments and chose to accept them. Claimant was fully informed of all activity in her accounts. Claimant was sent confirmations of all trades in her accounts, as well as monthly account statements. At no time did Claimant complain to Respondents about any of the investments in her accounts.

Respondents deny that they breached any duty to Claimant. Claimant's losses, if any, were not caused by the actions or inactions of Respondents.

RELIEF REQUESTED

Claimant requested an award in the amount of \$300,000, plus punitive damages, attorneys' fees, and costs, against Respondents.

Respondents requested that the Statement of Claim be dismissed and costs assessed against Claimant.

OTHER ISSUES CONSIDERED & DECIDED

Respondents Prudential Equity Group, LLC, UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc. William T. Keen and Christopher L. Walker did not file with the NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and are bound by the determination of the arbitration panel on all issues submitted.

The claims asserted against UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc. and against William T. Keen and Christopher L. Walker during their tenure with UBS Financial Services were dismissed in December 2004.

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 the NASD Dispute Resolution (the "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. The claims asserted in this matter are dismissed in their entirety.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees, not specifically awarded or otherwise provided for above.

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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm(s) are Prudential Equity Group, LLC. and UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc.

Member surcharge	\$	1,700.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,750.00
Total Member Fees	\$	<u>5,200.00</u>

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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

2	Pre-hearing session(s) with a single arbitrator	x	\$450.00	\$	900.00
	April 18, 2005	1	session		
	July 14, 2005	1	session		
2	Pre-hearing session(s) with Panel	x	1,125.00	\$	2,250.00
	January 7, 2005	1	session		
	June 27, 2005	1	session		
6	Hearing sessions	x	1,125.00	\$	6,750.00
	July 19, 2005	2	sessions		
	July 20, 2005	2	sessions		
	July 21, 2005	2	sessions		
Total Forum Fees				\$	<u>9,900.00</u>

The Arbitration Panel has assessed \$2,475.00 of the forum fees to Deborah Stovall.

The Arbitration Panel has assessed \$7,425.00 of the forum fees jointly and severally to Prudential Equity Group, LLC, William T. Keen, and Christopher L. Walker.

Fee Summary

Claimant, Deborah Stovall, is liable for:

Initial Filing Fee	= \$	300.00
<u>Forum Fees</u>	= \$	<u>2,475.00</u>
Total Fees	= \$	2,775.00
<u>Less payments</u>	= \$	<u>-1,425.00</u>
Balance Due NASD Dispute Resolution	= \$	1,350.00

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

Member Fees	= \$	5,200.00
Total Fees	= \$	<u>5,200.00</u>
<u>Less payments</u>	= \$	<u>-6,450.00</u>
Balance applied to fees below NASD Dispute Resolution	= \$	-1,250.00

Respondent, UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc., is liable for:

Member Fees	= \$	2,450.00
Total Fees	= \$	2,450.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Prudential Equity Group, LLC, William T. Keen, and Christopher L. Walker, are jointly and severally liable for:

<u>Forum Fees</u>	= \$	7,425.00
Total Fees	= \$	7,425.00
<u>Less payments</u>	= \$	-1,250.00
Balance Due NASD Dispute Resolution	= \$	6,175.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Sandra E. Price, Esq. - Public Arbitrator, Presiding Chair
Bill J. Alexander - Public Arbitrator
Will B. Tschudy - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Sandra E. Price
Sandra E. Price, Esq.
Public Arbitrator, Presiding Chair

August 18, 2005
Signature Date

/s/ Bill J. Alexander
Bill J. Alexander
Public Arbitrator

August 21, 2005
Signature Date

/s/ Will B. Tschudy
Will B. Tschudy
Non-Public Arbitrator

August 20, 2005
Signature Date

8/22/05
Date of Service (For NASD office use only)

NASD Dispute Resolution
Arbitration No. 04-05150
Award Page 6 of 6

Respondent, UBS Financial Services Inc. d/b/a UBS PaineWebber, Inc., is liable for:

Member Fees	= \$	2,450.00
Total Fees	= \$	2,450.00
Less payments	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Prudential Equity Group, LLC, William T. Keen, and Christopher L. Walker, are jointly and severally liable for:

Forum Fees	= \$	7,425.00
Total Fees	= \$	7,425.00
Less payments	= \$	-1,250.00
Balance Due NASD Dispute Resolution	= \$	6,175.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Sandra E. Price, Esq. - Public Arbitrator, Presiding Chair
Bill J. Alexander - Public Arbitrator
Will B. Tschudy - Non-Public Arbitrator

Concurring Arbitrators:

Sandra E. Price
Sandra E. Price, Esq.
Public Arbitrator, Presiding Chair

08-18-05
Signature Date

Bill J. Alexander
Public Arbitrator

Signature Date

Will B. Tschudy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Respondent, UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc., is liable for:

Member Fees	= \$	2,450.00
Total Fees	= \$	2,450.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Prudential Equity Group, LLC, William T. Keen, and Christopher L. Walker, are jointly and severally liable for:

Forum Fees	= \$	7,425.00
Total Fees	= \$	7,425.00
<u>Less payments</u>	= \$	-1,250.00
Balance Due NASD Dispute Resolution	= \$	6,175.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Sandra E. Price, Esq. - Public Arbitrator, Presiding Chair
Bill J. Alexander - Public Arbitrator
Will B. Tschudy - Non-Public Arbitrator

Concurring Arbitrators:

Sandra E. Price, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Bill J. Alexander
Public Arbitrator

Signature Date

Will B. Tschudy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

FAX 301-527-4848

NASD Dispute Resolution
Arbitration No. 04-05150
Award Page 6 of 6

Respondent, UBS Financial Services Inc. f/k/a UBS PaineWebber, Inc., is liable for:

Member Fees	= \$	2,450.00
Total Fees	= \$	2,450.00
Less payments	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Prudential Equity Group, LLC, William T. Keen, and Christopher L. Walker, are jointly and severally liable for:

Forum Fees	= \$	7,425.00
Total Fees	= \$	7,425.00
Less payments	= \$	-1,250.00
Balance Due NASD Dispute Resolution	= \$	6,175.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Sandra E. Price, Esq. - Public Arbitrator, Presiding Chair
Bill J. Alexander - Public Arbitrator
Will B. Tschudy - Non-Public Arbitrator

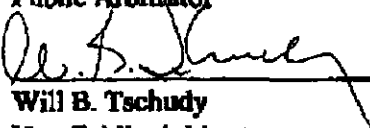
Concurring Arbitrators:

Sandra E. Price, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Bill J. Alexander
Public Arbitrator

Signature Date


Will B. Tschudy
Non-Public Arbitrator

8/20/05

Signature Date

Date of Service (For NASD office use only)