

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Peter C. Neumann, Peter C. Neumann as Trustee for the Peter Chase Neumann Professional Corporation, Peter C. Neumann as Trustee for the Peter Chase Neumann Professional Corporation Profit Sharing Plan, and Renate M. Neumann, Claimants v. UBS Securities LLC (f/k/a UBS Warburg LLC) and UBS Financial Services Inc., Respondents

Case Number: 04-06338

Hearing Site: Reno, Nevada

Nature of the Dispute: Customers v. Members

REPRESENTATION OF PARTIES

For Claimants:

Bruce L. Simon, Esq.
Cotchett, Pitre, Simon &
McCarthy
Burlingame, California

For Respondents:

David A. Carroll, Esq.
Jones Vargas
Las Vegas, Nevada

CASE INFORMATION

Statement of Claim filed: September 2, 2004

Claimants Peter C. Neumann, Peter C. Neumann as Trustee for the Peter Chase Neumann Professional Corporation, Peter C. Neumann as Trustee for Peter Chase Neumann Professional Corporation Profit Sharing Plan, and Renate M. Neumann's Joint Uniform Submission Agreement signed: September 18, 2004

Joint Statement of Answer filed by Respondents UBS Securities LLC (f/k/a UBS Warburg LLC and hereinafter UBS Securities LLC) and UBS Financial Services Inc., Respondents: December 2, 2004

Respondent UBS Securities LLC's Uniform Submission Agreement signed: October 20, 2004

Respondent UBS Financial Services Inc.'s Uniform Submission Agreement signed: December 1, 2004

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty, fraud, deceit, concealment, negligent misrepresentation, unsuitability, and violation of Nevada securities laws. Claimants' allegations involved the purchase of WorldCom shares in reliance on Respondents' analysts' recommendation.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in Claimants' Statement of Claim and asserted the following defenses: failure to state a claim upon which relief may be granted, estoppel, waiver, any damages sustained by Claimants were proximately caused by their own acts or by acts of their agents, unclean hands, failure to mitigate, there were no misstatements and/or omissions in all statements, publications, filings, and/or reports regarding WorldCom, Inc., Respondents did not know and could not have known of any alleged untruths and/or omissions made to Claimants concerning the purchase of securities, Respondents did not act with scienter, Claimants did not rely on any misstatements and/or omissions in connection with their purchase of securities, Claimants' claims are barred by applicable statutes of limitation, Claimants have failed to allege facts that would establish that Respondents' conduct was the proximate cause of Claimants' alleged damages, and damages alleged by Claimants were caused by Claimants' negligence, which is greater than the alleged negligence of Respondents, and thus Claimants' claims against Respondents are barred.

RELIEF REQUESTED

Claimants requested unspecified compensatory damages, unspecified special damages, unspecified punitive damages, an injunction ordering Respondents to cease and desist from engaging in the conduct described in the Statement of Claim, pre-judgment interest, and costs, including attorney's fees.

Respondents requested dismissal of Claimants' Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

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

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

- 1) Claimants' claims are denied in their entirety.
- 2) The parties shall bear their respective costs, including attorney's fees.
- 3) 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 received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 250.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm UBS Securities LLC is a party, and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,200.00</u>
Total Member Fees	= \$ 4,450.00

The member firm UBS Financial Services Inc. is a party, and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,200.00</u>
Total Member Fees	= \$ 4,450.00

Adjournment Fees

The following adjournment fees are assessed:

August 31 – September 1, 2005, adjournment requested by Claimants	= \$ 1,000.00
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The Panel assessed the adjournment fee 50% to Claimants jointly and severally and 50% to Respondents jointly and severally.

Three-Day Cancellation Fees

Three-day cancellation fees apply when a hearing on the merits is postponed or settled within three business days before the start of the first scheduled hearing session. The following three-day cancellation fees are assessed:

Cancellation of August 31 – September 1, 2005 hearings dates: = \$ 300.00

1. The Panel assessed \$150.00 of the three-day cancellation fee jointly and severally to Claimants.
2. The Panel assessed \$150.00 of the three-day cancellation fee jointly and severally to Respondents.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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. The following forum fees are assessed:

One (1) pre-hearing conference session with a single arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: June 27, 2005 1 session

One (1) pre-hearing conference session with the Panel @ \$1,000.00/session = \$1,000.00
Pre-hearing conference: February 7, 2005 1 session

Three (3) hearing sessions @ \$1,000.00/session = \$3,000.00
Hearings: December 1, 2005 2 sessions
December 2, 2005 1 sessions

Total Forum Fees = \$4,450.00

The Panel assessed \$4,450.00 of the forum fees jointly and severally to Claimants Peter C. Neumann, Peter C. Neumann as Trustee for the Peter Chase Neumann Professional Corporation, Peter C. Neumann as Trustee for the Peter Chase Neumann Professional Corporation Profit Sharing Plan, and Renate M. Neumann.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 250.00
Adjournment Fee	= \$ 500.00
Three-Day Cancellation Fee	= \$ 150.00
<u>Forum Fees</u>	<u>= \$ 4,450.00</u>
Total Fees	= \$ 5,350.00
<u>Less payments</u>	<u>= \$(2,350.00)</u>
Balance Due NASD Dispute Resolution	= \$ 3,000.00

2. Respondent UBS Securities, LLC is charged solely with the following fees and costs:

Member Fees	= \$ 4,450.00
<u>Less payments</u>	<u>= \$(4,450.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent UBS Financial Services, Inc. is charged solely with the following fees and costs:

Member Fees	= \$ 4,450.00
<u>Less payments</u>	<u>= \$(4,450.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondents UBS Securities, LLC and UBS Financial Services, Inc. are charged jointly and severally with the following fees and costs:

Adjournment Fee	= \$ 500.00
<u>Three Day Cancellation Fee</u>	<u>= \$ 150.00</u>
Total Fees	= \$ 650.00
<u>Less Payments by UBS Securities, Inc.</u>	<u>= \$ (650.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

<i>Nancy L. Hudson</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Willy Nordwind, Jr., Esq.</i>	-	<i>Public Arbitrator</i>
<i>Geoffrey A. Vanderpal</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

Nancy L. Hudson
Nancy L. Hudson
Chair, Public Arbitrator

12-05-2005
Signature Date

Willy Nordwind, Jr., Esq.
Public Arbitrator

Signature Date

Geoffrey A. Vanderpal
Non-Public Arbitrator

Signature Date

12/6/05
Date of Service

NASD Dispute Resolution

Arbitration No. 04-06338

Award Page 6 of 6

ARBITRATION PANEL

Nancy L. Hudson

Willy Nordwind, Jr., Esq.

Geoffrey A. Vanderpal

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Public Arbitrator, Presiding Chair

Public Arbitrator

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Nancy L. Hudson

Chair, Public Arbitrator

Signature Date

Willy Nordwind, Jr., Esq.

Public Arbitrator

Signature Date


Geoffrey A. Vanderpal

Non-Public Arbitrator

12/05/05
Signature Date

12/6/05
Date of Service