

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Bernard R. Kennedy

and

04-08231
Chicago, Illinois

Name of Respondents

UBS Financial Services Inc.
VFinance Investments, Inc.
Frank Porporino, Jr.
Richard Anthony Campanella

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

REPRESENTATION OF PARTIES

Bernard R. Kennedy ("**Claimant**") was represented by Peter Marks, Princeton, New Jersey.

UBS Financial Services Inc. ("**Respondent UBS**") was represented by Jon D. Kaplan, Esq., UBS Financial Services, Inc., Weehawken, New Jersey.

VFinance Investments, Inc. ("**Respondent VFinance**"), Frank Porporino, Jr. ("**Respondent Porporino**") and Richard Anthony Campanella ("**Respondent Campanella**") hereinafter referred to as ("**Respondents**") were represented by Michael P. Gilmore, Esq., Sims Moss Kline & Davis LLP, Mineola, New York.

CASE INFORMATION

The Statement of Claim was filed on or about December 2, 2004. Response to Statement of Answer and Motion to Dismiss was filed on or about February 17, 2005. Submission Agreement of Claimant Bernard R. Kennedy was signed on December 1, 2004.

Statement of Answer and Motion to Dismiss was filed by Respondent UBS Financial Services Inc. on or about January 25, 2005. Submission Agreement of Respondent UBS Financial Services Inc. was signed and undated.

Statement of Answer and Motion to Dismiss was filed by Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella on or about February 7, 2005. Respondents'

Reply to the Response to Statement of Answer and Motion to Dismiss was filed on or about April 29, 2005. *Submission Agreement of Respondent VFinance Investments, Inc.* was signed on February 4, 2005.

CASE SUMMARY

Claimant asserted causes of action, including: breach of contract; negligence; failure to supervise; breach of fiduciary duty; misrepresentation; unauthorized trading; churning; and suitability. Specifically, Claimant alleged:

Kennedy's telephone records prove that he did not initiate any of the trades made in his name. Porporino's telephone records should prove that Kennedy had no prior notice of most trades, and that the trades were therefore unauthorized. Further support for that charge comes from vFinance order slips showing that many of the trades entailed stop loss and/or limit sell orders, and from the firm's failure to send Kennedy written confirmations of those orders; Kennedy, in fact, asserts that he has no knowledge of such orders.

Campanella freely admits that Kennedy gave Porporino neither a power of attorney nor discretionary trading authority. Campanella nevertheless contends that the trades were permissible because Kennedy knew that Porporino was trading actively using funds in Kennedy's account, but did nothing to stop it.

Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella denied the allegations set forth in the Statement of Claim. Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella specifically stated:

Mr. Kennedy entered into a settlement agreement with VFI dated February 26, 2002, which released the VFI and the individual respondents in this action from all claims through that date. Each of Mr. Kennedy's claims, including the claims for excessive trading, unauthorized trading, and unsuitability are lacking in merit. Mr. Kennedy acknowledged in writing that all trades in his account were authorized. Mr. Kennedy expressed in writing his intention to engage in short term, aggressive trading in the account at issue, which is exactly the strategy that was implemented in his account. Mr. Kennedy was and is sophisticated in investment matters and informed Respondents that he had a substantial net worth. Mr. Kennedy had a number of other very active brokerage accounts. The numerous correspondence between Mr. Kennedy and Respondents VFI and his former broker Frank Porporino, Jr. demonstrate Mr. Kennedy's acumen with respect to investment matters.

RELIEF REQUESTED

Claimant requested an award as follows:

Compensatory damages	\$28,133.81
Punitive damages	\$84,401.43
Interest	\$ 6,752.17
Costs	\$30,000.00

Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella requested the following relief:

1. That the claims set forth in the Statement of Claim against VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella be dismissed immediately in their entirety pursuant to the Motion to Dismiss; and
2. That the claims be dismissed in their entirety as to Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella; and
3. That the claims, this arbitration and all related matters be expunged from the securities industry records of Respondents; and
4. That Respondents be awarded their costs, that all forum and other fees be assessed against Claimant and for such other and further relief as the panel deems appropriate.

OTHER ISSUES CONSIDERED & DECIDED

Respondents Frank Porporino, Jr. and Richard Anthony Campanella 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 having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted.

On or about May 13, 2005, the parties were advised of the Arbitration Panel's decision to deny the Motion to Dismiss filed on behalf of Respondents VFinance Investments, Inc., Frank Porporino, Jr. and Richard Anthony Campanella.

On or about May 31, 2005, NASD Dispute Resolution was advised that Claimant and Respondent UBS Financial Services Inc. had reached a settlement of all claims between them.

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. Respondent VFinance Investments, Inc. is liable for and shall pay to Bernard R. Kennedy the sum of \$1,750.00 (**One Thousand Seven Hundred Fifty Dollars and No Cents**) as compensatory damages.
2. The claims asserted against Respondents Frank Porporino, Jr. and Richard Anthony Campanella are dismissed in their entirety.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Richard Anthony Campanella's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondent Richard Anthony Campanella must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
 - A. 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.
 - B. Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:
 - C. Respondent Richard Anthony Campanella was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.
4. 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.
5. 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 UBS Financial Services Inc. and VFinance Investments, Inc.

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

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Date(s), adjournment requested by Respondents VFinance Investments, Inc., = \$1,125.00
Frank Porporino, Jr. and Richard Anthony Campanella.

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers.. 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 Panel	@	1,125.00	\$	2,250.00
	April 12, 2005	1	session		
	May 11, 2005	1	session		
6	Hearing sessions	@	1,125.00	\$	6,750.00
	February 22, 2006	2	sessions		
	February 23, 2006	2	sessions		
	February 24, 2006	2	sessions		
	Total Forum Fees			\$	9,000.00

The Arbitration Panel has assessed \$9,000.00 of the forum fees to VFinance Investments, Inc.

Summary

Claimant, Bernard R. Kennedy, is liable for:

Initial Filing Fee	= \$	300.00
Total Fees	= \$	300.00
<u>Less payments</u>	= \$	-1,425.00
Balance to be refunded by NASD Dispute Resolution	= \$	-1,125.00

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

Member Fees	= \$	5,200.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-2,450.00
Balance Due NASD Dispute Resolution	= \$	2,750.00

Respondent, VFinance Investments, Inc., is liable for:

Member Fees	= \$	5,200.00
<u>Forum Fees</u>	= \$	9,000.00
Total Fees	= \$	14,200.00
Less payments	= \$	-6,325.00
<u>Applied to fees below</u>	= \$	1,125.00
Balance Due NASD Dispute Resolution	= \$	9,000.00

Respondents, VFinance Investments, Inc., Frank Porporino, Jr., and Richard Anthony Campanella, are jointly and severally liable for:

Adjournment Fee	= \$	1,125.00
Total Fees	= \$	1,125.00
<u>Less payments</u>	= \$	-1,125.00
Balance Due NASD Dispute Resolution	= \$	0.00

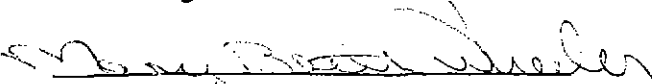
All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Mary Beth Wheeler, Esq. - Public Arbitrator, Presiding Chair
Colleen Grace, Esq. - Public Arbitrator
Woody Perkins, CFP - Non-Public Arbitrator

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Concurring Arbitrators:


Mary Beth Wheeler, Esq.
Public Arbitrator, Presiding Chair


Signature Date

Colleen Grace, Esq.
Public Arbitrator

Signature Date

Woody Perkins, CFP
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Public Arbitrator, Presiding Chair

Colleen Grace, Esq.
Public Arbitrator

Woody Ferkins, CFP
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Signature Date

3/1/06
Signature Date

Signature Date

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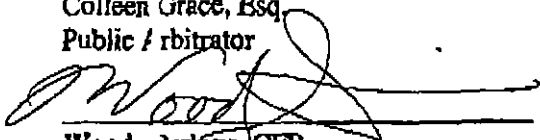
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Mary Beth Wheeler, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Colleen Grace, Esq.
Public Arbitrator

Signature Date



Woody Perkins, CFP
Non-Public Arbitrator

2/28/06

Signature Date

Date of Service (For NASD office use only)