

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Helen L. Rhodes and Franklin F. Rhodes, Claimants v. PaineWebber, Inc. n/k/a UBS Financial Services Inc., Respondent

Case Number: 05-01640

Hearing Site: Los Angeles, California

Nature of the Dispute: Customers v. Member

REPRESENTATION OF PARTIES

For Claimants:

Charles C. Hunter, Esq.
Woska & Hayes, LLP
Kingwood, Texas

For Respondent:

Kathy Adams, Esq.
UBS Financial Services Inc.
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: March 24, 2005

Claimant's Joint Uniform Submission Agreement signed: March 2, 2005

Statement of Answer filed by Respondent: June 1, 2005

Respondent's Uniform Submission Agreement signed: June 1, 2005

CASE SUMMARY

Claimants alleged negligence, misrepresentations, unsuitable recommendations, controlling person liability pursuant to Section 20(A) of the Exchange Act, breach of fiduciary duty, breach of contract, violation of Know Your Customer Rule, failure to diversify, over concentration, failure to supervise, violations of securities laws, and failure to hedge. Claimants' allegations involved transactions in mutual funds including Alliance Premier Growth, John Hancock Tech Fund, Putnam Research Fund, and MFS Mass Investors Growth, and Conexant Systems stock.

Respondent denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In their Statement of Claim, Claimants requested compensatory damages in excess of \$74,000.00, unspecified punitive damages, all of the direct losses in the account, all charges to the account, lost earnings, pre- and post-judgment interest on the maximum statutory rate pursuant to California law, and costs, including forum fees, hearing session fees, attorney's fees, expenses, and expert witness fees.

Respondent requested dismissal of the Claimants' Statement of Claim in its entirety and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On June 7, 2005, Claimants and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Pursuant to the Code of Arbitration Procedure IM-10100, the waiver of the Claimants shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

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, and the post-hearing submissions (if any), 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) All other relief requested and not expressly granted, including Claimants' request for punitive damages, is denied.

FEES

Pursuant to the *NASD Code of Arbitration Procedure* (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	= \$ 225.00
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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 PaineWebber, Inc. n/k/a UBS Financial Services Inc., is a party and the following fees are assessed:

Member Surcharge	= \$ 1,100.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 1,700.00
Total Member Fees	= \$ 3,550.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

One (1) Pre-hearing conference session with the Panel @ \$750.00/session	= \$ 750.00
Pre-hearing conference: August 4, 2005 1 session	
Five (5) Hearing sessions @ \$750.00/session	= \$ 3,750.00
Hearings: January 31, 2006 2 sessions	
February 1, 2006 2 sessions	
February 2, 2006 1 session	

Total Forum Fees	= \$ 4,500.00
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1. The Panel assessed \$2,250.00 of the forum fees to Respondent PaineWebber, Inc. n/k/a UBS Financial Services Inc.
2. The Panel waived \$2,250.00 of the forum fees.

Fee Summary

1. Claimants Helen L. Rhodes and Franklin F. Rhodes are charged jointly and severally with the following fees and costs:

<u>Initial Filing Fee</u>	= \$ 225.00
<u>Total Fees</u>	= \$ 225.00
<u>Less payments</u>	= \$ (975.00)
Refund Due Claimants	= \$ (750.00)

2. Respondent PaineWebber, Inc. n/k/a UBS Financial Services Inc. is charged with the following fees and costs:

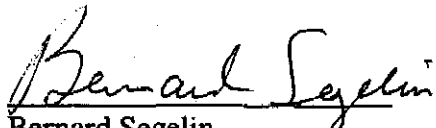
<u>Member Fees</u>	= \$ 3,550.00
<u>Forum Fees</u>	= \$ 2,250.00
<u>Total Fees</u>	= \$ 5,800.00
<u>Less payments</u>	= \$(3,550.00)
Balance Due NASD Dispute Resolution	= \$ 2,250.00

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

Bernard Segelin	-	Public Arbitrator, Presiding Chair
Newton Ira Waldman	-	Public Arbitrator
Dawn M. Kirchner	-	Non-Public Arbitrator

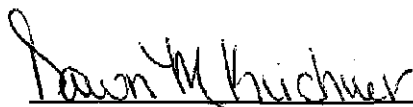
Concurring Arbitrators' Signatures


Bernard Segelin
Chair, Public Arbitrator

2/2/06
Signature Date


Newton Ira Waldman
Public Arbitrator

2/2/06
Signature Date


Dawn M. Kirchner
Non-Public Arbitrator

2 Feb 2006
Signature Date

2/2/06
Date of Service