

**Award
NASD Dispute Resolution**

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In the Matter of the Arbitration Between:
Gary Chew, Claimant v. UBS Financial Services Inc., Respondent

Case Number: 05-01979

Hearing Site: San Francisco, California

Nature of the Dispute: Associated Person v. Member

REPRESENTATION OF PARTIES

For Claimant:

Anna M. Rossi
Rossi & Meagher LLP
San Francisco, California

For Respondent:

Michael J. Lawson
Morgan, Lewis & Bockius LLP
San Francisco, California

CASE INFORMATION

Statement of Claim filed: April 13, 2005

Claimant's Arbitration Brief filed: April 28, 2006

Claimant's Uniform Submission Agreement signed: April 1, 2005

Statement of Answer filed by Respondent UBS Financial Services Inc. ("UBS"): July 6, 2005

Respondent's Pre-Hearing Arbitration Brief filed: April 28, 2006

CASE SUMMARY

Gary Chew alleged that UBS breached the terms of his employment contract of February 19, 1999. Mr. Chew also alleged that UBS breached the implied covenant of good faith and fair dealing. Claimant's dispute involved investments in shares of PaineWebber restricted common stock.

UBS denied Mr. Chew's allegations of wrongdoing and denied any liability to Mr. Chew. UBS also asserted various affirmative defenses.

RELIEF REQUESTED

Mr. Chew requested:

1. Damages in an amount exceeding \$50,000.00, to be determined according to proof at the time of arbitration;
2. All costs of arbitration, including attorney fees;
3. Pre-judgment interest from the date the contract was breached; and
4. Such further relief as the Panel deems just and proper.

In the Answer, UBS requested:

1. Mr. Chew take nothing by virtue of his Statement of Claim;
2. Mr. Chew pay UBS' forum fees and costs; and
3. Such other relief as the Arbitrators deem proper.

OTHER ISSUES CONSIDERED AND DECIDED

On May 12, 2005, Claimant and Claimant's 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 Claimant 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.

UBS did not file with NASD Dispute Resolution ("NASD-DR") a submission to arbitration but is required to submit to arbitration pursuant to the NASD-DR Code of Arbitration Procedure ("the Code") and, having answered Claimant's Claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On June 30, 2005, Claimant filed an Objection to Respondent's Answer as being untimely and requested that the answer be stricken. The Panel overruled the objection.

The parties have entered into a Stipulation and Protective Order Regarding Confidentiality.

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. The Panel awards Claimant 4,458.6 shares of UBS Common Stock less the number of UBS Common Stock shares that has a value as of May 26, 2006 of \$79,187.50, viz., 693.532 shares for a total award of **3,765.068 shares**.
2. Respondent is liable to and shall pay Claimant the sum of \$175.00 as reimbursement of Claimant's filing fee.
3. Except as mentioned in paragraph 2 above, each party shall bear its own costs, including attorney's fees.
4. All other relief not expressly granted 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	= \$175.00
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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, UBS is a party and the following fees are assessed:

Member Surcharge	= \$ 875.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$1,000.00
Total Member Fees	= \$2,625.00

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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. Fees associated with these proceedings are:

(3) Decisions on discovery-related motions on the papers
with one arbitrator @ \$200.00 = \$600.00

Claimant submitted three discovery-related motions

(1) Pre-hearing conference session with the Panel @ \$600.00/session = \$600.00
Pre-hearing conference: September 15, 2005 1 session

(7) Hearing sessions @ \$600.00/session = \$4,200.00

Hearing Dates: May 15, 2006 2 sessions
May 16, 2006 1 session
May 17, 2006 2 sessions
May 18, 2006 2 sessions

Total Forum Fees = \$5,400.00

The Panel assessed \$4,800.00 in forum fees to Respondent UBS.

The Panel waived the \$600.00 forum fee in connection with the hearing session on May 16, 2006.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 175.00
Less Payments	= \$(2,125.00)
Refund Due Claimant	= \$(1,950.00)

2. Respondent UBS is charged with the following fees and costs:

Member Fees	= \$ 2,625.00
Forum Fees	= \$ 4,800.00
Total Fees	= \$ 7,425.00
Less Payments	= \$(3,375.00)
Balance Due NASD Dispute Resolution	= \$ 4,050.00

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

ARBITRATION PANEL

Sheldon Michaels, Esq.	-	Public Arbitrator, Presiding Chair
M. Scott Donahey, Esq.	-	Public Arbitrator
Marlyn G. McClaskey	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Sheldon Michaels, Esq.
Chair, Public Arbitrator

6/2/06
Signature Date

M. Scott Donahey, Esq.
Public Arbitrator

Signature Date

Marlyn G. McClaskey
Non-Public Arbitrator

Signature Date

6/5/06
Date of Service

ARBITRATION PANEL

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Marilyn G. McCleskey	-	Non-Public Arbitrator

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Signature Date

M. Scott Donahey, Esq.
Public Arbitrator

Signature Date



Marilyn G. McCleskey
Non-Public Arbitrator

6-1-06
Signature Date

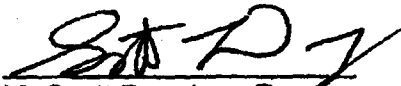
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Chair, Public Arbitrator



M. Scott Donahey, Esq.
Public Arbitrator

Marilyn G. McClaskey
Non-Public Arbitrator

Signature Date

22 MAY 2006
Signature Date

Signature Date

6/12/06
Date of Service