

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of Claimants

Elaine A. Medley, Dina A. Medley,
Donna Ullrich, and Debra A. Medley

vs.

Case Number: 05-05615
Hearing Site: Houston, Texas

Names of Respondents

UBS Financial Services, Inc. and
Elizabeth Anne Rinehimer

NATURE OF THE DISPUTE

Customers vs. Member and Non-Member

REPRESENTATION OF PARTIES

Elaine A. Medley was represented by Randall A. Pulman, Esq., Pulman, Bresnahan & Pullen, LLP, San Antonio, Texas.

Dina A. Medley, Donna Ullrich, and Debra A. Medley were represented by Dina A. Medley, Esq., Houston, Texas.

Elaine A. Medley, Dina A. Medley, Donna Ullrich, and Debra A. Medley are collectively referred to as "Claimants."

UBS Financial Services, Inc. ("UBS") was represented by Paul D. Flack, Esq., Nickens, Keeton, Lawless, Farrell & Flack, LLP, Houston, Texas.

Elizabeth Anne Rinehimer ("Rinehimer") was represented by Darlene Anne Smith, Esq., Crain, Caton & James, PC, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about November 4, 2005. The Submission Agreement of Claimant, Elaine A. Medley, was signed on or about September 21, 2005. The Submission Agreement of Claimant, Dina A. Medley, was signed on or about September 18, 2005. The Submission Agreement of Claimant, Donna Ullrich, was signed

on or about September 21, 2005. The Submission Agreement of Claimant, Debra A. Medley, was signed on or about September 20, 2005.

The Statement of Answer, Motion to Dismiss, Motion for Attorneys' Fees, and Request for an Early Hearing, were filed by Respondent, UBS Financial Services, Inc., on or about January 20, 2006. The Submission Agreement of Respondent, UBS Financial Services, Inc., was signed on or about March 31, 2006.

The Statement of Answer and Counter Claim was filed by Respondent, Elizabeth Anne Rinehimer, on or about January 4, 2006. The Submission Agreement of Respondent, Elizabeth Anne Rinehimer, was signed on or about December 16, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; negligence; failure to supervise; breach of fiduciary duty; misrepresentations; unauthorized trading; and omission of facts. The causes of action related to a Marital Property Agreement (the "Agreement") entered into by Elaine A. Medley and her husband Morris S. Medley. Claimants alleged that Respondents assisted, encouraged, participated, and/or acted in concert with Morris in allegedly attempting to alter the beneficiary allocation of the wife's IRA by executing the IRA Change of Beneficiary on her account. Claimant alleged that by doing this, Respondents attempted to breach the Agreement and conspired with Morris to defraud Elaine Medley.

Unless specifically admitted in its Answer, Respondent UBS denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants failed to state a claim upon which relief can be granted; Claimants ratified all transactions and are estopped to complain of them; Claimants' claims are barred by the doctrines of laches and the applicable statutes of limitations; Claimants failed to mitigate their damages; and Claimant assumed the costs and risks associated with any investments made.

Unless specifically admitted in her Answer, Respondent Rinehimer denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimants' right to assert claims is estopped by her own conduct; Claimants' claims and causes of action are barred, either in whole or in part, by the doctrines of laches, waiver, and estoppel; Claimants are barred from recovery by the doctrine of unclean hands; and Claimants' claims are barred in whole or in part in that all conditions precedent to recovery have not occurred.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$ 650,000.00
Exemplary/Punitive Damages	\$ 650,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary/Non-Monetary Relief	Unspecified

Respondent UBS requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

Respondent Rinehimer requested that the claims asserted against her be denied in their entirety and that she be awarded her costs and attorneys' fees.

In her Counter Claim, Rinehimer requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Exemplary/Punitive Damages	Unspecified
Attorneys' Fees	Unspecified
Other Monetary/Non-Monetary Relief	Unspecified

OTHER ISSUES CONSIDERED & DECIDED

On or about April 26, 2006, the Panel denied Respondent UBS' Motion to Dismiss.

On or about August 26, 2006, the parties presented NASD with a fully executed copy of an Agreed Order. The parties requested that it be presented to the Panel for their signatures. The language contained in the parties' Agreed Order is listed below in the Award section.

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.

AWARD

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

- 1.) All of the assets in the four subject accounts at UBS Financial Services, WB40288,

WB43442, WB40284 and WB43441, and the Annuities held by AXA/Equitable and Manulife will be liquidated and distributed as follows:

- (a) That Elizabeth Anne Rinehimer is to receive 100% of the proceeds of the annuity issued by AXA/Equitable, policy number 302613400. AXA is hereby directed to distribute the proceeds of the annuity to UBS account number WB40284 as custodian for further disbursement to Ms. Rinehimer. To the extent necessary, UBS will cooperate with Ms. Rinehimer in effecting that distribution. The non-annuity assets in account WB40284 will be distributed pursuant to paragraph 1(c.), below.
- (b) That Elaine Medley ("Medley") is to receive 100% of the proceeds of the annuity issued by Manulife, policy number 2275923. Manulife is hereby directed to distribute the proceeds of the Manulife annuity directly to Ms. Medley. To the extent necessary, UBS will cooperate with Ms. Medley in effecting that distribution. Should Manulife distribute the proceeds of the annuity to UBS, UBS shall forward the proceeds of said annuity to Elaine Medley, her counsel, or as directed by the private letter instructions submitted by Medley's counsel.
- (c) That the proceeds of all remaining assets in accounts WB43442, WB43441 and the non-annuity assets in accounts WB40284 (after payment to Rinehimer of the proceeds of the AXA/Equitable annuity in said accounts) will be divided between the Parties as follows:
 1. Medley & Medley Daughters: 65%
 2. Rinehimer: 35%
- (d) That UBS shall take Rinehimer's sole direction as to the means and manner that the 35% of the proceeds from the UBS IRA accounts are distributed after they are divided pursuant to the directions in paragraph 1(c) above. UBS shall take Medley's sole direction as to the means and manner that the 65% of the proceeds from the UBS IRA accounts are distributed after they are divided pursuant to the directions in paragraph 1(c) above. Medley or Rinehimer or their respective Counsel may instruct UBS by separate private communication of changes to these instructions as to their respective assets.

- 2.) UBS will effectuate these transfers within 10 days of receipt of all of the following: 1) the proceeds of the liquidation of the assets, 2) the fully executed Settlement Agreement to which the form of this Order is attached as Exhibit A; and 3) this signed Agreed NASD Order. UBS will not be responsible for any surrender fees or charges related to any of the liquidations. UBS may report the transactions provided for in this agreement to the IRS in UBS's customary fashion. UBS is not and will not be providing any tax advice to any party regarding any of these transactions;

- 3.) No later than 10 days after the receipt of all of the distributions described in paragraph 2 above, Claimant's claims, each and all will be dismissed with prejudice pursuant to the party's settlement agreement;
- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) Any relief, not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial Claim filing fee	= \$ 500.00
Counter Claim filing fee	= \$ 250.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firm is UBS Financial Services, Inc.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

August 28-31, 2006, settled by the parties on August 26, 2006	= \$ 300.00
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Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$ 2,400.00
Pre-hearing conferences: March 21, 2006	1 session
April 7, 2006	1 session
Total Forum Fees	= \$ 2,400.00

The Panel has assessed \$600.00 of the forum fees to Elaine A. Medley.

The Panel has assessed \$600.00 of the forum fees jointly and severally to Dina A. Medley, Donna Ullrich, and Debra A. Medley.

The Panel has assessed \$600.00 of the forum fees to UBS Financial Services, Inc.

The Panel has assessed \$600.00 of the forum fees to Elizabeth A. Rinehimer.

FEE SUMMARY

Claimants, Elaine A. Medley, Dina A. Medley, Donna Ullrich, and Debra A. Medley, are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 1,700.00
Balance to be Applied to Claimant's Fees Listed Below	= \$ 1,200.00

Claimant, Elaine A. Medley, is liable for:

Three-Day Cancellation Fee	= \$ 75.00
<u>Forum Fees</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 675.00
<u>Less payments</u>	= \$ 1200.00
Balance to be Applied to Claimants' Fees Listed Below	= \$ 525.00

Claimants, Dina A. Medley, Donna Ullrich, and Debra A. Medley, are jointly and severally liable for:

Three-Day Cancellation Fee	= \$ 75.00
Forum Fees	= \$ 600.00
Total Fees	= \$ 675.00
Less payments	= \$ 525.00
Balance Due NASD Dispute Resolution	= \$ 150.00

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

Member Fees	= \$ 8,550.00
Three-Day Cancellation Fee	= \$ 75.00
Forum Fees	= \$ 600.00
Total Fees	= \$ 9,225.00
Less payments	= \$ 9300.00
Refund Due to UBS Financial Services, Inc.	= \$ 75.00

Respondent, Elizabeth Anne Rinehimer, is liable for:

Counter Claim Filing Fee	= \$ 250.00
Three-Day Cancellation Fee	= \$ 75.00
Retention of Hearing Session Deposit	= \$ 400.00
Forum Fees	= \$ 600.00
Total Fees	= \$ 1,575.00
Less payments	= \$ 1,575.00
Refund Due to Elizabeth A. Rinehimer	= \$ 250.00

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

ARBITRATION PANEL

Larry J. Craddock, Esq. - Public Arbitrator, Presiding Chair
Stephen W. Mansfield, J.D. - Public Arbitrator
Nathan Levy - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Larry J. Craddock, Esq.
Larry J. Craddock, Esq.
Public Arbitrator, Presiding Chair

September 18, 2006
Signature Date

/s/ Stephen W. Mansfield, J.D.
Stephen W. Mansfield, J.D.
Public Arbitrator

September 17, 2006
Signature Date

/s/ Nathan Levy
Nathan Levy
Non-Public Arbitrator


September 15, 2006
Signature Date

September 19, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

Larry J. Craddock, Esq. - Public Arbitrator, Presiding Chair
Stephen W. Mansfield, J.D. - Public Arbitrator
Nathan Levy - Non-Public Arbitrator

Concurring Arbitrators' Signatures:


Larry J. Craddock, Esq.
Public Arbitrator, Presiding Chair

9/18/06
Signature Date

Stephen W. Mansfield, J.D.
Public Arbitrator

Signature Date

Nathan Levy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Larry J. Craddock, Esq. - Public Arbitrator, Presiding Chair
Stephen W. Mansfield, J.D. - Public Arbitrator
Nathan Levy - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Larry J. Craddock, Esq.
Public Arbitrator, Presiding Chair

S. W. Mansfield

Stephen W. Mansfield, J.D.
Public Arbitrator

Signature Date

09/17/06

Signature Date

Nathan Levy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Larry J. Craddock, Esq. - Public Arbitrator, Presiding Chair
Stephen W. Mansfield, J.D. - Public Arbitrator
Nathan Levy - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Larry J. Craddock, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Stephen W. Mansfield, J.D.
Public Arbitrator

Signature Date



Nathan Levy
Non-Public Arbitrator

9/15/2006

Signature Date

Date of Service (For NASD office use only)