

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	:	
	:	
PaineWebber, Inc.	:	
Claimant	:	
	:	
vs.	:	
	:	Case #88-01004
	:	
Bruce Paterson and Raymond John Mertz	:	AWARD
	:	
Respondent	:	
	:	
vs.	:	
	:	
	:	
John Bogucz	:	
	:	
Third-Party	:	
Respondent	:	

CASE SUMMARY

Claimant, PaineWebber, Inc. alleged that Respondents, Bruce Paterson and Raymond John Mertz owed to PaineWebber, Inc. an unsecured debit balance in the Respondents' joint account arising out of the sale of naked options in late 1987. Respondents maintained that Claimant and Claimants' representative, John Bogucz, failed to perform duties and obligations represented to Bruce Paterson and Raymond John Mertz that would make the recommended strategy successful in avoiding losses in their account as they traded options. Respondents, Bruce Paterson and Raymond John Mertz further maintained that this recommended trading strategy was unsuitable.

RELIEF REQUESTED

Claimant requested relief in the amount of \$15,205.06 plus interest at 9% per annum from December 31, 1987 and costs. Respondents, Bruce Paterson and Raymond John Mertz requested damages of \$40,000.00 against PaineWebber, Inc. and against third-party Respondent, John Bogucz along with interest from October 1987 plus costs and attorneys' fees.

AWARD

On September 19, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant, PaineWebber, Inc. on February 12, 1988 and by Respondent, Raymond John Mertz on October 28, 1988 and by Respondent, Bruce Paterson on September 19, 1989 and by Third-Party Respondent, John Bogucz on September 19, 1989. The initial claim was filed on March 29, 1988.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Raymond John Mertz and Bruce Paterson shall be liable jointly and severally and shall pay to the Claimant the sum of Fifteen Thousand Two Hundred Five Dollars and Six Cents (\$15,205.06) plus interest at 9% per annum from December 31, 1987 until the award is paid in full.
2. The counterclaim of Respondents, Raymond John Mertz and Bruce Paterson be and hereby is dismissed in its entirety.
3. The third-party claim of Respondents, Raymond John Mertz and Bruce Paterson be and hereby is dismissed in its entirety.
4. The parties shall each bear their respective costs including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant as costs of the one hearing session conducted in this matter.

CONCURRING ARBITRATORS

Dated: October 17th, 1989

CHARLES E. WALSH

WALTER B. BANCROFT

MYRON MOSCOVITZ, ESQ.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

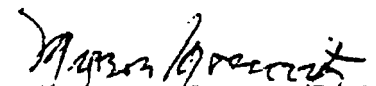
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CONCURRING ARBITRATORS

CHARLES E. WALSH

WALTER B. BANCROFT

Dated: October 17th, 1989



MYRON MOSCOWITZ, ESQ.

STATE OF New Jersey
COUNTY OF Monmouth

S.S.:

On this 3 day of October, 1989, before me personally appeared CHARLES E. WALSH to me known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same

Patricia M. Findlay
PATRICIA M. FINDLAY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Oct. 3, 1993

STATE OF

S.S.:

COUNTY OF

On this 10 day of Oct, 1989, before me personally appeared WALTER B. BANCROFT to me known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same

Robert A. Pilchick

ROBERT A. PILCHICK
Notary Public, State of New York
No. 52-8373975
Qualified in Suffolk County
Certificate Filed in Nassau County
Commission Expires Oct. 31, 1992

STATE OF *New Jersey*
COUNTY OF *Bergen*

S.S.:

On this day of , 1989, before me personally
appeared MYRON MOSCOVITZ, ESQ to me known and known to me to be the in-
dividual described in and who executed the foregoing instrument and be duly
acknowledged to me that he executed the same

Myron Moscovitz

Kathleen A. Colotta

KATHLEEN A. COLOTTA
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES JAN. 26, 1993