

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of Arbitration Between

JON W. KNOLLE, MARY KNOLLE, SOUTHWEST
WOMEN'S CLINIC et al.

Claimants

v.

PAINWEBBER, INC.

PETER SPERLING, KEN SPERLING

Respondents

NASD NO. 88-01293

CASE SUMMARY

Jon W. Knolle, Mary Anne Knolle, Southwest Women's Club Clinic Retirement Fund, and Southwest Women's Clinic Pension Fund (collectively referred to herein as "Claimants") alleged that PaineWebber, Inc. and Peter Sperling (collectively referred to herein as "Respondents") churned and made unauthorized transactions in three respective accounts in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10(b)(5) of the SEC Rules, breach of express contract, and breach of fiduciary duty. Claimants also alleged that there was an agreement with the Respondents that there would be a continuing stop loss order restricting loss in the accounts to 10% and an order that Sperling not purchase any securities that he did not own in his personal account.

Respondents deny each claim of the Claimants and further state that Mary or Jon Knolle authorized every trade and that the Knolles exercised control over each account at that was at PaineWebber. Respondents also alleged affirmative defenses which included but were not limited to: 1) the claim failed to state a cause of action, 2) statute of limitations, 3) the doctrines of waiver, laches, and ratification, and 4) contributory negligence.

RELIEF REQUESTED

Claimants' requested damages in the amount of \$265,235.43, attorneys' fees and interest. Respondents requested that all claims be dismissed.

AWARD AND OTHER RELIEF

On April 19, 1988, the Claimants filed their claim with the NASD. On September 12, 13 and 14, 1989, the undersigned arbitrators heard the controversy between the parties set forth in the submissions to the arbitrators signed by the Claimants on April 15, 1988, by Esther Koslow on behalf of PaineWebber, Inc. on April 15, 1988, and by Peter Sperling on June 24, 1988. The hearing was in Houston, Texas in six sessions.

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. All of the claims made by the Claimants against the Respondents are dismissed;
2. The parties shall each bear their own costs, including attorneys' fees;
3. Pursuant to Section 43 of the Code of Arbitration Procedure of the NASD, the Claimants' are assessed forum fees in the amount of \$2,250.00 including the \$750.00 previously deposited by the NASD, and the Respondents are also assessed forum fees of \$2,250. Forum fees are payable to the NASD through its staff counsel.

PRESIDING ARBITRATORS

Dated: 9-22-89

S/S Gerald E. Jolin, Esq.
Presiding Chair

Dated: 9-22-89

S/S Raymond L. Britton, Jr. Esq.

Dated: 9-22-89

S/S Gregory Keith Courtney

Date Served: 9-29-89