

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Gloria Gimma Harrison
Executive of the Estate of
Francis T. Brooks

Claimant

Case #88-02114

vs.

AWARD

PaineWebber, Inc. and
John McKay, III

Respondents

CASE SUMMARY

This proceeding was commenced initially on June 29, 1988 by Claimant Gloria Gimma Harrison ("Harrison") as Executive of the Estate of Francis T. Brooks ("The Estate") against Respondent PaineWebber, Inc. ("PaineWebber") and John McKay, III ("McKay") and arises out of a certain account of the Estate maintained by Claimant at PaineWebber. Claimant asserts that the Respondents are liable for losses incurred in the account while McKay was employed and after his termination from PaineWebber. Specifically, Claimant alleges that Respondents breached their duty to the Estate by recommending investments in highly speculative securities, by excessive purchases and sales and by failing to properly supervise McKay's activity in the account.

Claimant asserts claims for fraud and churning arising out of the account as well as a failure to properly and appropriately supervise McKay.

Respondents deny the allegations with respect to the account.

Page 2.

88-02114

Respondents essentially assert that Claimant authorized and approved the transactions made in the account. In addition, Respondents assert that the trades were executed and directed toward a preconceived policy of appreciation in the account.

McKay additionally asserts a cross claim against PaineWebber for any amount owed to Claimant arising out of the account.

RELIEF REQUESTED

Claimant requests an award for compensatory and punitive damages, interest, attorney fees and arbitration costs.

Respondents PaineWebber and McKay request a judgement dismissing the claim together with the costs of the proceeding and attorney fees.

Respondent McKay requests that he recover from PaineWebber any damages owed to Claimant on his cross-claim including costs, attorney fees and expenses of litigation.

Respondent PaineWebber requests an award in its favor against McKay on the cross-claim.

AWARD

On November 20 & 21, 1989, said dates representing three (3) hearing sessions in Atlanta, Georgia, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant and Respondents hereto. 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. Respondent PaineWebber, Inc. shall be liable and shall pay to Claimant Gloria Gimma Harrison the sum of One Hundred Nine Thousand Three Hundred Thirty Four Dollars and No Cents (\$109,334.00).
2. Respondent John McKay shall be liable to Claimant Gloria Gimma Harrison for the sum of Twelve Thousand Six Hundred Eighty Nine Dollars and No Cents (\$12,689.00), which amount per his cross-claim shall be paid by PaineWebber and is included in the above stated amount.
3. The claim of Claimant Gloria Gimma Harrison for punitive damages against the Respondents PaineWebber, Inc. and John McKay is denied.
4. The cross-claim of Respondent John McKay against Respondent PaineWebber, Inc. for costs, attorney fees and expenses shall be denied.

5. The parties shall each bear their respective costs including attorney's fees.
6. 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 initial hearing session conducted in this matter.

CONCURRING ARBITRATORS

A handwritten signature in black ink, appearing to read 'Winnie P. Pannell', written over a horizontal line.

WINNIE P. PANNELL

JAMES R. MARIETTA

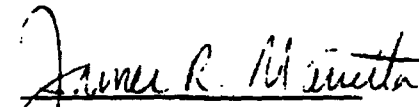
WALTER S. HAY

Dated: January 23, 1990

5. The parties shall each bear their respective costs including attorney's fees.
6. 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 initial hearing session conducted in this matter.

CONCURRING ARBITRATORS

WINNIE P. PANNELL


JAMES R. MARIETTA

WALTER S. HAY

Dated: January 23, 1990

Page 4.

88-02114

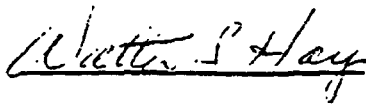
5. The parties shall each bear their respective costs including attorney's fees.
6. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant as costs of the initial hearing session conducted in this matter.

CONCURRING ARBITRATORS

WINNIE P. PANNELL

JAMES R. MARIETTA

Dated: January 23, 1990


WALTER S. HAY