

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of Arbitration Between

Ben Silverman  
Dave Silverman  
Beverly Hilbert  
John Iagnemma  
John Merlin  
Joseph D'Angeli

Claimants

vs.

PaineWebber, Inc.  
Gary Brown

Respondents

=====

CASE #88-02700  
88-02701  
88-02702  
88-02703

CASE SUMMARY

Claimants, Ben Silverman, Dave Silverman, Beverly Hilbert, John Iagnemma, John Merlin and Joseph D'Angeli allege that Respondent, Gary Brown, misrepresented facts relating to commissions charged, guaranteed return of interest rate with respect to American Capital Government Securities mutual fund. Claimants further allege that they relied upon said misrepresentation to their detriment. Claimants also allege that Respondent PaineWebber, Inc. failed to supervise Brown.

Respondent, PaineWebber, denies the allegations of misrepresentation and alleges that any loss sustained by the Claimants was as a result of the inherent market risk present in all investments. PaineWebber, Inc. also interposes twelve affirmative defenses.

Respondent, Gary Brown, denies the allegations of misrepresentation and wrongdoing. He also alleges that the order placed by Claimants were unsolicited. Gary Brown interposes a Counterclaim against all Claimants alleging slander to his professional and personal reputation.

Claimants in response to the Counterclaim argues that the National Association of Securities Dealers, Inc. does not have jurisdiction to hear Brown's defamation claim.

RELIEF REQUESTED

Claimants request that the arbitration panel deny the Counterclaim and award them damages as follows:

Ben Silverman	\$18,673.29
David Silverman	\$ 8,230.29
Beverly Hilpert	\$ 3,041.17
John Iagnemma	\$ 5,150.82
John Merlin	\$10,287.69
Joseph D'Angeli	\$ 7,047.17
Attorney's fees	\$ 2,500.00

Respondent, PaineWebber, Inc. requests that the claims be denied. Respondent, Gary Brown, requests that the panel dismiss the Statement of claim and award Respondent damages on his Counterclaim.

AWARD

On March 28, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants, Ben and Dave Silverman on June 7, 1988, John Iagnemma on December 10, 1988, John Merlin and Joseph D'Angeli on June 7, 1988 and December 8, 1988, respectively. And by Respondents PaineWebber, Inc. and Gary Brown on June 23, 1989 and December 22, 1988, respectively. The hearing was conducted in Pittsburgh, Pennsylvania and consisted of two 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:

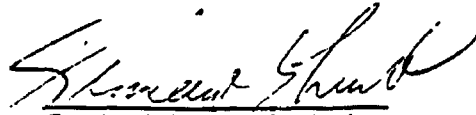
1. Respondents, PaineWebber, Inc. and Gary Brown are hereby jointly and severally liable to the Claimants as follows:
  - Ben Silverman - Five Thousand, Two Hundred Fifty Dollars and Zero Cents (\$5,250.00).
  - Dave Silverman - Two Thousand Nine Hundred Eighty-Four Dollars and Zero Cents (\$2,984.00)
  - Beverly Hilpert - Nine Hundred Seventy-Two Dollars and Fifty Eight Cents (\$972.58).
  - John Iagnemma - One Thousand Six Hundred Forty-Eight Dollars and Seventy Four Cents (\$1,648.74)

John Merlin - Three Thousand Five Hundred Dollars and Zero Cents  
(\$3,500.00).

Joseph J. G'Angeli - Two Thousand Seven Hundred Forty-One Dollars and  
Ninety Two Cents (\$2,741.92).

2. Respondents, PaineWebber, Inc. and Gary Brown are hereby jointly and severally liable to Claimants in the amount of Twelve Hundred Dollars and Zero Cents in attorney's fees.
3. The Counterclaims are hereby denied.
4. Pursuant to Section 43 of the Code of the Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant.
5. Pursuant to Section 43 of the Code of Arbitration, Respondents PaineWebber, Inc. and Gary Brown are each assessed \$200.00 in forum costs.

**ARBITRATOR CONCURRING**

  
Frederick E. Liechti

Dated: May 25, 1990

John Merlin - Three Thousand Five Hundred Dollars and Zero Cents  
(\$3,500.00).

Joseph J. G'Angeli - Two Thousand Seven Hundred Forty-One Dollars and  
Ninety Two Cents (\$2,741.92).

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3. The Counterclaims are hereby denied.
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5. Pursuant to Section 43 of the Code of Arbitration, Respondents PaineWebber, Inc. and Gary Brown are each assessed \$200.00 in forum costs.

**ARBITRATOR CONCURRING**

  
Harry E. Gerhard, Jr.

Dated: May 17<sup>th</sup>, 1990

John Merlin - Three Thousand Five Hundred Dollars and Zero Cents  
(\$3,500.00).

Joseph J. G'Angeli - Two Thousand Seven Hundred Forty-One Dollars and  
Ninety Two Cents (\$2,741.92).

2. Respondents, PaineWebber, Inc. and Gary Brown are hereby jointly and severally liable to Claimants in the amount of Twelve Hundred Dollars and Zero Cents in attorney's fees.
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ARBITRATOR CONCURRING



William O. Schach

Dated: May 12, 1990