

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Eric and Miyoko Kaufman

Claimant

vs.

PaineWebber, Inc.
and
Herbert Woller

Respondents

AWARD

CASE #88-03311

SUMMARY OF ISSUES

This case was filed on January 25, 1988. Claimants opened an account with Respondents into which they deposited \$20,000.00. The funds were used to purchase bonds on margin. Subsequent to the initial deposit, Claimants deposited \$245,000.00, which represented the balance of their account held at another brokerage.

At the time of said transfer, the Claimants allege that they told Respondents that the funds were not to be placed at risk because the funds were set aside for Claimants' retirement. After a series of transactions, the account net equity dropped to approximately \$114,000.00, at which time the Claimants closed their account.

Respondents allege that the Claimants were fully aware of the inherent risks in margin purchases and in fact had had margin accounts with other firms. The Respondents also assert that any losses suffered by the Claimants were due to market conditions and not to any mismanagement of their funds.

DAMAGES AND RELIEF REQUESTED

Claimants seek to recover lost profits in an amount according to proof, punitive damages, interest and attorneys' fees and costs.

Respondents seek dismissal of the claim in its entirety.

DAMAGES AND RELIEF AWARDED

On December 11 and 12, 1989 in San Francisco, California the undersigned arbitrators heard the controversy in five sessions between the parties as set forth in submissions to arbitration signed by Claimant Eric and Miyoko Kaufman on October 20, 1988 and by Respondent PaineWebber, Inc. and Herbert Woller on January 17, 1989. 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 Herbert Woller are jointly and severally liable and shall pay to Claimants the sum of Forty Five Thousand Dollars and No Cents (\$45,000.00).

2. The parties shall each bear their respective costs including attorneys' fees.

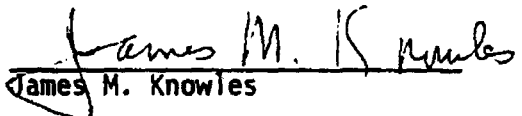
3. Pursuant to Section 43 of the National Association of Securities Dealers, Inc ("NASD") Code of Arbitration Procedure, the panel assesses the following fees:

a. The NASD shall retain the \$750.00 filing fee previously deposited by the Claimant;

b. PaineWebber, Inc. and Herbert Woller are jointly and severally assessed and shall pay to the NASD the sum of Three Thousand Dollars and No Cents (\$3,000.00) in forum fees.

ARBITRATORS CONCURRING

DATE SERVED: January 22, 1990


James M. Knowles

Paul F. Faberman

Robert Hallada

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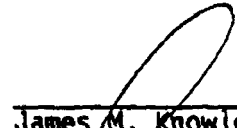
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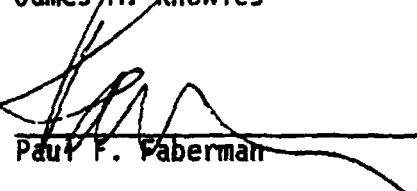
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