

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Ray A. Fields

Claimant

vs.

PaineWebber, Inc. and
J. Christopher Shelbourne

Respondents

CASE NO. 89-01147

SUMMARY OF ISSUES

This case was filed with the NASD on April 14, 1989. Claimant alleged that his broker misrepresented that the initial public offering of Bayou Steel Class A common shares was oversubscribed, that Claimant would not have purchased 4,300 shares of Bayou Steel had Respondent not told him that the new issue was oversubscribed, and that Respondent misrepresented that the decline in value shortly after the stock went public was due to material short selling during the period following its issuance.

Respondents maintained that Claimant was informed that the offering was oversubscribed in respond to Claimant's indication of interest to purchase 10,000 share which exceeded Respondent's allotment and that Claimant was advised that an oversubscription during the offering does not mean that a stock will be oversubscribed at the time of market. Respondents further maintained that when Claimant inquired as to the reason for the decline in value Respondents advised him that they did not know why the stock opened down but it could have been due to short selling in the market.

DAMAGES AND RELIEF REQUESTED

Claimant requested rescission of the transaction, interest at 9%, and attorney's fees.

Respondents requested dismissal of the claim and costs.

DAMAGES AND RELIEF AWARDED

On February 1, 1990 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on April 3, 1989 and by Respondents PaineWebber, Inc. on June 6, 1989 and J. Christopher Shelbourne on June 15, 1989. The hearing was held in Portland, Oregon and lasted two (2) sessions. In addition, there were

two pre-hearing conferences held before the arbitration hearing which account for two additional 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. The panel finds in favor of the Respondents, therefore all claims are dismissed.
2. The parties shall each bear their respective costs including attorneys' fees.
3. In accordance with Section 43 of the National Association of Securities Dealers, Inc (NASD) Code of Arbitration Procedure, the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators.

OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

ARBITRATORS CONCURRING

DATE SERVED: 2/13/90

Robert J. McGaughey

Theodore K. Canfield



Robert W. Waterman

two pre-hearing conferences held before the arbitration hearing which account for two additional 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. The panel finds in favor of the Respondents, therefore all claims are dismissed.
2. The parties shall each bear their respective costs including attorneys' fees.
3. In accordance with Section 43 of the National Association of Securities Dealers, Inc (NASD) Code of Arbitration Procedure, the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators.

OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

ARBITRATORS CONCURRING

DATE SERVED: 2/13/90


Robert J. McGaughey

Theodore K. Canfield

Robert W. Waterman

two pre-hearing conferences held before the arbitration hearing which account for two additional 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. The panel finds in favor of the Respondents, therefore all claims are dismissed.
2. The parties shall each bear their respective costs including attorneys' fees.
3. In accordance with Section 43 of the National Association of Securities Dealers, Inc (NASD) Code of Arbitration Procedure, the NASD shall retain the \$500.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators.

OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

ARBITRATORS CONCURRING

DATE SERVED: 2/13/90

Robert J. McGaughey

Theodore K. Canfield
Theodore K. Canfield

Robert W. Waterman