

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Richard and Phyllis Haley Claimants

vs.

PaineWebber, Inc. and Respondents
Donald Stecher

AWARD

CASE NO. 89-01461

SUMMARY OF ISSUES

This case was filed on May 16, 1989. Claimants alleged that: 1. The prospectus of the Putnam High Yield Trust upon which they relied in purchasing shares therein from Respondents did not disclose that distributions might include a portion of return of principal; that Respondents knew or should have known this and did not so advise Claimants and that Claimants were misled by this omission to their detriment; 2. Respondents were negligent in recommending two closed end funds which Claimants contended were not suitable investments for them and in not advising them to sell two high yield bond funds at an earlier date than the fund shares were sold; and 3. Respondent PaineWebber accumulated credit balances in Claimants' account and failed to timely transfer these balances to Claimants' interest bearing account.

Respondents denied any negligence on their part with respect to each of the above claims and stated that if there was any liability for omission or misstatement in the Putnam High Yield Trust prospectus the responsibility was that of the Putnam Companies.

DAMAGES AND RELIEF REQUESTED

Claimants requested \$69,408.00 in damages, \$25,000.00 in lost interest, return of commissions, and costs of arbitration.

Respondents requested dismissal of the claim and costs of arbitration.

DAMAGES AND RELIEF AWARDED

On April 26, 1990 in San Diego, California, the undersigned arbitrators heard the controversy in two sessions between the parties as set forth in

submissions to arbitration signed by Claimants on May 12, 1989, by Respondent PaineWebber, Inc. on October 20, 1989 and by Respondent Donald Stecher on July 27, 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. Each and every claim of Claimants is 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 \$400.00 filing fee previously deposited by the Claimants as an assessment of forum fees by the arbitrators.

OTHER ISSUES

Respondent PaineWebber, Inc. filed a third-party claim against the Putnam Companies. The Putnam Companies filed a motion to dismiss the third-party claim, asserting that the NASD had no jurisdiction over the Putnam Companies. The motion was not opposed by Claimants or by PaineWebber, Inc. and the Motion to Dismiss was granted.

PRESIDING ARBITRATORS

DATE SERVED: 05/18/90