

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Arthur Samuels, Sr. and                      Claimants  
Dee Samuels

vs.

PaineWebber, Inc. and                      Respondents  
Stephen H. Akin

AWARD

CASE NO. 89-01498

SUMMARY OF ISSUES

Claimants alleged that Respondents recommended and placed their funds in investments in common stocks and covered options calls which were unsuitable given their financial position and objectives, educational background and station in life, that Respondents failed to inform them of the risks of trading on margin, and that Respondents engaged in unauthorized trading in their account. Although not raised in the statement of claim, testimony regarding an allegation of churning was permitted at the hearing by the panel of arbitrators.

Respondent denied all Claimants' allegations, and asserted that Claimants were fully informed of all risks attendant to their investments and authorized all trades, that Claimant Arthur Samuels was an "active trader" who spent a great deal of time in Respondents' Corona office closely following and directing the activity in the account, and that he did not follow Respondents' suggestions not to trade so actively or to adjust trading strategy to conform with the market slowdown of early September 1987.

DAMAGES AND RELIEF REQUESTED

Claimants requested damages of \$72,710.00 plus interest at the rate of 10% per annum from June 1, 1987 to March, 1990, punitive damages, attorneys' fees and costs of arbitration.

Respondents requested dismissal of all claims and an award of damages to them of costs of arbitration.

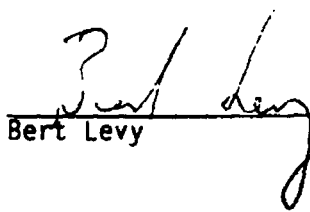
DAMAGES AND RELIEF AWARDED

This claim was filed with the NASD on May 18, 1989. On March 29 and April 9, 1990, in a hearing of four sessions in Los Angeles, California, the undersigned arbitrators heard the controversy between the parties pursuant to submissions to arbitration executed by Claimants on March 27, 1989, by Respondent PaineWebber, Inc. on July 27, 1989 and by Respondent Stephen Akin on July 10, 1989. Stephen Akin filed for protection under the bankruptcy laws and was removed as a Respondent in this action in February, 1990. 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. is liable for and shall pay to Claimants the sum of Thirty Thousand Dollars and Zero Cents (\$30,000.00).
2. The claim for punitive damages is dismissed.
3. The parties shall each bear their respective costs including attorneys' fees.
4. 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 Claimants as an assessment of forum fees by the arbitrators.

PRESIDING ARBITRATORS

DATE SERVED: 05/15/90

  
Bert Levy

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Ed Gartenberg, Esq.

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Bert Levy

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*Richard M. Leigh*  
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