

Arbitration

National Association of
Securities Dealers, Inc.
425 California St., Rm. 1400
San Francisco, CA 94104
(415) 781-3343
FAX: (415) 362-9946

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Patricia Townsend

89-01722

Name of Respondent(s)

PaineWebber, Inc.

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on June 9, 1989.

Claimant Patricia Townsend (Townsend) alleges that she was induced by respondent, Paine Webber, Inc. into transferring approximately \$200,000.00 in stock and dividends to her son's account with respondent without being informed that said stocks and dividends would be used to collateralize her son's margin account. Townsend alleges that she was not told of the high risk nature of her son's investment activities nor that her stocks were sold on three occasions to satisfy margin calls generated in her son's account.

Respondent Paine Webber asserts that claimant signed letters of authorization which allowed her son to place the shares in his account, and by doing so gave her son complete control over them.

DAMAGES AND RELIEF REQUESTED

Claimant seeks rescission and return of her stocks, money damages to compensate for her lost dividends and interest, punitive damages and costs.

Respondent seeks dismissal of the claim in its entirety.

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DAMAGES AND RELIEF AWARDED

On June 13th and 15th, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Patricia Townsend on May 30, 1989 and by Respondent Paine Webber, Inc. on August 7, 1989.

The hearing was conducted in San Diego, California and lasted 3 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. Each and every claim of Claimant Patricia Townsend against Respondent Paine Webber, Inc. is dismissed.
2. The parties shall each bear their respective costs including attorneys' fees.

In accordance with section [43] [45] of the NASD Code of Arbitration Procedure, the NASD shall retain the \$750.00 filing fee previously deposited by the Claimant as an assessment of forum fees by the arbitrators. In addition, Respondent Paine Webber, Inc. is also assessed fees of \$750.00 for forum fees, payable to NASD.