

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Joseph and Ethel Rubulotta

Claimants

vs.

#89-02982

PaineWebber, Inc.
Timothy M. Pastorino

Respondents

CASE SUMMARY

Claimants alleged that Respondents misrepresented the suitability of a common stock called Shayna International Industries which Claimants bought that later created losses in their accounts. Claimants further alleged that the broker involved was improperly supervised by PaineWebber, Inc. Respondents maintained that no misrepresentations regarding the Shayna stock were made to the Claimants, and all transactions in the Claimants' accounts were approved by them. Respondents further maintained that losses incurred by the Claimants were due to market conditions in October, 1987.

RELIEF REQUESTED

Claimants requested compensatory damages of \$30,000.00, punitive damages of \$1,000,000.00, plus costs. Respondents requested that the claims of the Claimants be dismissed.

AWARD

On September 25, 1990 and January 4, 1991 in New York City in four hearing sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to

arbitration signed by the Claimants Joseph and Ethel Rubulotta on October 19, 1989, by Respondent PaineWebber, Inc. on January 4, 1990, and by Respondent Timothy M. Pastorino on January 19, 1990. The initial Statement of Claim was filed on October 24, 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 all issues submitted for determination as follows:

(1) The transaction dated November 17, 1986 of 2,000 shares of Shayna International Industries, Inc. at \$2.49 per share (for a total dollar transaction of \$5,198.00) sold to the Claimants shall be rescinded by the Respondents. In addition, Respondents shall jointly and severally pay interest to the Claimants at a rate of 12% per year compounded yearly on a simple basis for four (4) years and two (2) months.

(2) The Claimants' claim for punitive damages be and hereby is dismissed in its entirety.

(3) The parties shall each bear their respective costs, including attorneys fees.

(4) Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimants. Respondents are jointly and severally assessed \$400.00 in forum fees. Additionally, Claimants are assessed an additional \$100.00 for the postponement fee for postponement of the scheduled hearing in this matter of October 17, 1990. All fees should be made payable to the NASD, Inc.

CONCURRING ARBITRATORS

/s/
Howard Mandell, Esq.

/s/
Lydia Bishop

/s/
Marcia Lucas Kessler, Esq.

Dated: February 21, 1991