

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
: Verden Fernandes as Custodian for :
Trevor Fernandes :
: Claimant :
: CASE #91-00140
vs. : AWARD
: PaineWebber, Inc. :
Rodney Davis :
: Respondents :

CASE SUMMARY

Verden Fernandes as Custodian for Trevor Fernandes, Pro Se, in a claim filed with the National Association of Securities Dealers, Inc. on January 11, 1991, alleged that Respondent Rodney Davis, a registered representative at PaineWebber's Los Angeles, CA office, sold him Greater Southwestern Funding Corporation Collateral Trust Bonds Serial Zero Coupon Series B due on 6/1/2004 in a custodian account for his son Trevor Fernandes. He states that these bonds are totally unsuitable, do not have a secondary market as promised, were misrepresented as to actual value and constitute a fraudulent investment.

Respondents, in a joint Statement of Answer submitted by their attorney Judy Louie, Los Angeles, CA, maintains that all risks were fully explained to Claimant and that he knowingly, willingly and voluntarily assumed the risk of investing with Respondents. They continue that Claimant failed to use the requisite due diligence concerning the account in question and has failed to mitigate the damages.

Claimant submitted a motion to preclude Respondent's Answer for not being timely filed and provided a reply to the Statement of Answer.

Respondents state that Claimants were not prejudiced by the oversight and slight delay in sending the Answer to them.

Claimant by letter dated July 18, 1991 reiterated his motion to preclude and repeated his allegations that the Answer was not timely submitted.

RELIEF REQUESTED

Claimant requests One Thousand Nine Hundred Fifty-Six Dollars and Forty Cents (\$1,956.40) in actual damages, One Thousand Eight Hundred Fifty Dollars (\$1,850) interest, One Hundred Dollars (\$100) tax penalties and Five Thousand Eight Hundred Sixty-Eight Dollars (\$5,868) in Punitive damages for a total damage claim of Nine Thousand Seven Hundred Seventy-Four Dollars and Forty Cents (\$9,774.40).

Respondents request dismissal with prejudice with costs and attorney's fees assessed against the Claimant.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Joyce S. Levinson, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on January 5, 1991 and by the Respondents on April 1, 1991 and April 9, 1991, respectively;


And, that the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. That the Claim of Verden Fernandes as Custodian for Trevor Fernandes be, and hereby is, dismissed in its entirety.
2. The parties shall bear their respective costs including attorney's fees.
3. The One Hundred Fifty Dollars (\$150) filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

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AFFIRMATION

I, JOYCE S. LEVINSON, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATED: 10/7/91