

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitenail Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration BetweenName of Claimants

Lester R. and Gerda K. Angevine

91-02159

Name of RespondentsPaineWebber, Inc.
William R. Via

REPRESENTATION

Claimants Lester R. and Gerda K. Angevine ("Claimants") were represented by Bradley P. Marrs, Esq. of the law firm of Meyer, Goergen and Marrs.

Respondents PaineWebber, Inc. ("PaineWebber") and William R. Via ("Via") were represented by in-house counsel Edward Werner, Esq.

CASE INFORMATION

Statement of Claim filed on: July 12, 1991.

Claimants' Submission Agreement signed on: July 10, 1991.

Joint Statement of Answer filed by Respondents, PaineWebber, Inc. and William R. Via on: January 29, 1992.

Respondent PaineWebber, Inc.'s Submission Agreement signed on: January 27, 1992.

Respondent William R. Via did not execute a Submission Agreement, however, pursuant to Section 12 of the NASD Code of Arbitration Procedure the arbitrators exercised their jurisdiction over him.

HEARING INFORMATION

Hearing Date/Session: May 14, 1992, 2 sessions

Hearing Location: Airport Sheraton Hotel in Richmond, Virginia.

CASE SUMMARY

Claimants alleged that Respondent Via recommended that Claimants invest in PaineWebber's High Yield Bond Fund and that he represented to Claimants that risk to principal in the High Yield Bond Fund was a maximum of 3% and the Fund did not invest in "junk bonds" i.e. bonds of less than "A" grade; Respondent Via's assurances induced Claimants to invest their entire principal through him in the High Yield Bond Fund. Claimants alleged that their investment in the High Yield Bond Fund resulted in a loss of 17% of principal and in order to prevent further losses, Claimants sold the interest in the Fund. Claimants further alleged that Claimant Lester Argevine spoke with another PaineWebber representative and learned that Respondent Via's representations were false and that the High Yield Bond Fund heavily invested in "junk bonds", investments which carry a substantial risk. Claimant's further alleged Respondents contracted to provide investment counseling services to Claimants in accordance with industry standards and with reasonable prudence; however, Respondents managed Claimants' investments in a manner which Respondent Via has since described as "poor, sloppy and disgusting", in breach of their contract with Claimants, and in violation of their fiduciary duty.

Respondents maintained that when Respondent Via and Claimants met to discuss investment options, Respondent Via showed Claimants the PaineWebber Fixed Income Portfolio, Inc. prospectus, which refers to three types of investments, GMA Portfolio, Investment Grade Bond Portfolio and High Yield Bond Portfolio. Respondents maintained that Respondent Via told Claimants the principle value of the High Yield Fund would fluctuate at a rate of interest no more than 3% and that after reviewing the prospectus, Claimants decided to invest in High Yield Bond Portfolio because the other two investment's yields were too low. Respondents further maintained that Claimants were apprised both verbally by Respondent Via and in writing by prospectus that the High Yield Bond Fund carried with it the greatest risk of any investment in the PaineWebber family of funds. Respondents further maintained Claimants mistated the loss incurred.

RELIEF REQUESTED

Claimants requested an award against Respondents PaineWebber, Inc. and William Via in the amount of \$50,000 in compensatory damages.

Respondents requested that this matter be dismissed in its entirety and that Respondents be awarded costs to the Claimants.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondents PaineWebber, Inc. and William R. Via are liable jointly and severally to the Claimants and shall pay to the Claimants the sum of Twelve Thousand and 00/100 Dollars (\$12,000.00); inclusive of interest.
2. Each party shall bear their own respective costs including attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

2 sessions X \$400 = \$800 minus hearing session deposit of \$400 = net \$400 due.

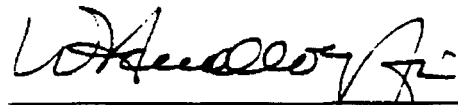
The Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$400 to represent forum fees.

Fees are payable to the National Association of Securities Dealers, Inc.

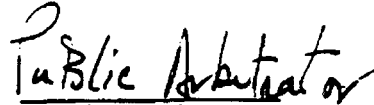
Concurring Arbitrator's Signature:

Name

Public/Industry



William H. Malloy, Jr., Esq./Chairman



Public Arbitrator

Date of Decision: June 16, 1992

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Concurring Arbitrator's Signature:

Name

Public/Industry

James F. Tucker

Public Arbitrator

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Concurring Arbitrator's Signature:

Name

Public/Industry



Jack Tootelian

Industry Arbitrator

6-15-92
Date of Decision: June 16, 1992