

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
: Edrie M. Etherton Trust, :
James M. Etherton, TTEE :
: Claimant : CASE #91-02760
: AWARD
vs. :
: PaineWebber Inc. :
Ray Johnson :
: Respondents :

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on September 4, 1991, Claimant Edrie M. Etherton Trust, James M. Etherton, TTEE who appeared Pro Se, alleged that Respondent PaineWebber Inc. and its broker, Respondent Ray Johnson recommended the purchase of Essex Financial Limited Partnership, which was inappropriate considering this account was maintained as a municipal bond and trust account. The Claimant further alleged that due to the misleading and inaccurate statements made by the Respondents, the Claimant was misled into this purchase that caused a loss in the account.

Respondent, PaineWebber, Inc. and Ray Johnson through their in-house counsel Joseph F. Generelli, Esq., maintained that the Claimants' account was handled in a diligent and prudent manner and that they should not be held responsible for the unforeseen difficulties facing the banking industry or market fluctuations. Respondents further maintained that they would not have intentionally made recommendations that were unsuitable, and that their actions in no way influenced the loss alleged by the Claimant.

On November 4, 1991 the Claimant submitted a Statement of Rebuttal in which he refuted the defense used by the Respondents.

RELIEF REQUESTED

Claimant, Edrie M. Etherton Trust, James M. Etherton, TTEE requested \$9,784.15, plus interest, costs and return of the NASD filing fee.

Respondents PaineWebber Inc. and Ray Johnson requested the claims of the Claimant be dismissed.

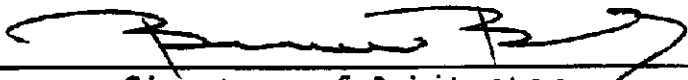
AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Bruce W. Brady, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 29, 1991 and by the Respondent PaineWebber Inc. on November 12, 1991, but not signed by Respondent Ray Johnson as required by Sections 12 and 13 of the NASD Code of Arbitration Procedure.

And, the Arbitrators, 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. Respondents, PaineWebber Inc. and Ray Johnson are jointly and severally liable and shall pay to Claimant, Edrie M. Etherton Trust, James M. Etherton, TTEE \$4,900.00 in actual damages.
2. The Claimants request for interest is denied.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD. Respondents PaineWebber Inc. and Ray Johnson shall pay \$150.00 to the Claimant as reimbursement of the filing fee.

I, BRUCE W. BRADY, 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

DATE OF DECISION: 7/20/92

DATED BY NASD, INC., JUL 27, 1992