

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Jerry W. Cousins

92-01917

Name of Respondent

PaineWebber, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. ("NASD") on June 8, 1992, Claimant, Jerry W. Cousins ("Cousins") who appeared pro se alleged that the Respondent, PaineWebber, Inc. ("PaineWebber") is liable to the Claimant for the difference between the quoted interest rate of 9.25% at the time of issuance of Columbia Savings & Loan Certificate of Deposit ("Columbia S & L CD") and the net yield interest rate of 5.92%. In March of 1987, Cousins purchased from PaineWebber, by and through James C. Strawn, Account Executive, and another PaineWebber representative from the New York office, three separate certificates of deposit including Peoples Heritage Savings & Loan Certificate of Deposit ("Peoples Heritage S & L CD") due to mature on April 1, 1991 with a 8.0% interest rate and Columbia S & L CD due to mature on September 9, 1995 with a 9.25% interest rate. As alleged, Cousins was not informed that the certificates of deposit were not original issues or insured or that he might not receive the quoted interest rates.

In April of 1990, the Peoples Heritage S & L CD was liquidated due to the insolvency of the issuer and Cousins received a lower than quoted interest rate. After requesting the difference between the quoted interest rate and the yield from PaineWebber, Cousins received checks in the amount of the difference without explanation. On September 26, 1991, the Columbia S & L CD was liquidated by the Resolution trust Corporation ("RTC") due to the insolvency of the issuer. Cousins allegedly made several demands for restitution from PaineWebber for the difference between the 9.25% quoted rate and the 5.92% received rate from the liquidation of the Columbia S & L CD. PaineWebber refused, and continues to refuse, to honor those demands.

Respondent, PaineWebber, by and through their in-house counsel, Edward P. Degenhardt, Esq., maintained that PaineWebber cannot be held liable for the lower interest rate received on the Claimant's investment in the Columbia S & L CD and that the situation

regarding the Columbia S & L CD was beyond the control of PaineWebber. The Respondent alleged that, since the Claimant did not lose any principal on his investment of \$40,000.00 and realized a profit of \$5,700.03 in return for his investment in Columbia S & L CD, the Claimant had not been damaged and the claim should be dismissed.

RELIEF REQUESTED

Claimant, Jerry W. Cousins requested \$3,732.74 plus interest and requested PaineWebber to explain why the 9.25 % CD earned only 5.92 %.

Respondent, PaineWebber requested that the claim be dismissed with prejudice in its entirety and requested that the Claimant be assessed costs and attorneys' fees.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, A. Ross Rommel, Jr., Esq. was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, Jerry W. Cousins on June 5, 1992 and by the Respondent, PaineWebber on November 19, 1992.

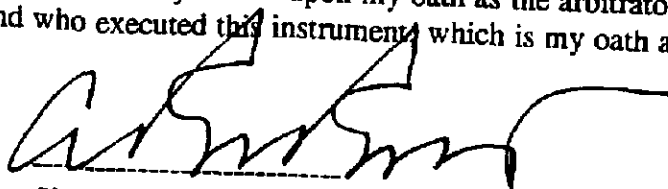
The Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant, Jerry W. Cousins against the Respondent, PaineWebber, Inc. are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, Jerry W. Cousins shall be retained by the NASD, Inc. The Respondent, PaineWebber, Inc. is liable and shall pay to the Claimant the sum of \$62.50 as partial reimbursement.

NASD AWARD NO. 92-01917
PAGE 3 of 3

AFFIRMATION

I, A. Ross Rommel, Jr. Esq., do hereby affirm upon my oath as the arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

A handwritten signature in cursive script, appearing to read 'A. Ross Rommel, Jr.', written over a horizontal line.

Signature of Arbitrator

DATE OF DECISION:

June 18, 1993