

PUBLIC

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Raj Bhushan & Usha Sood

93-02066

Name of Respondent(s)

PaineWebber, Inc.  
David R. Striplin

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REPRESENTATION

For Claimants Raj Bhushan and Usha Sood: Robert B. Eubank, Esq.,  
Birmingham, AL.

For Respondents PaineWebber, Inc. and David R. Striplin: A. Inge Selden, Esq.  
of the law firm of Maynard Cooper and Gale, P.C.

CASE INFORMATION

Statement of Claim filed: May 24, 1993.

Claimants' Submission Agreement signed on: February 18, 1993.

Joint Statement of Answer filed by Respondents PaineWebber, Inc. and David R.  
Striplin on: August 18, 1993.

Respondent PaineWebber, Inc.'s Submission Agreement signed on: August 16,  
1993.

Respondent David R. Striplin's Submission Agreement signed on: August 17,  
1993.

### HEARING INFORMATION

Hearing Dates/Sessions:    January 4, 1994 / One Session  
   January 5, 1994 / One Session  
   July 12, 1994 / Two Sessions  
   July 13, 1994 / One Session

Hearing Location: NASD offices located in Atlanta, GA.

### CASE SUMMARY

Claimants alleged that Respondents executed unauthorized trades in the Claimants' account; churned the Claimants' account and purchased securities that were unsuitable for the Claimants' conservative investment objectives; breached the fiduciary duty owed to Claimants and were guilty of willful and wanton negligence to the Claimants' great harm. Claimants further alleged the Respondents violated federal and state securities laws.

Respondents PaineWebber, Inc. and David R. Striplin denied each and every allegation of wrongdoing and liability set forth in or implied by the Statement of Claim. Respondents further maintained each of the transactions in Claimants' account was authorized, and each recommendation made by David R. Striplin was designed to meet the investment objectives expressed by Claimant to PaineWebber, Inc. Respondents further maintained Claimants maintained control over their account at all times and the level of activity was entirely consistent with their investment objectives and in short, the trading in Claimants' account was neither unauthorized, unsuitable or excessive, and their claims in this proceeding are utterly unfounded. Respondents further maintained by the Claimants' awareness of the transactions, their approval of the transactions, their direction of the transactions, and/or their failure to object to the transactions in a timely manner, Claimants' claims are barred by the doctrines of estoppel, ratification and waiver. Respondents further maintained the losses suffered by Claimants were the result of independent market forces beyond the control of Respondents. Respondents further maintained no punitive damages are warranted by the facts of the case nor does the applicable law allow any such award.

### RELIEF REQUESTED

Claimants requested \$55,000.00 actual damages; \$445,000.00 in punitive damages; interest at six percent per annum plus attorneys' fees costs and expenses.

Respondents requested that the arbitrators dismiss the claim in full and assess all costs and fees associated with this proceeding against the Claimants.

**AWARD**

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

1. The Respondents be and hereby are liable jointly and severally and shall pay to the Claimants the sum of \$18,000.00 interest specifically excluded.
2. The Claimants' request for punitive damages is denied.
3. Each party shall bear their respective costs including attorneys' fees.

**FORUM FEES**

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

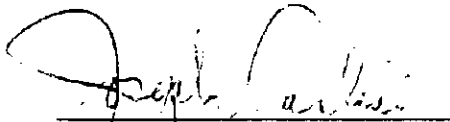
5 sessions x \$750.00 = \$3,750.00 less Claimant's hearing session deposit (\$750.00) = net \$3,000.00 due.

The Claimant be and hereby is liable and shall pay to the NASD the sum of \$750.00 representing forum fees and the Respondents be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$2,250.00 representing forum fees.

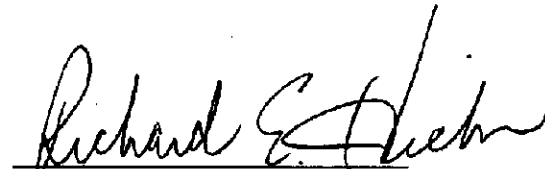
Fees are payable to the National Association of Securities Dealers, Inc.

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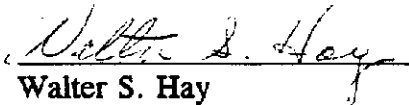
ARBITRATORS' SIGNATURE



Joseph Carlisi, Esq.  
Public Arbitrator



Richard E. Hicks, Esq.  
Public Arbitrator



Walter S. Hay  
Industry Arbitrator

Date of Decision: 7/25/94