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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

PaineWebber Incorporated

93-02112

Name of Respondent

Andrew R. Zodin

REPRESENTATION

For Claimant: PaineWebber Incorporated ("PaineWebber") was represented by Paul G. Thomas, Esq. of PaineWebber Incorporated, New York, New York.

For Respondent: Andrew R. Zodin ("Zodin") was represented by Leonard J. Meyer, Esq of Zimmerman, Flum & Axelrod, P.C., located in Houston, Texas.

CASE INFORMATION

Statement of Claim filed: May 26, 1993.

Claimant's Submission Agreement signed on: June 25, 1993 by Garry J. Stegeland, Associate General Counsel, First Vice President, PaineWebber Incorporated.

Respondent's Application for Extension of Time to File Answer filed: February 17, 1994.

Claimant's Reply to Respondent's Motion for Extension of Time and Motion to Preclude and Other Relief filed: February 17, 1994.

Zodin's Response to the Reply and the Motion to Preclude filed: February 17, 1994.

Statement of Answer filed by Respondent, Andrew R. Zodin on: February 16, 1994.

Respondent, Andrew R. Zodin's Submission Agreement signed on: February 16, 1994.

Claimant's Motion To File Amended Statement of Claim filed: February 24, 1994.

Claimant's Amended Statement of Claim filed: May 13, 1994.

Respondent's Memorandum in Support of Position filed: May 23, 1994.

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HEARING INFORMATION

Pre-Hearing Conference: February 18, 1994 before Three (3) Arbitrators; and
May 9, 1994 before Three (3) Arbitrator.

Hearing Dates/Sessions: March 1, 1994 for One (1) Session; and
June 1, 1994 for One (1) Session.

Hearing Location: Houston, Texas.

CASE SUMMARY

Claimant PaineWebber alleged that Respondent Zodin had failed to pay the sums due on a promissory note executed as part of his employment with PaineWebber. PaineWebber specifically alleged that:

1. On or about June 17, 1992, in connection with Zodin's employment, PaineWebber advanced Zodin the sum of \$135,683.00 and Zodin signed a promissory note to PaineWebber in that amount. The terms of the Note provided that the indebtedness would be forgiven in four equal annual installments of \$33,920.75 each, provided that certain conditions were met, but that if Zodin's employment was terminated for any reason whatsoever, whether voluntarily or involuntarily, prior to the due date of the Note, PaineWebber had the option to declare the Note immediately due and payable;
2. In addition, at or about the time the Notes were signed, Zodin was provided with separate written explanation of the terms of the Note and signed a separate acknowledgment form acknowledging that he had read the explanation; and
3. Zodin voluntarily resigned from PaineWebber on April 7, 1993 to go to work for D.B. Frey & Company as a broker. Zodin left the full balance due on the Note of \$135,683.00; this amount less an EFL pre-pay of \$3,839.94 left a balance due of \$131,843.06. Demand was made for total payment of \$131,843.06, but no payment was received.

Respondent denied owing any sums to PaineWebber, alleging that:

1. Zodin joined PaineWebber on June 17, 1994 at which time he signed a promissory note in connection with his employment; however, the terms of the Note do not entitle PaineWebber to full payment on the Note based on the acceleration clause;

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2. The terms of the Note plainly provides that acceleration of payment on the Note may occur only in the event that Rodin's employment with PaineWebber is terminated for cause;
3. Zodin's employment with PaineWebber was not terminated for cause; PaineWebber's allegation that Zodin was "permitted to resign" was false; and
4. No other basis for acceleration of the promissory note was met.

RELIEF REQUESTED

Claimant PaineWebber requested entry of an award in its favor against Zodin in the amount of \$131,843.06, plus interest together with attorneys' fees and costs, as expressly provided for in the Note.

Respondent Zodin requested that the panel completely deny all of the relief sought by claimant PaineWebber, and that respondent recover all attorneys' fees and costs he incurs in this proceeding.

OTHER ISSUES CONSIDERED & DECIDED

On February 18, 1994, the Panel granted Respondent's Application for Extension of Time to File Answer and the Statement of Answer was accepted by the Panel. Claimant's Motion to Preclude was denied.

Claimant's Motion to Amend Statement of Claim was granted by the Panel after a Pre-Conference Hearing on May 9, 1994.

By letter dated May 31, 1994, Respondent Zodin elected not to appear and defend himself at the at the arbitration hearing scheduled for June 1, 1994. At hearing, the Panel determined that the hearing would continue pursuant to Section 29 of the NASD Code of Arbitration Procedure.

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. Respondent Andrew R. Zodin is liable for and shall pay to Claimant PaineWebber Incorporated the sum of \$144,283.00 for actual damages and interest;

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2. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those specifically enumerated herein; and

3. Any relief not specifically granted is hereby denied.

FORUM FEES

Pursuant to Section 44(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed: Two (2) Pre-Hearing Conferences with Three (3) Arbitrators x \$750.00 per session = \$1,500.00; Two (2) hearing sessions x \$750.00 per session = \$1,500.00; Total Forum Fees = \$3,000.00.

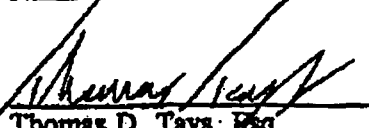
The National Association for Securities Dealers, Inc. shall retain the \$500.00 claim filing fee and the \$750.00 hearing session deposit previously deposited by the Claimant PaineWebber Incorporated. Claimant PaineWebber Incorporated is liable for and shall pay to the NASD additional forum fees of \$2,250.00. Respondent Andrew R. Zodin is liable for and shall pay to Claimant PaineWebber Incorporated the sum of \$1,500.00 as reimbursement of one-half of the forum fees.

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

Concurring Arbitrators' Signatures

Name

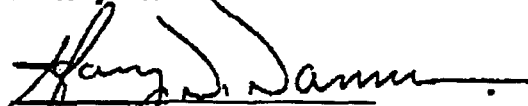
Date



Thomas D. Tays, Esq.
Industry Arbitrator
Chairperson

9-20-94

Jane E. Bates
Industry Arbitrator

9-29-94

Gary D. Danna
Industry Arbitrator

10-4-94**For NASD Use Only**

Date of Decision: _____