

NASD REGULATION, INC.
AWARD

In the Matter of the Arbitration Between

Name of Claimant

PaineWebber, Inc.

97-00502

Name of Respondent

Martin F. Schneider

REPRESENTATION

For Claimant PaineWebber, Inc. ("Claimant") appeared Stephanie Morse-Shamosh, Esq., internal representation for PaineWebber, Inc. located in Weehawken, New Jersey.

Respondent Martin F. Schneider ("Respondent") appeared *pro se*.

CASE INFORMATION

Claimant's Statement of Claim was filed on January 28, 1997.

Claimant's Submission Agreement was signed on January 28, 1997.

Respondent did not file a Statement of Answer or an executed Submission Agreement.

HEARING INFORMATION

Pre-Hearing Conference:	September 8, 1997	One Session
Full Panel		

Hearing Date/Sessions:	May 20, 1998	One Session
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The hearings were conducted at the offices of NASD Regulation, Inc. located in New York, New York.

CASE SUMMARY

Claimant alleged that, on December 13, 1995, it hired Respondent as an Investment Executive in it's Garden City, New York branch office. Claimant further alleged that, on January 30, 1996, it advanced to Respondent the sum of \$86,400.00, in the form of an employee forgivable

note (the "note"). Claimant asserted that, on September 9, 1996, Respondent was terminated for lack of production. Claimant alleged that, since Respondent's employment was terminated before his one year anniversary, no amount of the note's principal was forgiven. Claimant further alleged that it reduced the unforgiven principal by the amount of certain withheld sums, pursuant to the terms of the note. Claimant alleged that, pursuant to the terms of the note, Respondent is responsible to reimburse it for its attorneys' fees and fees paid to a recruiting firm in connection with his hire. Claimant asserted that, on October 10, 1996, a letter was sent, by Airborne Express, to Respondent requesting payment of the outstanding principal. Claimant further asserted that, to date, Respondent has refused to repay the debt.

RELIEF REQUESTED

Claimant requested damages in the amount of at least \$98,120.56, plus interest, together with attorneys' fees, and such other and further relief as the panel deems appropriate.

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 original remains on file with the NASD.

The panel made the following determinations concerning Respondent who did not file a Statement of Answer or a Submission Agreement:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the arbitrators found subject matter jurisdiction over this entire controversy.
2. The panel found that Respondent was a person associated with a member of the NASD at the time this controversy arose. Accordingly, the panel found personal jurisdiction over Respondent pursuant to Rule 10201 of the Code.
3. The panel found that Respondent was required to file a Statement of Answer and Submission Agreement with NASD Regulation pursuant to Rule 10314(b) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon Respondent pursuant to Rule 10314 (a) of the Code.
4. In accordance with Rules 10310, 10315 and 10318 of the Code, the arbitrators found that respondent Schneider was provided with "due notice" of the hearing in this matter. The arbitrators, therefore, determined to proceed with the hearing without respondent Schneider whose absence was unexcused.

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 be and hereby is liable for and shall pay to Claimant compensatory damages in the amount of \$106,789.29, inclusive of interest, plus post-judgment interest at the statutory rate.
2. Respondent be and hereby is liable for and shall pay to Claimant attorneys' fees in the amount of \$2,250.00. The panel found the authority to award attorneys' fees pursuant to the terms of the promissory note in question.
3. Respondent be and hereby is liable and shall pay to Claimant the sum of \$600.00 as reimbursement of the Hearing Session Deposit which was previously paid by Claimant to NASD Regulation, Inc.
4. All other requests are hereby denied.

OTHER COSTS

Pursuant to Rule 10333 of the Code of Arbitration Procedure Claimant has paid to NASD Regulation, Inc. the \$300.00 member surcharge previously invoiced.

FORUM FEES

Pursuant to Rule 10205(c) of the NASD Regulation Code of Arbitration Procedure, the arbitrators have determined that the NASD will retain the \$500.00 non-refundable filing fee deposited by Claimant and have assessed the following Forum Fees:

1 Pre-hearing conference (with panel) x \$600.00	=	\$ 600.00
1 Hearing session x \$600.00	=	\$ 600.00
Total Forum Fees	=	\$1,200.00

1. Respondent be and hereby is liable and shall pay the sum of \$1,200.00 representing the total amount of forum fees assessed. Claimant previously deposited \$600.00 with NASD Regulation, Inc., therefore, Respondent shall pay to NASD Regulation, Inc. the balance of \$600.00.
2. Respondent be and hereby is liable and shall pay to Claimant the sum of \$600.00, as provided in the "Award" section above.

ARBITRATION PANEL

Vicki Z. Holleman, Esq.	-	Industry Chairperson
Victor Roccki, Sr.	-	Industry Arbitrator
Alvin Gallant	-	Industry Arbitrator

CONCURRING ARBITRATOR'S SIGNATURE

Alvin Gallant
Alvin Gallant
Industry Arbitrator

Date of decision: JULY 1, 1998

I, **Alvin Gallant**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Alvin Gallant
Alvin Gallant

ARBITRATION PANEL

Vicki Z. Holleman, Esq.	-	Industry Chairperson
Victor Roccki, Sr.	-	Industry Arbitrator
Alvin Gallant	-	Industry Arbitrator

CONCURRING ARBITRATOR'S SIGNATURE


Victor Roccki, Sr.
Industry Arbitrator

Date of decision: JULY 1, 1998

I, Victor Roccki, Sr., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.


Victor Roccki, Sr.

ARBITRATION PANEL

Vicki Z. Holleman, Esq.	-	Industry Chairperson
Victor Roccki, Sr.	-	Industry Arbitrator
Alvin Gallant	-	Industry Arbitrator

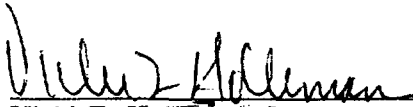
CONCURRING ARBITRATOR'S SIGNATURE



Vicki Z. Holleman, Esq.
Chairperson - Industry Arbitrator

Date of decision: JULY 1, 1998

I, **Vicki Z. Holleman, Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Vicki Z. Holleman, Esq.