

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Charles W. Hebel, IV,
Claimant

Case Number: 99-00090 consolidated
with 99-00092

Vs.

Hearing Site: Louisville, Kentucky

Salomon Smith Barney, Inc.,
PaineWebber, Inc., and
Junius Verne Beaver, III,
Respondents.

REPRESENTATION OF PARTIES

James P. McCrocklin, Esquire, Louisville, Kentucky, represented Claimant, Charles W. Hebel, IV ("Claimant").

Victor A. Machinski, Esquire, of Salomon Smith Barney, Inc., New York, New York, represented Respondent Salomon Smith Barney, Inc. ("Smith Barney").

Sandra D. Grannum, Esquire, of PaineWebber, Inc., Weehawken, NJ, represented Respondents PaineWebber, Inc. ("PaineWebber"), and Junius Verne Beaver, III ("Beaver").

CASE INFORMATION

99-00090:

Claimant's Statement of Claim against Respondents PaineWebber and Beaver was filed on or about January 11, 1999.

Claimant signed the Uniform Submission Agreement on February 1, 1999.

Respondents PaineWebber and Beaver filed their joint Statement of Answer on or about April 21, 1999.

Sandra D. Grannum, Esquire, Corporate Vice President of and Associate General Counsel for PaineWebber, Inc., signed the Uniform Submission Agreement on PaineWebber's behalf on April 20, 1999.

Respondent Beaver signed the Uniform Submission Agreement on April 20, 1999.

99-00092:

Claimant's Statement of Claim against Respondents Smith Barney and Beaver was filed on or about January 11, 1999.

Claimant signed the Uniform Submission Agreement on February 1, 1999.

Respondents Smith Barney and Beaver filed their joint Statement of Answer on or about April 15, 1999.

Respondents Smith Barney and Beaver did not file Uniform Submission Agreements in this case.

CASE SUMMARY

Claimant alleged the following in his Statements of Claim: unauthorized transactions, violations of Kentucky State securities laws, failure to supervise, unsuitability, conversion, and unauthorized margin transactions and commissions. The allegations involved the following common stocks: Texas Utilities Company, Providian Corporation, PNC Bank Corp., Mobil Corporation, General Electric Company, Southwestern Life Corporation, KU Energy Corporation, Mid-America Bancorp, Churchill Downs Incorporated, Exxon Corporation, AT&T Corp., Abbott Laboratories, and Anheuser-Busch Companies, Inc. The allegations also involved the following capital stock: PepsiCo, Inc.

Unless stated otherwise in their joint Statement of Answer, Respondents PaineWebber and Beaver denied all the allegations asserted in the Statement of Claim and asserted the following affirmative defenses: failure to state a claim upon which relief may be granted, contributory negligence, violation of applicable statutes of limitations, waiver, estoppel, laches, failure to mitigate and assumption of the risk.

Unless stated otherwise in their joint Statement of Answer, Respondents Smith Barney and Beaver denied all the allegations asserted in the Statement of Claim and asserted the following affirmative defenses: failure to state a claim upon which relief may be granted, violation of applicable statutes of limitations, ratification, estoppel and laches.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$738,951.30
Interest	unspecified
Costs	unspecified
Attorney's Fees	unspecified

Respondents Smith Barney, PaineWebber and Beaver all requested that the Statements of Claim be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On or about April 13, 1999, Respondents in Arbitration numbers 99-00090 and 99-00092 (Smith Barney, PaineWebber and Beaver) requested that NASD Dispute Resolution, Inc. consolidate the two arbitrations. NASD Dispute Resolution, Inc. denied the request.

On or about September 27, 1999, Respondents in Arbitration # 99-00092 filed a Motion to Consolidate with the Panel in that case. As noted above, the Motion was granted on or about October 27, 1999.

On or about January 15, 2001, the parties, with permission of the Panel, submitted post-hearing briefs for the Panel's review and consideration. The Panel reviewed and discussed the briefs prior to rendering the following award.

AWARD

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

1. Respondent, Salomon Smith Barney, Inc., is solely liable for, and shall pay to Claimant, Charles W. Hebel, IV, the sum of \$250.00 (Two Hundred Fifty Dollars and No Cents) in Compensatory Damages.

2. Respondent, PaineWebber, Inc., is solely liable for, and shall pay to Claimant, Charles W. Hebel, IV, the sum of \$750.00 (Seven Hundred Fifty Dollars and No Cents) in Compensatory Damages.
3. All claims asserted against Respondent Junius Verne Beaver, III, are hereby denied.
4. Except as specified otherwise herein, each party shall bear its own costs and attorneys' fees.
5. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fees	= \$ 400
---------------------------	----------

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person(s) at the time of the events giving rise to the dispute. In this matter, the member firms are Smith Barney and PaineWebber.

Smith Barney:

Member surcharge	= \$1,500
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$2,500

PaineWebber

Member surcharges	= \$1,500
Pre-hearing process fees	= \$ 600
Hearing process fee	= \$2,500

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing conference with single arbitrator x \$300 = \$ 300
Pre-hearing conference: September 9, 1999 1 session

One (1) Pre-hearing conference with Panel x \$750 = \$ 750
Pre-hearing conference: September 17, 1999 1 session

Six (6) Hearing sessions x \$1,000 = \$6,000
Hearing Dates: November 14, 2000 2 sessions
November 15, 2000 2 sessions
November 16, 2000 2 sessions

Total Forum Fees = \$7,050

The Panel has assessed \$1,762.50 in Forum Fees solely to Respondent Salomon Smith Barney, Inc.

The Panel has assessed the remaining \$5,287.50 in Forum Fees solely to Respondent PaineWebber, Inc.

Fee Summary

1. Claimant, Charles W. Hebel, IV, be and hereby is solely liable for:

Initial Filing Fees	= \$ 400.00
Total Fees	= \$ 400.00
Less payments	= \$ 1,900.00
Balance Due from NASD Dispute Resolution, Inc.	= \$ 1,500.00

2. Respondent, Salomon Smith Barney, Inc., be and hereby is solely liable for:

Forum Fees	= \$ 1,762.50
Member Fees	= \$ 4,600.00
Total Fees	= \$ 6,362.50
Less payments	= \$ 4,600.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,762.50

3. Respondent, PaineWebber, Inc., be and hereby is solely liable for:

Forum Fees	= \$ 5,287.50
Member Fees	= \$ 4,600.00
Total Fees	= \$ 9,887.50
Less payments	= \$ 2,100.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 7,787.50

All balances are due to NASD Dispute Resolution, Inc.

08/07/01 TUE 15:28 FAX

NASD REGULATION

008

NASD-DR Award

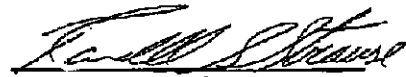
Charles W. Hebel, IV vs. Salomon Smith Barney, Inc., et al

Arbitration # 99-00090 cons. w/ 99-00092

Page 6 of 6

Arbitration Panel

Randall Scott Strause, Esq.	-	Public, Presiding Chair
David L. Gittleman, Esq.	-	Public Arbitrator
Stuart Arthur Reagan, Sr., CFA	-	Non-Public Arbitrator

Concurring in the entire AwardRandall Scott Strause, Esq.
Public Arbitrator, Presiding Chair
Signature DateStuart Arthur Reagan, Sr., CFA
Non-Public Arbitrator

Signature Date

Concurring with respect to liability, but dissenting as to the amount of damages awardedDavid L. Gittleman, Esq.
Public Arbitrator

Signature Date

Date of Service (NASD Dispute Resolution, Inc. office use only)

NASD-DR Award

Charles W. Hebel, IV vs. Salomon Smith Barney, Inc., et al

Arbitration # 99-00090 cons. w/ 99-00092

Page 6 of 6

Arbitration Panel

Randall Scott Strause, Esq.

-

Public, Presiding Chair

David L. Gittleman, Esq.

-

Public Arbitrator

Stuart Arthur Reagan, Sr., CFA

-

Non-Public Arbitrator

Concurring in the entire Award

Randall Scott Strause, Esq.

Public Arbitrator, Presiding Chair

Signature Date


Stuart Arthur Reagan, Sr., CFA
Non-Public Arbitrator8-8-01
Signature DateConcurring with respect to liability, but dissenting as to the amount of damages awarded

David L. Gittleman, Esq.

Public Arbitrator

Signature Date

Date of Service (NASD Dispute Resolution, Inc. office use only)

NASD-DR Award
Charles W. Hebel, IV vs. Salomon Smith Barney, Inc., et al
Arbitration # 99-00090 cons. w/ 99-00092
Page 6 of 6

Arbitration Panel

Randall Scott Strause, Esq.	-	Public, Presiding Chair
David L. Gittleman, Esq.	-	Public Arbitrator
Stuart Arthur Reagan, Sr., CFA	-	Non-Public Arbitrator

Concurring in the entire Award

Randall Scott Strause, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Stuart Arthur Reagan, Sr., CFA
Non-Public Arbitrator

Signature Date

Concurring with respect to liability, but dissenting as to the amount of damages awarded



David L. Gittleman, Esq.
Public Arbitrator

8-8-01
Signature Date

Date of Service (NASD Dispute Resolution, Inc. office use only)