

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Stephen J. Courtney (Claimant) v. PaineWebber, Inc. and Brian T. McKee (Respondents)

Case Number 99-01294

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Stephen J. Courtney ("Claimant"): James P. Donohue, Jr., Esq., Gilbride, Tusa, Last & Spellane LLC, New York, New York.

Respondent, PaineWebber, Inc. ("PaineWebber"): Andrew J. Melnick, Esq., PaineWebber, Inc., Weehawken, New Jersey.

Respondent, Brian T. McKee, ("McKee"): Joseph F. Keenan, Esq., New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: March 6, 1999.

Claimant signed the Uniform Submission Agreement: February 23, 1999.

Statement of Answer filed by Respondent, PaineWebber, on or about: June 4, 1999.

Respondent, PaineWebber, signed the Uniform Submission Agreement: June 14, 1999.

Statement of Answer filed by Respondent, McKee, on or about: August 3, 1999.

Respondent, McKee, did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: recommendation of unsuitable investment, misrepresentation and failure to disclose risk in connection with the purchase of Mohave Shores Development limited partnership; and, failure to supervise.

Unless specifically admitted in its Answer, Respondent, PaineWebber, denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon which relief can be granted; Claimant was fully aware and assumed the risks; failure to act with due diligence to mitigate damages; Claimant is barred from recovery because he did not rely upon PaineWebber in making the investment; failure to exercise the degree of care which an ordinary, prudent investor would; the claims are barred because PaineWebber is not the proximate cause of Claimant's damages; the claims are barred by the applicable statutes of limitations; punitive damages are inappropriate; Respondent, PaineWebber, reasonably and diligently followed its supervisory procedures; the solicitation by McKee was gratuitous; and, PaineWebber received no commission or other compensation as a result of Claimant's investment.

Unless specifically admitted in its Answer, Respondent, McKee, denied the allegations made

in the Statement of Claim and asserted the following defenses: Claimant authorized and ratified the investments with full knowledge of all material facts; Claimant's claim is barred by applicable principles of waiver and ratification; Claimant waived the alleged claims and damages resulting from the investment by failing to take timely and appropriate action; Claimant knew and assumed the risks; and, that Respondent, McKee, acted in good faith and exercised the degree of care, diligence and skill which ordinarily prudent persons would exercise under similar circumstances. Respondent, McKee, also states that he did not receive any compensation in connection with the investment.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$25,000.00
Punitive Damages	\$10,000.00
Interest from January 1, 1995	
Attorneys' Fees	
Other Costs (Forum Fees)	

Respondent, PaineWebber, requested dismissal of the Statement of Claim in its entirety, and:
Other Monetary/Non-Monetary Relief if any:

Respondent, McKee, requested dismissal of the claims and that all costs and fees be assessed against the Claimant.

OTHER ISSUES CONSIDERED AND 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.

AWARD

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

1. Respondent, McKee, is hereby liable and shall pay Claimant \$7,500.00.
2. All claims against Respondent, PaineWebber, are denied.
3. The claim for interest is denied.
4. The claim for punitive damages is denied.
5. The claims for attorneys fees and costs are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee = \$175.00

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 at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party, Respondent, PaineWebber.

Member surcharge = \$ 800.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$1,000.00

Forum Fees and Assessments

The Arbitrator assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator, 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 session with a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing conference: February 8, 2000 1 session

Two (2) Hearing sessions x \$450.00 = \$ 900.00
Hearing Date: May 23, 2000 2 sessions

Total Forum Fees = \$1,350.00

The Arbitrator has assessed \$1,350.00 of the forum fees to Claimant.

Fee Summary

Claimant, Stephen J. Courtney, be and hereby is solely liable for:

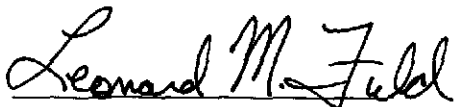
Initial Filing Fee	= \$ 175.00
Forum Fees	= \$1,350.00
Total Fees	= \$1,525.00
Less payments	= \$625.00
Balance Due NASD Regulation, Inc.	= \$900.00

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

Member Fees	= \$2,400.00
Total Fees	= \$2,400.00
Less payments	= \$2,400.00
Balance Due NASD Regulation, Inc.	= \$ 0.00

All balances are due and payable to NASD Regulation, Inc.

Arbitrators' Signature



Leonard M. Fuld, CPA
Public Arbitrator, Presiding Arbitrator

6-7-00

Signature Date June 7, 2000

I, Leonard M. Fuld, CPA, 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.

June 9, 2000

Date of Service (For NASD office use only)