

**IN ARBITRATION  
UNDER CHAPTER XVIII OF THE RULES  
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

In The Matter Of	)	
	)	
Mako Global Derivatives, LLC,	)	
	)	
Claimant,	)	DECISION
	)	
v.	)	File No. 00 M 003
	)	
Stephen Kannaka,	)	
	)	
Respondent.	)	
	)	

**Representation**

For Claimant:            Robert Vanasco  
                                 Vanasco, Wayne & Genelly

For Respondent:        Pro Se

**Pleadings**

Statement of Claim and Submission Agreement, filed on or about:	June 20, 2000
Answer and Submission Agreement, filed on or about:	July 31, 2000

**Hearing**

The named parties appeared at the hearing specified below, and had full opportunity to present arguments and evidence.

Date:	November 1, 2000
No. of Sessions:	1
Location:	Chicago, IL

**Summary of Issues**

The dispute, claim or controversy involves Respondent's sale of a Chicago Board Options Exchange, Incorporated membership that was being leased to Claimant. On or about June 1, 2000, Claimant paid Respondent \$9,313.00 as rent for the membership seat for the full month of June 2000. On or about June 6, 2000, Respondent sold the subject membership, without notification to Claimant or Claimant's clearing firm, thereby causing Claimant to be immediately removed from the membership seat after using/occupying it for three trading days in June 2000. Respondent has not subsequently returned any monies to Claimant.

Claimant alleges that its membership seat leasing arrangement with Respondent was the subject of a Lease Agreement which provided for a month to month term and included a provision that either party could terminate the Lease Agreement by giving notice to Claimants clearing firm at least thirty days prior to the date of termination. Claimant therefore alleges that Respondent breached the Lease Agreement and, additionally, that Respondent was unjustly enriched by not refunding any of Claimant's June 2000 seat lease payment. Claimant seeks an award in the amount of \$8,783.00 plus arbitration costs and money damages arising out of the loss of trading opportunity caused by the membership seat removal.

Respondent contends that Respondent believed there was a thirty-day grace period after a seat sale that would have allowed Claimant to remain on the subject membership seat for such time period, and that the Lease Agreement referenced by Claimant was never properly executed by Respondent and is therefore not binding on Respondent. Respondent denies owing monies to Claimant in connection with the leasing of the membership seat.

#### **Award\***

After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned members of the arbitration panel ("Panel"), in full and final resolution of the matter in controversy, find as follows:

The Panel finds for the Claimant in the amount of \$9,843.00. More specifically, the Panel awards Claimant \$8,043.00 for the portion of June 2000 in which Claimant was denied the use of the membership seat for which it previously paid; \$700.00 for various Exchange fees incurred by Claimant; and forum fees in the amount of \$1,100.00 against Respondent.

#### **Forum Fees**

Pursuant to CBOE Rule 18.33, the Arbitrators assess forum fees in the total amount of \$1,100.00 (\$500.00 non-refundable filing fee plus \$600.00 hearing session fee) as set forth above. The Exchange shall retain the filing fee and hearing session deposit previously submitted by Claimant.

<u>/s/ Daniel Baldwin</u>	<u>11-6-2000</u>
Daniel Baldwin, Chair and Industry Arbitrator	Date
<u>/s/ Theodoric Flemister</u>	<u>Nov. 7, 2000</u>
Theodoric Flemister, Industry Arbitrator	Date
<u>/s/ Nina Milovac</u>	<u>11-6-2000</u>
Nina Milovac, Industry Arbitrator	Date

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\* Pursuant to CBOE Rule 18.31, all monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.