
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Nextrade, Inc.

Case Number: 02-05953

Names of the Respondents
Deutsche Bank Securities, Inc.
Citigroup Global Markets, Inc.
f/k/a Salomon Smith Barney, Inc.
Schonfeld Securities, LLC

Hearing Site: Tampa, Florida

Nature of the Dispute: Member vs. Members

REPRESENTATION OF PARTIES

For Nextrade, Inc., referred to as "Claimant Nextrade": Daniel Caamano V, Esq., Joel J. Ewusiak, Esq., Melissa Tartaglia, Esq. and James J. Moylan, Esq., Caamano & Associates, P.A., Clearwater, Florida.

Deutsche Bank Securities, Inc., referred to as "Respondent Deutsche", and Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., referred to as "Respondent Citigroup", did not appear.

For Schonfeld Securities, LLC, referred to as "Respondent Schonfeld": Martin P. Russo, Esq., Lee Harrison Corbin, Esq. and Donald S. Campbell, Esq., Kurzman Eisenberg Corbin Lever & Goodman, LLP, White Plains, New York.

CASE INFORMATION

Statement of Claim filed on or about: October 2, 2002.

Claimant Nextrade signed the Uniform Submission Agreement on: September 30, 2002.

Respondents Deutsche and Citigroup did not file executed Uniform Submission Agreements or Statements of Answer.

Statement of Answer and Counterclaim filed by Respondent Schonfeld on or about: December 6, 2002.

Respondent Schonfeld signed the Uniform Submission Agreement on: May 6, 2003.

Reply to Counterclaim filed by Claimant Nextrade on or about: December 16, 2002.

CASE SUMMARY

Claimant Nextrade alleged the following causes of action: 1) breach of contract; 2) breach of implied contract; 3) quantum meruit; 4) account stated; 5) unjust enrichment; 6) the course of custom and dealing in the securities business; and 7) violation of the Just and Equitable Principles of Trade Rule 2110. The causes of action relate to the recovery of payment for Claimant Nextrade's order matching services performed by Claimant Nextrade's Electronic Communications Network ("ECN") in the amount of a penny and a half (\$0.015) per share for trades executed by the Respondents inside the ECN over the NASDAQ SelectNet system.

Respondent Schonfeld denied the allegations made in the Statement of Claim and asserted various defenses.

Respondent Schonfeld asserted a Counterclaim against Claimant Nextrade for deception in its fee schedule and unjust enrichment.

Claimant Nextrade denied the allegations made in the Counterclaim and asserted various defenses.

RELIEF REQUESTED

Claimant Nextrade requested: 1) compensatory damages in the amount of \$499,743.96 against Respondent Deutsche; 2) compensatory damages in the amount of \$938,215.45 against Respondent Schonfeld; 3) compensatory damages in the amount of \$697,705.60 against Respondent Citigroup; 4) interest; 5) punitive damages; 6) costs; 7) attorneys' fees; 8) such other relief the undersigned arbitrators (the "Panel") deemed just and proper; and 9) dismissal with prejudice of the Counterclaim.

Respondent Schonfeld requested: 1) dismissal of the Statement of Claim in its entirety; 2) compensatory damages in the amount of \$62,397.87; 3) interest; 4) costs; and 5) attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

On or about November 6, 2002, Claimant Nextrade dismissed with prejudice its claims against Respondents Deutsche and Citigroup.

On or about August 22, 2003, Claimant Nextrade filed its Motion to Strike Respondent Schonfeld's Affirmative Defenses. On or about August 28, 2003, Respondent Schonfeld filed its Opposition to Motion to Strike Affirmative Defenses and Cross-Motion to Dismiss Counts II, VI and VII of the Statement of Claim. On or about October 1, 2003, Claimant Nextrade filed its Motion for Sanctions. On or about October 1, 2003, the Panel heard oral arguments on the motions. On or about October 1, 2003, the Panel denied Claimant Nextrade's Motion to Strike and Respondent Schonfeld's Cross-Motion to Dismiss, and the Panel deferred Claimant Nextrade's Motion for Sanctions. Following the evidentiary hearing, the Panel denied Claimant Nextrade's Motion for Sanctions.

On or about October 6, 2003, Claimant Nextrade filed its Motion for Judgment on the Pleadings Against Respondent Schonfeld's Counterclaim. At the evidentiary hearing, Respondent Schonfeld opposed the motion, and the Panel denied the motion.

The parties 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Schonfeld is liable and shall pay to Claimant Nextrade compensatory damages in the amount of \$539,744.21, plus pre-judgment interest in the amount of \$132,483.26. Respondent Schonfeld is liable for breach of contract. The Panel did not find Respondent Schonfeld liable on all other claims, including any statutory claims.
2. Claimant Nextrade's request for punitive damages is denied.
3. Claimant Nextrade's request for attorneys' fees is denied.
4. Respondent Schonfeld's counterclaim is denied in its entirety.
5. Respondent Schonfeld's request for attorneys' fees is denied.
6. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$2,000.00
Counterclaim filing fee	= \$1,000.00

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 events giving rise to the dispute. Accordingly, Claimant Nextrade, Respondent Deutsche, Respondent Citigroup and Respondent Schonfeld are member firms and parties.

<u>Claimant Nextrade:</u>	
Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

Respondent Deutsche:
Member surcharge = \$1,700.00

Respondent Citigroup:
Member surcharge = \$2,250.00

Respondent Schonfeld:
Member surcharge = \$2,250.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$4,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

There were no injunctive relief fees assessed during these proceedings.

Forum Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator @ \$450.00 per session = \$ 450.00
Pre-hearing conference: August 29, 2003 1 session

Two (2) Pre-hearing sessions with Panel @ \$1,200.00 per session = \$ 2,400.00
Pre-hearing conferences: May 12, 2003 1 session
October 1, 2003 1 session

Seven (7) Hearing sessions with Panel @ \$1,200.00 per session = \$8,400.00
Hearing Dates: October 7, 2003 2 sessions
October 8, 2003 3 sessions
October 9, 2003 2 sessions

Total Forum Fees = \$11,250.00

The Panel has assessed the total forum fees in the amount of \$11,250.00 to Respondent Schonfeld.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant Nextrade is solely liable for:

Initial Filing Fee	= \$ 2,000.00
Member Fees	= \$ 8,550.00
Total Fees	= \$10,550.00
Less payments	= \$10,550.00
Balance Due NASD	= \$ 0.00

Respondent Deutsche is solely liable for:

Member Fees	= \$ 1,700.00
Total Fees	= \$ 1,700.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 1,700.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 2,250.00
Total Fees	= \$ 2,250.00
Less payments	= \$ 0.00
Balance Due NASD	= \$ 2,250.00

Respondent Schonfeld is solely liable for:

Counterclaim filing fee	= \$ 1,000.00
Member Fees	= \$ 7,000.00
Forum Fees	= \$11,250.00
Total Fees	= \$19,250.00
Less payments	= \$ 8,750.00
Balance Due NASD	= \$10,500.00

All balances are payable to NASD and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

<i>L. Matthew Byrd, Esq.</i>	-	<i>Non-Public Arbitrator, Presiding Chairperson</i>
<i>Michael A. Lynch</i>	-	<i>Non-Public Arbitrator</i>
<i>Marshal H. Emerson</i>	-	<i>Non-Public Arbitrator</i>

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Concurring Arbitrators' Signatures

/s/

L. Matthew Byrd, Esq.

Non-Public Arbitrator, Presiding Chairperson

October 16, 2003

Signature Date

/s/

Michael A. Lynch

Non-Public Arbitrator

October 17, 2003

Signature Date

/s/

Marshal H. Emerson

Non-Public Arbitrator

October 17, 2003

Signature Date

October 17, 2003

Date of Service (For NASD use only)

Concurring Arbitrators' Signatures



L. Matthew Byrd, Esq.

Non-Public Arbitrator, Presiding Chairperson

10/16/03

Signature Date

Michael A. Lynch

Non-Public Arbitrator

Signature Date

Marshal H. Emerson

Non-Public Arbitrator

Signature Date

Date of Service (For NASD use only)

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Non-Public Arbitrator, Presiding Chairperson

Michael A. Lynch
Non-Public Arbitrator

Marshal H. Emerson
Non-Public Arbitrator

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Signature Date

10-17-2003
Signature Date

Signature Date

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L. Matthew Byrd, Esq.
Non-Public Arbitrator, Presiding Chairperson

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Michael A. Lynch
Non-Public Arbitrator

Signature Date

Marshal H. Emerson

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Non-Public Arbitrator

10/17/03

Signature Date

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