

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Dale Sattar

Claimant

CASE #88-00299
AWARD

vs.

Eastern Capital Securities, Inc.
Eastern Capital Corporation, Inc.
Securities Settlement Corp.
Lawrence Baras

Respondents

CASE SUMMARY

Claimant Dale Sattar alleged that Respondents Eastern Capital Securities, Inc. (hereinafter "ECS") illegally dealt with Claimant by encouraging him to trade in violation of relevant margin requirements and that based upon Respondents Rupert Francis and Lawrence Baras's alleged misrepresentations, Claimant traded in amounts greatly exceeding the buying power of his margin account. Claimant alleged that Respondents Rupert Francis and Lawrence Baras encouraged Claimant to make trades in violation of margin requirements causing Claimant to incur substantial losses. Claimant alleged that Respondents Rupert Francis and Lawrence Baras violated the mandatory margin requirements in order to secure large commissions on the illegal trades. Claimant alleged that Securities Settlement Corporation (hereinafter "SSC") was aware of the grossly improper trades being made in Claimants account and allegedly failed to act to require Claimant to meet margin requirements and to stop its allegedly illegal trades. Claimant alleged that Respondents violated 10(b) of the Exchange Act, Rule 10b-5, Section 7(c) of the Exchange Act, Regulation T as promulgated by the Federal Reserve Board, New York Stock Exchange Rules of Conduct, Rules 405 and 432(a)(1) and National Association of Securities Dealers, Inc., Rules of Fair Practice, Article III, Section 2 and 30(a).

Respondent SSC made a motion to dismiss the Claimant's claim arguing that Claimant's claim stated no basis upon which to find SSC liable. Respondent SSC categorically denied all of Claimant's claims. Respondent SSC counterclaimed against the Claimant and alleged that Claimant owes Respondent SSC for the debit balance remaining in Claimants account.

Respondent SSC asserted a Third Party Claim against Respondent Eastern Capital Corporation (hereinafter "ECC") and its successor ECS for indemnification under Sections 10(a) and 3(d) of the Clearing Agreement. Respondent Lawrence Baras did not submit a written answer, however, at the hearing he categorically denied all claims alleged against him and he moved to dismiss Claimant's claim against him. At the hearing Claimant withdrew all claims against Rupert Francis. All other Respondents did not submit an answer or attend the scheduled hearings.

DATED: AUGUST 22, 1989

RELIEF REQUESTED

Claimant requested recovery from Respondents in the amount of \$307,854.39 plus interest from the date of loss and the cost of the arbitration. Claimant sought damages from ECC for his legal fees in defending the Massachusetts civil action. SSC requested that the arbitrators dismiss the Claimant's claim and award SSC costs and attorney's fees. SSC requested an award on its counterclaim for an amount of \$107,613.00. SSC requested that if the panel found liability against SSC, that ECC and its successor ECS be obligated to indemnify SSC for any amounts awarded to the Claimant against SSC. SSC requested indemnification from ECC and its successor ECS for its legal expenses, costs, attorneys fees and disbursement in defending against Claimant's claim. SSC requested an award against ECC and its successor ECS for further relief on any of its Third Party Claims or Cross Claims which the arbitrators deem just and proper.

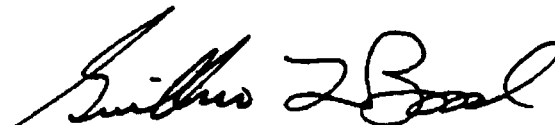
AWARD

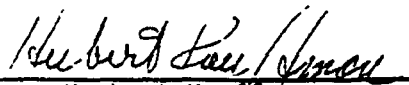
On May 11, June 12 and 29, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Dale Sattar on January 15, 1988, and by Respondent Securities Settlement Corporation on May 2, 1988. Respondent Lawrence Baras did not submit a written answer but did attend the hearings. Respondents Eastern Capital Corp and its successor Eastern Capital Corporation did not attend the hearing but were properly served by registered mail with all claims, third party claims, cross claims, hearing dates and location. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the panel exercised jurisdiction over Respondents Eastern Capital Corporation, Eastern Securities Corporation and Lawrence Baras. The initial claim was filed on January 29, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. All claims against Rupert Francis are withdrawn.
2. After the Claimant put in his claim, the panel determined:
 - (a) that the motion to dismiss the claim asserted against SSC was granted; and
 - (b) the motion to dismiss the claim asserted against Respondent Lawrence Baras was denied.
3. That Claimant's claim against Respondent Lawrence Baras is denied in its entirety.
4. That Respondent ECC and its successor ECS are liable to the Claimant and shall pay the Claimant the sum of One Hundred Fifteen Thousand and 00/100 Dollars (\$115,000.00).

5. At the hearing on June 29, 1989, Respondent SSC withdrew its counterclaim against the Claimant.
6. That all third party claims and cross claims asserted by SSC are denied in their entirety, except as noted in paragraph 8 below.
7. Pursuant to Section 43 of the Code of Arbitration Procedure, forum fees for the hearing session held on May 11, June 12 and 29, 1989 are assessed as follows: Respondent Lawrence Baras shall pay forum fees in the amount of \$1,000.00. Respondent SSC shall pay forum fees in the amount of \$2,000.00. Forum fees shall be made payable to the National Association of Securities Dealers, Inc.
8. The parties shall each bear their respective costs including attorney's fees, except that SSC be indemnified by ECC and its successor ECS for its reasonable attorney's fees and costs.
9. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant.

ARBITRATORS CONCURRING


Guillermo L. Bosch


Herbert Kauffman
Herbert


Michael Quarto