

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant(s)

Christopher Peter Veltmann

CASE #89-02442

Name of Respondent(s)

Securities Settlement Corporation  
Greentree Securities Corp.

---

Heard before the members of the Arbitration Panel:

Allan J. Fedor, Esq.  
Charles R. Newcomer, Jr.  
John P. Cullen, Esq.

**CASE SUMMARY**

This claim was filed with the National Association of Securities, Inc. (NASD) on August 31, 1989. The hearing was conducted in Tampa, Florida on November 12, 1990, with a total of two (2) sessions.

Claimant, Christopher Peter Veltmann ("Veltmann"), alleged that Respondent, Securities Settlement Corp. ("SSC"), by governing the sell out of an unauthorized trade conducted by Greentree Securities, Inc. ("Greentree"), acted as principal and should be held liable for the loss incurred by the actions of the introducing firm, Greentree.

Respondent, SSC, alleged that: Claimant failed to state a claim; SSC had no duty to monitor the trading in Claimant's account; Claimant was aware that SSC was not responsible for supervision of the account; Claimant's sole recourse is against Greentree; the trades were not margin trades and are not governed by the margin agreement; and SSC agreed to hold Claimant's check in a separate interest bearing account so that, if the trades were unauthorized, Claimant could seek relief from Greentree and not so Claimant could provide evidence that he should not be held responsible for the debit balance.

Respondent asserted a Third Party Claim against Greentree for indemnification in the event SSC is found liable to Claimant.

Third Party Respondent, Greentree, failed to file an Answer and did not appear at the hearing to defend.

### RELIEF REQUESTED

Claimant requested damages in the amount of \$25,785.30, plus interest, costs and attorney's fees.

Respondent, SSC, requested dismissal of the claim and asserted a third party claim against Greentree for indemnification.

Respondent, Greentree, failed to file an Answer.

### AWARD

On November 12, 1990, the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on July 31, 1989, and by Respondent, SSC, on November 24, 1989 and not signed by Third Party Respondent, Greentree as required pursuant to Section 12 of the NASD Code of Arbitration Procedure. Respondent, Greentree, being an NASD member firm at the time this controversy arose. Having considered the pleadings, the testimony, and the evidence presented at the hearing and Third Party Respondent, Greentree, neither appearing at the hearing nor seeking any adjournment thereof, notwithstanding its knowledge of this arbitration as evidenced in the record of proceedings, the arbitration panel has determined in full and final resolution of the issues submitted for determination as follows:

1. Claimant and respondent, SSC, have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, these parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.
2. Respondent, SSC, is found liable and shall pay to the Claimant the amount of Twelve Thousand Four Hundred Eighty Four and 50/100 (\$12,484.50) Dollars.
3. Third Party Respondent, Greentree, is found liable and shall pay to the Third Party Claimant, SSC, the amount of Twelve thousand Four Hundred Eighty Four and 50/100 (\$12,484.50) Dollars.
4. Claimant's requests for interest, costs and attorney's fees are denied.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of Eight Hundred and 00/100 (\$800.00) Dollars (2 sessions x \$400.00 per session). Claimant is hereby assessed Four Hundred and 00/100 (\$400.00) Dollars for which the NASD, Inc. shall retain the Four Hundred and 00/100 (\$400.00) Dollar filing fee previously deposited in full satisfaction thereof. Respondent, SSC, is hereby assessed Four Hundred and 00/100 (\$400.00) Dollars payable to the National Association of Securities Dealers, Inc.

6. The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding (including attorney's fees).

#### OTHER ISSUES

1. Under separate cover, the arbitration panel has forwarded a letter to the NASD, Inc., District Business Conduct Committee recommending investigation of Greentree Securities Corp., David Ginberg, Christopher Veltmann, Michael Leeds, and Michael Kott.

2. Jurisdiction exists pursuant to Section 12 of the NASD Code of Arbitration Procedure.

3. For the reasons set forth in the record of proceedings and contained in Arbitrator's Exhibit #2, this Panel finds service upon and adequate notice to Third Party Respondent Greentree. The NASD, Inc. has made every attempt to locate and serve Greentree with Notice of this hearing as demonstrated by the evidence contained in Arbitrator's Exhibit #2.

#### ARBITRATORS CONCURRING

/s/  
Allan J. Fedor, Esq.

/s/  
Charles R. Newcomer, Jr.

/s/  
John P. Cullen, Esq.

Dated: December 18, 1990