

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Claimant

Thomas Kearns

Case #  
89-03359

vs

Award

Respondent(s)

Gruntal & Co., Inc.  
Russell Siegel (Third-Party Claimant)

vs.

Saul Federman (Third-Party Respondent)

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CASE SUMMARY

Claimant alleges that he placed an order with Russell Siegel, the registered representative with Gruntal & Co. to purchase OEX puts and that he failed to execute the order. Claimant further alleges that the stock increased in value and that he was unable to take advantage of the increased value.

Respondent, Gruntal & Co., denies liability. Gruntal contends that Claimant's application to open an options account was not approved and, therefore, no order could have been executed. Said Respondent interposes a Cross-claim for indemnification against Siegel.

Respondent, Russell Siegel, denies liability. He contends that he informed Claimant that the options account had to be approved by the branch manager. He maintains that he tried to contact the Claimant when the branch manager declined the application but that he was unable to reach the Claimant. Respondent, Siegel, also interposes a Cross-claim for: (1) indemnification against Gruntal should the panel find him liable; (2) wrongful termination; and (3) legal representation in this action. He further interposes a Third-Party Claim against Saul Federman, the branch manager.

RELIEF REQUESTED

Claimant requests that the arbitration panel award him \$24,000.00. Gruntal & Co. requests that the panel dismiss Claimant's case in its entirety. Alternatively, Gruntal requests that grant its claim for indemnification, should the panel find that the Claimant's order was mishandled. Gruntal also

requests that the panel grant its motion to sever or dismiss Russell Siegel's Cross-claim and Third-Party Claim. Russell Siegel requests that the panel dismiss the Claim and the Cross-claim, award him \$3,000.00 in commissions and \$42,000.00 in punitive damages on his Cross-claim and Third-Party Claim.

#### AWARD

On July 11, 1990 a pre-hearing conference was conducted to resolve document requests and motions. On August 13, 1990, the undersigned arbitrators heard the parties as set forth in submissions to arbitration signed by the Claimant on November 16, 1989, by Respondents Gruntal & Co. and Russell Siegel on February 12, 1990 and February 20, 1990, respectively. Saul Federman did not execute a submission agreement. However, he appeared at the hearing. The hearing was held in New York, New York and consisted of three sessions, including the pre-hearing conference. The arbitration panel, having considered the pleadings, has determined in full and final determination of the issues submitted for determination as follows:

1. Gruntal & Co.'s motion to sever Russell Siegel's claims for commissions and wrongful termination is granted;
2. All claims asserted by the Claimant against the Respondents are denied in their entirety;
3. Accordingly, all other claims and cross-claims are denied;
4. The parties shall each bear their respective costs, including attorney's fees;
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant;
6. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by Respondent, Gruntal & Co.;
7. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by Respondent, Russell Siegel.

ARBITRATOR CONCURRING

  
Valares M. Moodie, Esq.

Dated: September 13, 1990