

IN ARBITRATION
UNDER CHAPTER XVIII OF THE RULES
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INC.

IN THE MATTER OF)
)
)

Petco Options Co.)
)

Initiating Party)
)

and)

Scott Casty)
)

Responding Party)
)

Arbitration File No. 89-M-30

AWARD

The captioned matter was submitted on November 2, 1989. The named parties appeared at a hearing on August 6, 1990 in Chicago, Illinois, and had full opportunity to present arguments and evidence. The above captioned controversy involved the following issues:

Scott Casty allegedly incurred a negative balance in the amount of One Million Twenty Dollars (\$1,000,020) at Petco Options Co. Mr. Casty allegedly entered into an Unconditional Guaranty of prompt payment to Petco Options Co. for any trades made in a third party CBOE market-maker/floor-broker account. Mr. Casty claimed that his alleged participation in such agreement was in violation of CBOE Rules 8.9 and 8.10; therefore, the Unconditional Guaranty is illegal and unenforceable. Petco Options Co. also claimed for interest, fees and costs.

Mr. Casty exercised his peremptory challenge against the third arbitrator on the day of the hearing. Both parties agreed to proceed with two arbitrators. The undersigned arbitrators were fully advised by the parties and after due deliberation, awarded as follows:

Scott Casty will pay Petco Options Co. the sum of One Million, One Hundred Four Thousand, Five Hundred Thirty-Eight and 84/100 Dollars (\$1,104,538.84). Filing fees on deposit with the Exchange are retained. Furthermore, the parties and the third party affected by the Unconditional Guaranty were referred to the Market Regulation Department of the CBOE's Division of Regulatory Services with respect to the alleged violations of CBOE Rules.

Robert J. Doherty

Stephen J. McKenzie

Dated: August 10, 1990