

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Windsor Hotel

Claimant

and

90-01086

Securities Settlement Corporation,
First Options of Chicago, Inc.

Respondents

REPRESENTATION OF PARTIES

Claimant Windsor Hotel was represented by Jeffrey T. Demerath, Esq. of Greensfelder Hecker & Gale P.C., St. Louis, Missouri.

Respondent Securities Settlement Corporation was represented by Bradford L. Jacobowitz, Esq. of Gusrae Kaplan & Bruno, New York, New York.

Respondent First Options of Chicago, Inc. was represented by Stephen P. Bedell, Esq. of Gardner Carton & Douglas, Chicago, IL.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about April 20, 1990, Claimant Windsor Hotel ("Claimant") alleged that they placed an order to sell which was never executed.

More specifically, Claimant alleged that they placed an order to sell 200 OEX Puts at 15 or better to close, on October 16, 1989. At 9:20 a. m., the order was changed to 10 or better. Claimant alleged that they were subsequently informed by Respondent Securities Settlement Corporation ("SSC") that the replacement was received by the floor at 9:21 a.m. CDT. Claimant alleged that they requested status more than four times, and finally received a "Nothing Done" report at 11:37 a.m.

Respondent Securities Settlement Corporation filed an Answer with the NASD on or about June 29, 1990 and denied the allegations set forth in the Statement of Claim. Specifically, SSC alleged that Claimant created a trade which execution of such order was not possible due to extraordinary market conditions characterized as a "fast market." SSC further alleged that as an administrative "middleman" between Claimant's broker and broker for Respondent First Options of Chicago, Inc., their obligation to Claimant was discharged when they sent the "Nothing Done" report, which was sent because of a "fast market." SSC alleged that non-execution of the order can not be blamed on them.

In a Statement of Answer filed with the NASD on or about August 6, 1990, Respondent First Options of Chicago, Inc. ("FOC") alleged that they acted properly in connection with the said transaction by promptly attempting to execute said order on the floor of the Chicago Board Options Exchange, Inc. Specifically, FOC alleged that their broker was simply unable to execute the limit order within the given price limit under the "fast market" conditions of October 16, 1989.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$160,000, plus interest, punitive damages in the amount of \$300,000 and expenses, including reasonable attorney's fee.

Respondent Securities Settlement Corporation requested that the claim be dismissed and that they be awarded costs and attorney's fee.

Respondent First Options of Chicago, Inc. requested that the claim be denied and that no damages be awarded.

PROCEDURAL MATTERS

On October 15, 1991 in St. Louis, Missouri during a hearing lasting a total of two sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on April 12, 1990 by James Adams on behalf of Claimant Windsor Hotel, on October 30, 1990 by Pasquale DiMattia on behalf of Respondent Securities Settlement Corporation, and on May 7, 1990 by Thomas L. Casey on behalf of Respondent First Options of Chicago, Inc.

The parties 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, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted against respondent Security Settlement Corporation, Inc. shall be and hereby are denied in their entirety;
2. Respondent First Options of Chicago shall be and hereby is liable for and shall pay to the Claimant Windsor Hotel actual damages in the amount of \$80,000;
3. Interest on the above sum shall be awarded in the amount of \$12,800;

4. Respondent First Options of Chicago shall be and hereby is liable for and shall pay to the claimant attorney's fees in the amount of \$15,286.82;

5. The claim for punitive damages is denied;

6. Each of the parties shall bear their own costs and expenses other than those specifically enumerated herein;

7. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the claim filing fee in the amount of \$200 and the hearing session deposit in the amount of \$750 previously deposited with the NASD by the Claimant.

Respondent First Options of Chicago, Inc. shall reimburse to the Claimant the \$750 previously deposited with the NASD. Respondent First Options of Chicago, Inc. shall pay to the NASD additional forum fees in the amount of \$750.

Dated:

Jack M. Chasoff, Esq.
Presiding Chair
Public Arbitrator

Gary E. Schuessler
Public Arbitrator

Nov 26, 1991

Walter A. Beckers
Walter A. Beckers
Industry Arbitrator

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4. Respondent First Options of Chicago shall be and hereby is liable for and shall pay to the claimant attorney's fees in the amount of \$15,286.82;

5. The claim for punitive damages is denied;

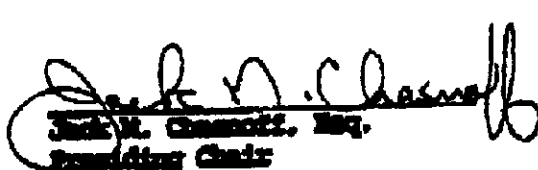
6. Each of the parties shall bear their own costs and expenses other than those specifically enumerated herein;

7. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the claim filing fee in the amount of \$300 and the hearing session deposit in the amount of \$750 previously deposited with the NASD by the Claimant.

Respondent First Options of Chicago, Inc. shall reimburse to the Claimant the \$750 previously deposited with the NASD. Respondent First Options of Chicago, Inc. shall pay to the NASD additional forum fees in the amount of \$750.

Dated:

November 22, 1991


Jack M. Chasoff, Esq.
Presiding Chair
Public Arbitrator

Gary E. Schneider
Public Arbitrator

Walter A. Becker
Industry Arbitrator

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Dated:

1-3-92

Jack M. Charnoff, Esq.
Presiding Chair
Public Arbitrator

Gery E. Schuessler
Gery E. Schuessler
Public Arbitrator

Walter A. Beckers
Industry Arbitrator

To:

SHARON A KRAVITZ
STAFF ATTORNEY

NASD ARBITRATION

FAX NO 312-236-

9239

FR GERY SCHUESSLER

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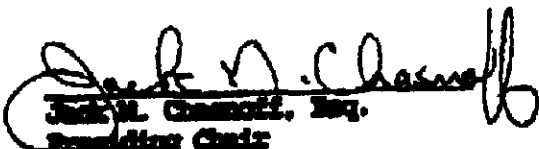
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