

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :

PaineWebber, Inc. :

Claimant :

vs. :

House Productions :
Harvey House :

Respondents :

CASE #91-02263
AWARD

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 24, 1991, Claimant, PaineWebber, Inc. by and through their in-house counsel Garry J. Stegeland, Esq., alleged that on or about August 11, 1990, Respondent Harvey House opened a margin account with Claimant under the business name of Respondent, House Productions and signed a Margin Lending Agreement. Claimant further alleged that Respondents, Harvey House and House Productions purchased two OKX Put Options totalling the sum of \$6,126.39. Claimant contended that they repeatedly contacted Respondents for full payment of the purchases. Claimant further contended that on April 24, 1991 Respondents delivered a check in the amount of \$6,200.00 to Claimant, which was subsequently returned by the bank for "insufficient funds". Claimant asserted that Respondents never covered the debit balance, which forced Claimant to sell out the positions in the account leaving an outstanding balance in the account.

Respondents, House Productions and Harvey House failed to file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant, PaineWebber, Inc. requested \$4,678.77 in actual damages plus interest from April 16, 1991 at 10% per annum together with attorney's fees in the amount of \$467.87 and costs.

Respondents, House Productions and Harvey House failed to file an Answer to the Statement of Claim.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, David Zerfoss, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on July 17, 1991 and not by the Respondents as required by Section 12 & 13 of the NASD Code of Arbitration Procedure.

1. In accordance with Section 13 of the NASD Code of Arbitration Procedure the Respondents were served a copy of the Statement of Claim by regular mail on July 31, 1991 and given an opportunity to respond, which they failed to do. Respondents were notified December 12, 1991, via certified mail, that their Statement of Answer was overdue. The signed certified mail receipt was returned to the NASD, Inc. date stamped December 16, 1991, evidencing their receipt of this correspondence. Respondents, House Productions and Harvey House failed to file an Answer to the Statement of Claim.
2. Pursuant to the By-Laws of the NASD the arbitrator determined that Respondents House Productions and Harvey House were required to submit to this arbitration proceeding and is, therefore, bound by the arbitrator's ruling and determination.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents, House Productions and Harvey House are jointly and severally liable and shall pay to the Claimant, PaineWebber, Inc. the sum of \$4,678.77 in damages.
2. Respondents, House Productions and Harvey House are jointly and severally liable and shall pay to the Claimant, PaineWebber, Inc. simple interest at the rate of 10% per annum from April 16, 1991 to date of payment of the award.
3. Respondents, House Productions and Harvey House are jointly and severally liable and shall pay to the Claimant, PaineWebber, Inc. the sum of

\$467.87 in reasonably attorney's fees pursuant to Client's Agreement signed August 11, 1990.

4. The parties shall bear their respective costs.
5. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondents, House Productions and Harvey House shall pay \$575.00 to the Claimant as reimbursement.

AFFIRMATION

I, DAVID ZERFOSS, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: March 19, 1992