

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimants

Michael J. & RoseMarie Tobin

vs.

Case #
91-02832

Name of Respondents

Madison Chapin Associates, Inc.
William Kelman
Otra Clearing, Inc.

REPRESENTATION

For Claimants, Michael J. Tobin and Rosemarie Tobin ("Claimants"), Cynthia DiBartolo, Esq. and co-counsel Scott Noah, Esq. from the law firm of Noah, Singer, Sayid & DiBartolo.

Madison Chapin Associates, Inc. ("Madison Chapin"), did not attend the hearing.

William Kelman ("Kelman"), did not attend the hearing.

For Respondent, Otra Clearing, Inc. ("Otra"), Scott G. Monson, Esq. from the firm of Otra Clearing, Inc.

CASE INFORMATION

Statement of Claim was filed on September 11, 1991.
Claimant's Submission Agreement was signed on November 19, 1991.
Claimants filed an Amended Statement of Claim.

Madison Chapin did not file a Statement of Answer or execute a Submission Agreement.

Kelman did not file a Statement of Answer or execute a Submission Agreement.

Otra's Statement of Answer was filed on April 6, 1992.
Otra's Submission Agreement was signed on April 3, 1992.

HEARING INFORMATION

Hearing Date/Hearing Sessions: September 30, 1992 - Two Sessions.

Hearing Location: National Association of Securities Dealers, Inc.'s offices located at 33 Whitehall Street, New York, New York.

CASE SUMMARY

Claimants allege Kelman was the President of Madison Chapin and that provided clearing services for Madison Chapin., a broker dealer. Claimants further allege that Jeffrey Suspinsky ("Suspinsky"), who was employed as a registered representative at a branch office of Madison Chapin, solicited the Claimant to open a brokerage account with Madison Chapin in 1989.

Claimants allege that in June 1991, their account was flagged 'OUT-ACATS' which prohibited any trading activity without prior written authorization from Claimants. Claimants state that subsequent to that Madison Chapin made unauthorized trades for 23,300 TEXAS TORTILLA warrants. Claimants further allege that Suspinsky, who was the President of Peter Jeffries, Inc. (now known as Sovereign Equities) a broker dealer franchise of Madison Chapin, warned employees of OTRA about the unauthorized trades and requested an investigation and that OTRA in response screened and reviewed transactions in Madison Chapin customer accounts and consequently cancelled and reversed numerous trades. Claimants also allege that they advised OTRA's employees about the unauthorized trades and requested that OTRA obtain direct authorization from them before clearing trades in their account. Claimants contend that they subsequently received confirmations for unauthorized trades of Media Logic in their account.

Claimants state that unauthorized trades were made in other customers' accounts and that OTRA wrote some customers and stated that they have cancelled trades as instructed by Madison Chapin but that OTRA could not cancel any more trades due to lack of funds from Madison Chapin to cover additional cancellations.

OTRA denies liability and asserts five affirmative defenses. OTRA states that it has not duty or obligation whatsoever to Claimants to investigate the validity, authorization or suitability of any trade placed by Madison Chapin on Claimant's behalf. OTRA further state that with respect to TEXAS TORTILLA warrants, Madison Chapin sold the warrants and then bought them back and placed them in the Claimants' account. OTRA further denies the allegations regarding the unauthorized trade of Media Logic and states that the shares were sold out from Claimants' account because Claimants failed to pay the debit balance in their account.

OTRA denies that Suspinsky warned OTRA about unauthorized trades and contend that in July. 1991, Suspinsky was not associated with Madison Chapin and had no authorization regarding any of Madison Chapin's account.

RELIEF REQUESTED

Claimant requests an award of \$13,663.96 plus interest, legal fees and costs and such other and further relief as the Arbitrator deems just and proper.

Respondent requests that the claim be dismissed in its entirety and that OTRA

be awarded costs and attorneys' fees including travel costs if OTRA has to attend a hearing other than in Glendale, California.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

Kelman and Madison Chapin did not attend the hearing in this matter. Based upon the documents submitted at the hearing by the NASD staff regarding notices sent to the parties and pursuant to Sections 25 and 29 of the Code of Arbitration Procedure, this Arbitrator decided that jurisdiction exists, that notice was give and proceeded with the hearing in Kelman's and Madison Chapin's absence.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are jointly and severally liable and shall pay Claimants EIGHT THOUSAND TWO HUNDRED DOLLARS AND NO CENTS (\$8,200.00);
2. Respondents are jointly and severally liable to Claimants for interest in the amount of EIGHT HUNDRED AND TWENTY DOLLARS AND NO CENTS (\$820.00);
3. All claims for attorneys' fees are denied;
4. All claims for costs are denied.

FORUM FEES

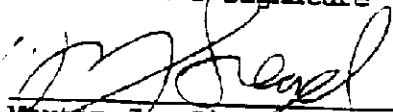
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

1. Forum fees in the amount of \$600.00 for two hearing sessions at \$300.00 per session are assessed and shall be borne by OTRA;
2. Claimants are assessed a \$100.00 non-refundable filing fee. Claimants paid \$400.00 and are entitled to a refund of \$300.00;
3. OTRA shall satisfy the fees assessed by reimbursing Claimants \$300.00 and remitting the balance, \$300.00, to the NASD.

Fees are payable to the National Association of Securities Dealers, Inc.

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Arbitrator's Signature



Martin Jay Siegel, Esq.
Sole Public Arbitrator

Executed on

~~Date of Decision:~~ 10/28/92

Date of Decision: October 30, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

S.S.:

On this 28 day of October 1992, before me personally appeared **MARTIN JAY SIEGEL, ESQ.** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

NORMA O. WALTERS
Notary Public, State of New York
No. 004 04104
Qualified in Nassau County
Commission Expires Aug. 31, 1997.