

N.A.S.D. AWARD  
NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Paul and Joan Altman

CASE #91-03480

Name of Respondent

OTRA Clearing, Inc.

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REPRESENTATION

For Claimant: Cynthia DiBartolo, Esq. of the law offices of  
Noah, Singer, Sayid & DiBartolo.

For Respondent: Scott Monson, Esq. in house counsel at Otra  
Clearing, Inc.

CASE INFORMATION

Statement of Claim filed: November 4, 1991.

Claimant's Submission Agreement signed on: October 21, 1991.

Statement of Answer filed by Respondent Otra Clearing on: June  
1, 1992.

Respondent Otra Clearing, Inc.'s Submission Agreement signed on:  
May 29, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: October 6, 1992, 2 Sessions.

Hearing Location: NASD offices located in New York, NY.

CASE SUMMARY

Claimants alleged that Joseph Krochak, a registered representative of Madison Chapin, solicited Claimants to open a securities brokerage account with Madison Chapin. Claimant further alleged Madison Chapin began buying Champion Sports, Inc. stock for accounts of Madison Chapin customers and these accounts were cleared by Respondent OTRA. Claimants further alleged

Respondent improperly permitted Claimants' Account to be opened without obtaining information concerning their financial status, sophistication, investment background and objectives, and permitted the account to trade on margin without obtaining an executed Margin Agreement. Claimant further alleged Respondent was on notice of the impropriety of the unauthorized purchase and sale involving Champion Sports, Inc. stock, but nonetheless permitted such unauthorized trades to be executed in the Claimants' Account, and Respondent was on notice that Claimants' account was subject to a 90 day freeze, but nonetheless permitted trading in Claimants' account.

Respondent maintained that Respondent had no direct contact with the individual clients of Respondent's correspondents but merely provided clearing services as instructed by the Correspondent Madison Chapin. Respondent further maintained Respondent had no duty or obligation whatsoever to Claimants to investigate the validity, authorization or suitability of any trade placed on Claimant's behalf by Respondent's Correspondent Madison Chapin. Respondent asserted the following defenses: failure to state a cause of action, all or some of the damages are proximately caused by conduct of others, Respondent acted in full conformance with terms and conditions of its agreement with Madison Chapin, and Respondent had no duty to Claimants.

#### RELIEF REQUESTED

Claimants requested \$10,883.82 in compensatory damages, plus interest and legal fees.

Respondents requested all claims be dismissed in their entirety and costs and attorneys' fees.

#### 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. All claims by Claimants be and hereby are dismissed in their entirety.
2. Each party shall bear their own costs including attorneys' fees.

FORUM FEES

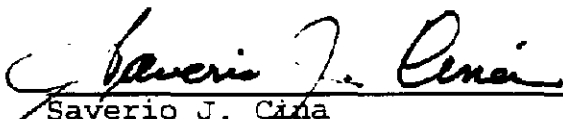
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

2 Sessions X \$300.00 = \$600.00 less \$300.00 hearing  
session deposit = \$300.00 net due.

Respondent Otra Clearing, Inc. be and hereby is liable and shall pay to the NASD the sum of \$300.00 to represent forum fees.

The NASD shall retain the \$100.00 claim filing fee and \$300.00 hearing session deposit previously deposited by Claimant.

ARBITRATOR SIGNATURE

  
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Saverio J. Cina  
Public Arbitrator

Decision Dated: October 23, 1992