

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Forum Associates, Inc.

93-00657

Name of Respondents

Suppes Securities Inc.
Eric Huggler

REPRESENTATION

For Claimant Forum Associates, Inc. ("Claimant"): John J. Villani, of Forum Associates, Inc.

For Respondent Suppes Securities Inc. ("Suppes"): Michael N. Karp, Esq., a sole practitioner.

Respondent Eric Huggler ("Huggler") represented himself.

CASE INFORMATION

Statement of Claim filed: February 22, 1993.

Motion to Dismiss third party claim against Huggler filed: June 16, 1993.

Second Motion to Dismiss third party claim against Huggler filed: July 21, 1993.

Claimant's Submission Agreement signed on: July 21, 1993.

Statement of Answer, Counterclaim and Third Party Claim filed by Respondent Suppes on: April 23, 1993.

Motion for Default Judgment filed by Respondent Suppes on: June 14, 1993.

Respondent Suppes's Submission Agreement signed on: April 21, 1993.

As required, pursuant to Section 25 of the Code of Arbitration Procedure, Respondent Huggler did not file a Statement of Answer nor a Submission Agreement.

HEARING INFORMATION

Hearing Date/Sessions: October 1, 1993/2 sessions

AWARD
#93-00657
Page two

Hearing Location:

NASD, New York, NY

CASE SUMMARY

Claimant alleged that John J. Villani ("Villani"), President of Claimant, was offered an "off the board trade" of 10,000 shares of Helionetics common stock at \$3.50 net by Huggler. Villani alleged that shortly after that trade Michelle Suppes, President of Suppes, told him the stock would be delivered through a Canadian clearing broker called Canaccord Clearing. Villani alleged that a meeting was held to discuss the delay in delivery, whereby he was given a letter purportedly from Susan E. Barnes, a major stockholder of Helionetics, authorizing the transfer of shares from her account at Smith Barney to Norwest Bank. He further alleged that Huggler was at the meeting and both Huggler and Ms. Barnes assured Claimant he would receive the shares or would be compensated.

Respondent Suppes denied Huggler offered shares of Helionetics to Claimant based upon the fact that Suppes had no evidence of such a trade being effected. Suppes admitted it would attempt to obtain for Claimant 10,000 shares of Helionetics to appease Claimant at a meeting held with Ms. Barnes; however, Suppes contended it did not state that it had a firm commitment from any Helionetics shareholders for this purpose.

Respondent Suppes filed a third party claim against Huggler alleging that due to his reckless or negligent behavior, Suppes may suffer damages in the amount recovered by Claimant. Respondent Suppes alleged that any damages suffered by it in this matter was proximately caused by Huggler's behavior in failing to properly communicate with Suppes' principals and Claimant on or about the times complained of by Claimant.

Respondent Suppes filed a counterclaim against Claimant alleging that Stewart Dunn, a registered representative of Robert Thomas Securities, Inc. contacted Huggler about a block of \$3.0 million of Dow Corning bonds (the "Bonds") for sale from Raymond James & Associates ("Raymond James"). Respondent Suppes alleged Huggler contacted Claimant about the Bonds and Claimant indicated it would purchase the Bonds. Respondent Suppes alleged there was a problem with the transaction, whereby Claimant failed to purchase the bonds. Respondent Suppes alleged Raymond James instituted an arbitration proceeding and Mabon Securities Corp. ("Mabon"), Suppes clearing firm, assessed Suppes \$17,099.00 for legal fees, pursuant to Suppes' obligation to indemnify Mabon. Respondent Suppes alleged Claimant breached its agreement with Suppes and acted

AWARD
#93-00657
Page three

negligently, recklessly and fraudulently with respect to the Bonds. Respondent Suppes alleged that due to Huggler's recklessness or negligence, with respect to the Bonds, Suppes has been damaged.

Respondent Suppes requested the panel to enter a default judgment against Huggler for failing to file a timely Answer.

Respondent Huggler stated at the hearing that he was amazed the transaction occurred and that it was a shame it had occurred.

Claimant requested the arbitration panel dismiss the third party claim against Huggler as it did not allege Huggler was at fault and alleged Huggler was acting as the agent of Michelle Suppes and Mark Anthony ("Anthony"). Claimant alleged that the trade in question was initiated by Anthony and promises of delivery were made by phone and in person by Michelle Suppes and Anthony. Claimant alleged that the third party claim was not an appropriate matter for consideration in this proceeding.

Further, Claimant denied the allegations in Suppes' counterclaim and contended that it was unrelated to the issue which prompted this arbitration.

RELIEF REQUESTED

Claimant requested: actual damages in the amount of \$13,125.75; dismissal of the third party claim against Huggler; and dismissal of the counterclaim.

Respondent Suppes requested: dismissal of Claimant's claims against it; costs; and attorneys' fees. Respondent Suppes further requested: indemnification of any losses (by Huggler) suffered by Suppes in this action brought by Claimant; costs and attorneys' fees; and actual damages in the amount of \$19,395.00 against Huggler. Finally, Respondent Suppes requested: actual damages in the amount of \$19,395.00; costs and attorneys' fees against Claimant.

OTHER ISSUES CONSIDERED & DECIDED

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 originals remain on file with the NASD.

AWARD
#93-00657
Page four

Respondent Suppes' Motion for Default Judgment against Huggler was denied.

AWARD

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

1. Respondent Suppes is hereby liable and shall pay to Claimant the sum of \$13,125.75;
2. The counterclaims of Respondent Suppes against Claimant are hereby dismissed;
3. The third party claims of Respondent Suppes against Respondent Huggler are hereby dismissed;
4. All other claims are dismissed;
5. Each party shall bear its own costs, including attorneys' fees, except that Respondent Suppes shall pay to Claimant the sum of \$300.00. Said amount to reimburse to Claimant the \$300.00 hearing session deposit previously paid by Claimant to the NASD.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$100.00 non-refundable filing fee previously paid by Claimant and the \$500.00 non-refundable filing fee previously paid by Respondent Suppes and the following Forum Fees are assessed:

2 sessions at \$300.00 per session = \$600.00 net due.

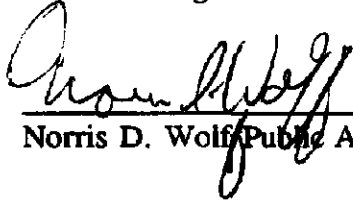
Forum fees Assessed Against:

1. Respondent Suppes is hereby liable in the amount of \$600.00. However, in lieu of further payment to the NASD, the NASD shall retain the \$300.00 hearing session deposit previously paid by Suppes to the NASD

AWARD
#93-00657
Page five

and shall reimburse Claimant as noted above.

Arbitrator Signature

A handwritten signature in cursive script, appearing to read "Norris D. Wolf", is written over a horizontal line.

Norris D. Wolf Public Arbitrator

Date of Decision: October 29, 1993

STATE OF New York

COUNTY OF New York

On this 27th day of OCTOBER, 1993, before me personally appeared Norris D. Wolff known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

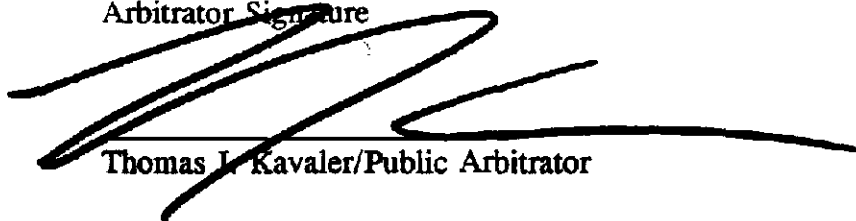
Pamela R. Rouillard

PAMELA R. ROUILLARD
Notary Public, State of New York
No. 01R05013703
Qualified in New York County
Commission Expires July 15, 1995

AWARD
#93-00657
Page five

and shall reimburse Claimant as noted above.

Arbitrator Signature

A large, stylized handwritten signature in black ink, consisting of several sweeping, overlapping strokes.

Thomas L. Kavalier/Public Arbitrator

Date of Decision: October 29, 1993

STATE OF

COUNTY OF

On this ^{27th} day of *October*, 1993, before me personally appeared Thomas J. Kavalier known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Rose Basso

ROSE BASSO
Notary Public, State of New York
No. 24-4742693
Qualified in Kings County
Commission Expires April 30, 1995

156-51
STATE OF NY

COUNTY OF Westchester

On this 27th day of October, 1993, before me personally appeared Patricia N. Cirillo known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that she executed the same.



CLARE SPALL
Notary Public, State of New York
No. 60-4700710
Qualified in Westchester County
Commission Expires March 30, 1995