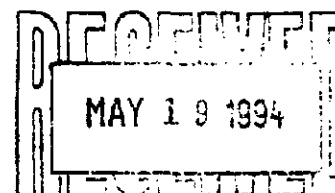


N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS



In the Matter of the Arbitration Between

Name of Claimants

Jack Kotkin and Kris Alter

93-00930

Name of Respondents

Jim Skorton
Pacific Southern Securities, Inc.
Otra Clearing/Reynolds Kendrick Straton

REPRESENTATION

Claimants, Jack Kotkin ("Kotkin") and Kris Alter ("Alter") were pro se.

Respondents, Jim Skorton ("Skorton") and Pacific Southern Securities, Inc. ("PSS") were pro se.

For Respondent, Otra Clearing/Reynolds Kendrick Straton ("OC/RKS"): Scott G. Monson, Esq. of Reynolds Kendrick Straton.

CASE INFORMATION

Statement of Claim filed: March 11, 1993.

Claimant's Submission Agreement signed on: March 3, 1993.

Respondents, Skorton and PSS failed to file an answer or submission agreement as required by sections 12 and 25 of the Code.

Statement of Answer filed by Respondent, OC/RKS on: July 20, 1993.

Respondent, OC/RKS's Submission Agreement signed on: July 20, 1993 by Scott G. Monson as Legal Counsel for OC/RKS.

HEARING INFORMATION

On March 23, 1994 a hearing lasting one (1) session was held in Tampa, Florida.

CASE SUMMARY

Claimants, alleged that Respondent Skorton induced them to purchase stock in Source Venture by means of false and misleading information, misrepresentation and baseless promises and that PSS as Skorton's employer, and OC/RKS as PSS's clearing broker, were liable for Skorton's misconduct.

Respondent OC/RKS denied all allegations of wrongdoing and alleged that, their contract with PSS to act as PSS's clearing broker clearly removes their business from the retail public interface; and that Claimants have made no allegations or wrongdoing against OC/RKS. Respondent sets forth the affirmative defenses of failure to state a cause of action; performance under contract; lack of duty to Claimant; waiver; estoppel; and bad faith filing by Claimants.

RELIEF REQUESTED

Claimants requested: Damages in the amount of approximately \$7,600.

Respondent OC/RKS requested: Dismissal of all claims and an award of attorneys fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents, Skorton and PSS, failed to submit Submission Agreements and did not appear at the hearing. Jurisdiction exists with respect to Skorton and PSS pursuant to Section 12 of the NASD Code of Arbitration Procedure and pursuant to the Form U-4 executed by Skorton. Therefore, this arbitrator finds that Skorton and PSS were required to sign Submission Agreements and to submit Statements of Answer pursuant to Section 25 of the NASD Code of Arbitration Procedure, PSS being an NASD Member firm and Skorton being a person associated with an NASD Member firm at the time this controversy arose.

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. Respondent, Skorton, is found liable and shall pay to the Claimants the sum of \$3,800.00 including attorney's fees. •

2. Respondent, PSS, is found liable and shall pay to the Claimants the sum of \$3,800.00 including attorney's fees.
3. Respondent, OC/RKS's Motion to Dismiss with prejudice is hereby granted and all claims against it are hereby dismissed.
4. Respondent, OC/RKS's request for attorney fees and costs is hereby denied.

OTHER COSTS

Other than Forum Fees discussed below, the parties shall each bear their own costs and expenses incurred in connection with this proceeding.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, Forum Fees in the amount of \$200 are hereby assessed.

1. Claimants are hereby assessed \$100 for which the NASD shall retain the \$200 previously deposited in full satisfaction thereof leaving a balance due to the Claimants of \$100 which shall be reimbursed by the Respondent OC/RKS.
2. Respondent OC/RKS is hereby assessed \$100, which shall be paid directly to the Claimants.
3. The NASD shall retain the \$75.00 non-refundable filing fee paid by the Claimants.

ARBITRATOR

Arbitrator's Signature

James A. Cormack
James A. Cormack
(Sole Public Arbitrator)

Date of Decision: MAY 7, 1994