

**IN ARBITRATION
UNDER CHAPTER XVIII OF THE RULES
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

IN THE MATTER OF)
)
)

LIT Clearing Services, Inc.,)
)
)

Claimant,)
)
)

v.)

File No. 93 M 08

Steven N. Smith,)
)
)

Respondent.)

AWARD

LIT Clearing Services, Inc. ("LIT Clearing") filed the Statement of Claim ("Claim") in the captioned dispute on or about November 19, 1993. Smith filed an Answer on or about December 15, 1993. LIT Clearing, represented by David Gilmartin and Stephen P. Bedell of Gardner, Carton & Douglas, Chicago, Illinois, and Smith, pro se, appeared at a hearing, consisting of one session, on August 2, 1994 in Chicago, Illinois and had full opportunity to present arguments and evidence.

The above captioned controversy involves a debit balance in Smith's clearing account(s) with LIT America, Inc. ("LIT America"). LIT Clearing alleges that it is the owner of all accounts receivable, rights, claims and causes of action formerly owned by LIT America, with whom Smith entered into a clearing agreement, and that Smith had a net liquidating deficit in his clearing account(s) with LIT America, as of June 5, 1991, in the amount of \$285,498.35. LIT Clearing further alleges that LIT America demanded payment by Smith and that Smith has failed or refused to pay the amount due and owing. LIT Clearing further alleges that Smith failed to make the required payments under a Promissory Note in the amount of \$85,498.35, dated June 5, 1991, and failed or refused to pay the amount due and owing upon demand. LIT Clearing seeks an award in the amount of \$216,549.74, which is the sum of the \$285,498.35 net deficit balance, plus interest in the amount of \$44,236.07 for the period March 12, 1991 to August 2, 1994, and attorneys' fees and disbursements (including Exchange forum fees) in the

amount of \$4,815.32, minus the market value of Treasury Bonds held as collateral by LIT Clearing in the amount of \$118,000.

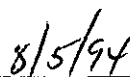
Smith denies LIT Clearing's allegations relating to the net liquidating balance and asserts he signed the Promissory Note under duress. Smith further asserts that there was an unspecified error in determining the value of the Treasury Bonds held by LIT Clearing.

After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned arbitrators, in full and final settlement of the matter in controversy, award as follows:

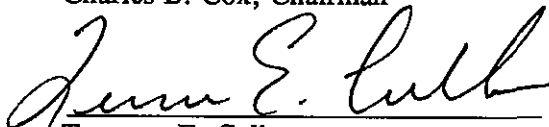
1. Smith is liable for and shall pay to LIT Clearing the amount of \$216,549.74, plus interest at LIT Clearing's Broker Call rate from August 3, 1994 until the Award is paid.
2. Pursuant to CBOE Rule 18.33, the Exchange shall retain the non-refundable filing fee in the amount of \$750.00 and the hearing session deposit in the amount of \$750.00 submitted by LIT Clearing.



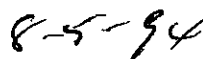
Charles B. Cox, Chairman



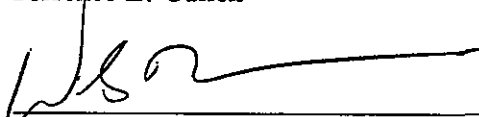
Date



Terrence E. Cullen



Date



William G. Hohenadel



Date