

AWARD
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Paul Mosby and Preferred Travel Service, Inc.

and

99-01281
Minneapolis, Minnesota

Name of Respondents

Prime Charter, Ltd.
Corporate Securities Group, Inc.
Scott Alan Rubin

REPRESENTATION OF PARTIES

Paul Mosby and Preferred Travel Service, Inc. ("**Claimants**") were represented by Ted S. Meikle, Esq., Meikle Professional Association, Minneapolis, Minnesota.

Prime Charter, Ltd. ("**Respondent Prime**") was represented by David C. Weinstein, Esq., Meagher & Geer, Minneapolis, Minnesota.

Corporate Securities Group, Inc. ("**Respondent CSG**") and Scott Alan Rubin ("**Respondent Rubin**") were represented by Jeff Ross, Esq., Zelle, Hofman, Voelbel & Gette, LLP, Minneapolis, Minnesota.

CASE INFORMATION

The Statement of Claim was filed on or about March 17, 1999. Submission Agreement of Claimants Paul Mosby and Preferred Travel Service, Inc. was signed on March 16, 1999 by Paul Mosby, individually and as President of Preferred Travel Service, Inc.

Statement of Answer of Respondent Prime Charter, Ltd. was filed on or about August 2, 1999. Submission Agreement of Respondent Prime Charter, Ltd. was signed on July 29, 1999 by Stephen F. Schwartz.

Answer of Respondents Corporate Securities Group, Inc. and Scott Alan Rubin was filed on or about July 16, 1999. Submission Agreement of Respondent Corporate Securities Group, Inc. was signed on July 13, 1999 by Gregory Tendrich.

Statement of Answer of Respondent Scott Alan Rubin was filed on or about August 2, 1999.
Submission Agreement of Respondent Scott Alan Rubin was signed on June 6, 1999.

CASE SUMMARY

Claimants submitted the following summary:

Claimant Paul Mosby and Claimant Preferred Travel Service, Inc. asserted claims against Prime Charter, Ltd. and its registered representative Scott Alan Rubin for churning, violation of the Minnesota Securities Act, Minn. Stat. §80A.01 *et seq.*, common law fraud, and the Securities and Exchange Act of 1934 Section 10(b) and Rule 10b-5 thereunder, 15 U.S.C. §78b(j) and 17 C.F.R. 240.10b-5.

Claimants asserted claims against Corporate Securities Group, Inc. and its registered representative Scott Alan Rubin for unauthorized trading, violation of the Minnesota Securities Act, Minn. Stat. §80A.01 *et seq.*, common law fraud, and the Securities and Exchange Act of 1934 Section 10(b) and Rule 10b-5 thereunder, 15 U.S.C. §78b(j) and 17 C.F.R. 240.10b-5.

Respondent Prime denied the allegations set forth in the Statement of Claim. It was also stated that Paul Mosby, who controlled both his account and the account of Preferred Travel Services, Inc. is a wealthy and sophisticated investor who knowingly and actively traded on margin. Respondent Prime further stated that Paul Mosby participated in every decision made on his accounts, and now complains about trades that he himself directed.

Respondents CSG and Rubin denied the allegations set forth in the Statement of Claim. These Respondents specifically stated that the short sale of Yahoo complained of was authorized, suitable and ratified by Paul Mosby as of the date that he became aware of a relatively small loss. It was further stated that Mr. Mosby chose to "ride the market" rather than instruct them to liquidate the position.

Respondent Rubin stated that Paul Mosby was a sophisticated investor who expressly authorized each and every trade in his account and the Preferred account and was fully apprised of the risks associated with the transactions in dispute. It was also stated that the losses in the Claimants' accounts are due solely to the vagaries and volatilities of the securities markets and Claimant actions to avoid the consequences of margin calls, not from any purported wrongdoings by Respondent Rubin.

RELIEF REQUESTED

Claimants respectfully requested that the arbitration panel issue an award in their favor and against Respondents as follows:

- ▶ For an award against Rubin and Prime of actual damages in excess of \$240,000, the exact amount to be determined at the hearing, plus lost profits, interest, costs and attorneys' fees.
- ▶ For an award against Rubin and CSG of actual damages in excess of \$150,000, the exact amount to be determined at the hearing, plus return of margin interest charged, lost profits, interest, costs and attorneys' fees.
- ▶ For an award of punitive damages in the amount of \$1,170,000 against Respondents.
- ▶ For an award of costs, disbursements and expenses incurred in pursuing this arbitration.
- ▶ For such other relief as the arbitrators shall determine to be just and equitable.

Respondent Prime requested that the arbitration panel dismiss Claimants' Statement of Claim and issue an award in favor of Prime Charter, Ltd. for attorneys' fees and costs.

Respondents CSG and Rubin requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. In addition, Respondent Rubin requested that the panel issue an order expunging this claim from the records of the Central Registration Depository ("CRD").

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 original(s) remain on file with the NASD Regulation, Inc. Office of Dispute Resolution (the "NASD").

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. All claims asserted in this matter shall be and hereby are dismissed and denied in their entirety.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.

3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$250.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firms are Prime Charter, Ltd. and Corporate Securities Group, Inc.

Member surcharge = \$2,500.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$4,500.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session(s) with a single arbitrator x \$300.00 = \$300.00
Pre-hearing conference(s): May 16, 2000 1 session

One (1) Pre-hearing session(s) with Panel x \$1,000.00 = \$1,000.00
Pre-hearing conference(s): Date 1 session

Ten (10) Hearing sessions x \$1,000.00 = \$10,000.00
Hearing Date(s): June 5, 2000 2 sessions
June 6, 2000 2 sessions
June 7, 2000 2 sessions
June 8, 2000 2 sessions

June 9, 2000

2 sessions

Total Forum Fees = \$11,300.00

The Arbitration Panel has assessed \$5,650.00 of the forum fees to Paul Mosby and Preferred Travel Service, Inc.

The Arbitration Panel has assessed \$2,825.00 of the forum fees to Prime Charter, Ltd.

The Arbitration Panel has assessed \$2,825.00 of the forum fees to Corporate Securities Group, Inc.

Fee Summary

Claimants, Paul Mosby and Preferred Travel Service, Inc., shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 250.00
<u>Forum Fees</u>	= <u>\$5,650.00</u>
Total Fees	= \$5,900.00
<u>Less payments</u>	= <u>\$1,250.00</u>
Balance Due NASD Regulation, Inc.	= \$4,650.00

Respondent, Prime Charter, Ltd., shall be and hereby is liable for:

Member Fees	= \$ 7,600.00
<u>Forum Fees</u>	= <u>\$ 2,825.00</u>
Total Fees	= \$10,425.00
<u>Less payments</u>	= <u>\$ 3,100.00</u>
Balance Due NASD Regulation, Inc.	= \$ 7,325.00

Respondent, Corporate Securities Group, Inc., shall be and hereby is liable for:

Member Fees	= \$ 7,600.00
<u>Forum Fees</u>	= <u>\$ 2,825.00</u>
Total Fees	= \$10,425.00
<u>Less payments</u>	= <u>\$ 3,100.00</u>
Balance Due NASD Regulation, Inc.	= \$ 7,325.00

All balances are due to NASD Regulation, Inc.

/s/ Debra Jean Griebel

Debra Jean Griebel
Public Arbitrator, Presiding Chair

Dated:

June 16, 2000

/s/ Robert Lee Nelson

Robert Lee Nelson
Public Arbitrator

June 16, 2000

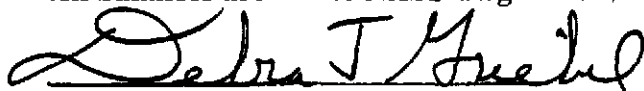
/s/ Paul J. Hennen

Paul J. Hennen
Industry Arbitrator

June 16, 2000

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All balances are due to NASD Regulation, Inc.



Debra Jean Griebel
Public Arbitrator, Presiding Chair

Dated:

6-16-00

Robert Lee Nelson
Public Arbitrator

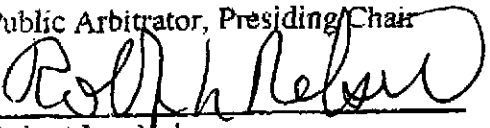
Paul J. Hennen
Industry Arbitrator

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Debra Jean Griebel

Public Arbitrator, Presiding Chair


Robert Lee Nelson
Public Arbitrator

Paul J. Hennen
Industry Arbitrator

Dated:


6/16/2000

NASD Case:

99-01281



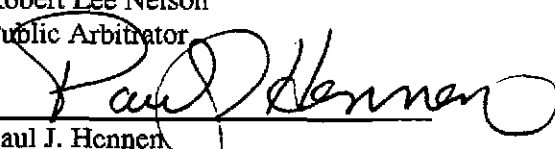
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All balances are due to NASD Regulation, Inc.

Dated:

Debra Jean Griebel
Public Arbitrator, Presiding Chair

Robert Lee Nelson
Public Arbitrator



Paul J. Hennen
Industry Arbitrator

6/16/00
