

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

IN THE MATTER OF)	
)	
Equitec Group, LLC,)	
)	
Claimant/)	
Counter-Respondent,)	
)	
v.)	File No. 06M005
)	
Maple Trading, Inc. and)	
Boris Furman,)	
)	
Respondents/)	
Counterclaimants.)	
)	

Representation

For Claimant: Stephen P. Bedell, Thomas P. Krebs (Foley & Lardner LLP)
 For Respondents: Jacob Pomeranz (Cornfield and Feldman), Leslie J. Rosen

Pleadings

- Equitec Group, LLC’s Statement of Claim and Uniform Submission Agreement, filed on or about: October 9, 2006
- Maple Trading, Inc.’s and Boris Furman’s Answer to Claim,¹ and Uniform Submission Agreement, filed on or about: December 8, 2006
- Equitec Group, LLC’s Answer and Affirmative Defenses to Respondents’/ Counterclaimant’s Counterclaims, filed on or about: January 18, 2007

Hearing

The named parties appeared at the hearing sessions specified below, and had full opportunity to present arguments and evidence.

<u>Date(s)</u>	<u>No. of Sessions</u>	<u>Location</u>
March 9, 2009	1	Chicago, Illinois
March 10, 2009	1	Chicago, Illinois
March 11, 2009	1	Chicago, Illinois
March 12, 2009	2	Chicago, Illinois

¹ Respondents’ Answer to Claim included several counterclaims.

March 13, 2009	1	Chicago, Illinois
June 10, 2009	1	Chicago, Illinois
June 12, 2009	1	Chicago, Illinois
June 23, 2009	2	Chicago, Illinois

Summary of Issues

On or about October 9, 2006, Equitec Group, LLC (“Claimant” or “Counter-Respondent”), filed a Statement of Claim (“Statement of Claim”) against Maple Trading, Inc. (“Maple Trading”) and Boris Furman (“Furman”) (collectively referred to as “Respondents” or “Counterclaimants”).

Claimant’s Statement of Claim alleged that Respondents breached the Operating Agreement and Profit-Sharing Agreement (hereinafter, the “Agreement”), in that Furman failed to devote his full-time efforts to Equitec-Furman, LLC’s (“Equitec-Furman”)² DPM business in 2005 and withdrew, without authorization, \$225,000 in capital from Equitec-Furman. Claimant’s Statement of Claim also alleged that Furman breached his fiduciary duty by (i) failing to devote his full-time efforts to Equitec-Furman’s DPM business; (ii) falsely representing to Equitec Group, LLC that he would forego taking additional capital withdrawals from Equitec-Furman until the Members reached a new agreement or the imbalance in the Members’ capital accounts was rectified; (iii) withdrawing \$225,000 in capital from Equitec-Furman at a time when Furman knew that Equitec-Furman was unprofitable; (iv) disregarding the terms of the Agreement; (v) abdicating his responsibility for management of Equitec-Furman; (vi) improperly and/or negligently attending to his duties as a trader; and (vii) placing his own personal interests ahead of the interests of Equitec Group, LLC and Equitec-Furman. Claimant’s Statement of Claim also alleged that Furman’s actions had fostered animosity, distrust and an adversarial relationship between the Members of Equitec-Furman resulting in a management deadlock, depriving Equitec Group, LLC of its rights as a member of Equitec-Furman, including, without limitation, its rights to control, manage and safeguard its trading activity, its trading risk and its capital. Claimant’s Statement of Claim alleged that Furman’s actions made it impracticable for Equitec Group, LLC to carry on Equitec-Furman’s business with Furman, and in conformity with the Agreement.

Claimant requested the following relief from the arbitration panel (“Panel”): (i) an award in favor of Equitec Group, LLC and against Furman and Maple Trading for actual damages and punitive damages in such amounts as are established at trial, including without limitation, actual damages resulting from Furman’s improper and/or negligent handling of his duties as trader; (ii) injunctive relief prohibiting Furman from having access to Equitec Group, LLC’s offices, personnel and resources, without Equitec Group, LLC’s approval; (iii) injunctive relief prohibiting Furman from placing orders or executing transactions on Equitec-Furman’s behalf on the Chicago Board Options Exchange, Incorporated (“CBOE”), or any other exchange; (iv) injunctive relief prohibiting Furman from taking any other actions in the name of, or on behalf of, Equitec-Furman, or otherwise purporting to act as a Member of Equitec-Furman; (v) in the event that Equitec Group, LLC receives and accepts what it deems to be a reasonable offer to sell Equitec-Furman’s assets, an order requiring Furman to approve of the offer and consent to the sale of Equitec-Furman’s assets on the terms offered; or, in the alternative, (vi) an order requiring Furman to sell, liquidate or otherwise transfer his 50% membership interest in Equitec-Furman to Equitec Group,

² As of the date of filing of this arbitration, Equitec-Furman was comprised of two members, each with a 50% ownership interest: Equitec Group, LLC and Maple Trading, Inc. Boris Furman is the President, Secretary and sole shareholder of Maple Trading, Inc.

LLC at a fair value to be determined by the Panel; or, in the alternative (vii) an order dissolving and winding up the business of Equitec-Furman; and (viii) an award of such other and further relief as the Panel may deem just and proper.

On or about December 8, 2006, Respondents submitted an Answer to the Statement of Claim in which Respondents agreed with Claimant as to the formation and general structure of Equitec-Furman. Respondents also agreed that Equitec-Furman was an options trading firm that held a DPM appointment at CBOE. Respondents denied that Furman devoted less than his full-time efforts to the business in 2005, that he refused to cooperate in management and that he made an unauthorized withdrawal of firm capital. Respondents also contended that the management of Equitec-Furman was the responsibility of both members of Equitec-Furman and that Furman was not required to be on the trading floor full time. Respondents denied that they breached the Agreement. In addition, Respondents denied that they breached their fiduciary duty. Respondents contended that the membership deadlock was remediable and denies that there was ever any immediate and/or irreparable harm to Equitec Group, LLC arising out of any of Furman's actions. Furman asserted in the Circuit Court that by filing the action, Equitec had waived its right to arbitration. Furman denied that the economic purpose of Equitec-Furman was unreasonably frustrated and denied that Furman made it not reasonably practicable to carry on Equitec-Furman's business or that it was not otherwise practicable to carry on Equitec-Furman's business in conformity with the articles of organization and the Operating Agreement. Furman denied that he had fostered animosity, distrust and/or an adversarial relationship between the members of Equitec-Furman.

Respondents asserted several counterclaims against Claimant. Respondents provided that: (i) as of the date of the Counterclaim, Furman was restricted from having access to the records of Equitec-Furman; (ii) Counterclaimants were unable to ascertain the financial condition of Equitec-Furman and Counterclaimants did not believe that an independent audit of the books and records has been performed; and (iii) an order entered by the Circuit Court of Cook County on January 20, 2006 that barred Counterclaimants from performing certain acts had an indefinite termination.

In the Counterclaim, Respondents sought the following relief from the Panel: (i) declaratory relief providing that Furman and his agents are entitled to access to the records of Equitec-Furman at the company's principal place of business; (ii) an order requiring an independent audit of Equitec-Furman's books and records; and (iii) injunctive relief vacating the order dated January 20, 2006 and setting the matter for evidentiary hearing.

On August 29, 2008, Furman, on behalf of Maple Trading, submitted a withdrawal notice to Equitec-Furman, effective as of that date. On November 25, 2008, Counterclaimants submitted a Motion for Leave to File an Amended Counterclaim. On December 3, 2008, the Chairman of the Panel issued an order denying Counterclaimant's Motion for Leave to File an Amended Counterclaim but provided that the Arbitrators will allow evidence and/or testimony at the Hearing regarding the valuation of the entity, whether Respondents are owed any money and the amount of any alleged monies owed as a result of the August 29, 2008 notice to withdraw. In conjunction with this order, the Panel has incorporated into the Award below the amount due to Maple Trading as a result of Maple Trading Inc.'s effective withdrawal of its interest in Equitec-Furman.

Award³

After due deliberation and in consideration of the hearing testimony, documentary evidence, and other submissions made by the parties, the undersigned arbitrators, in full and final resolution of all issues in controversy, award as follows:

1. Claimant's request for actual and punitive damages is denied.
2. Claimant's requests for injunctive relief are moot in that Maple Trading has effectively withdrawn from Equitec-Furman and Furman: (i) no longer has access to Equitec Group's offices, personnel and resources (ii) may not place orders or execute transactions on Equitec-Furman's behalf on the CBOE or any other exchange; and (iii) may not take any other actions in the name of, or on behalf of, Equitec-Furman, or otherwise purport to act as a Member of Equitec-Furman.
3. Claimant's request for such additional relief as the Arbitrators deem just and proper is granted, in part, for attorneys' fees and costs in the amount of \$50,000.
4. Respondents' requests for declaratory and injunctive relief are denied.
5. In consideration of Maple Trading's effective withdrawal from Equitec-Furman, Respondents are awarded \$128,341 representing the value of Maple Trading's interest in Equitec-Furman.
6. To satisfy these awards, the Panel hereby orders Claimant to submit payment to Respondents in the amount of \$78,341.

Forum Fees

Pursuant to Exchange Rule 18.33, the Arbitrators assess the following filing and forum fees:

Initial Filing Fee – Claim	\$750
Initial Filing Fee – Counterclaim	\$250
Pre-hearing session Fees (4 x \$500)	\$2,000
Adjournment Fees ⁴ (2 x \$750)	\$1,500
Hearing session Fees (10 x \$750)	<u>\$7,500</u>
Total	\$12,000

1. The Exchange shall retain the non-refundable filing fees and the hearing session deposits, as previously submitted by Claimant and Respondents. Claimant initially submitted \$750 for the filing fee and \$750 for the hearing deposit. Respondents initially submitted \$250 for the filing fee and \$600 for the hearing deposit.
2. Responsibility for the forum fees, totaling \$11,000, shall be assessed as follows: Claimant shall be responsible for \$5,500 and Respondents shall be responsible for \$5,500.

³ Pursuant to Exchange Rule 18.31, all monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.

⁴ The Panel waived an adjournment fee for the third adjournment as the adjournment was requested by a member of the Panel.

3. Claimant shall submit \$4,750 to the Chicago Board Options Exchange, Incorporated.
4. Respondents shall submit \$4,900 to the Chicago Board Options Exchange, Incorporated.

/s/ Ann Grady 8/7/09
Ann Grady, Chairman and Industry Arbitrator Date

/s/ Michael Held 8/10/09
Michael Held, Industry Arbitrator Date

/s/ Duncan Robinson 8/7/09
Duncan Robinson, Industry Arbitrator Date