

**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.	)	DECISION
	)	File No. 96 M 04
Robert B. Kingsley,	)	
	)	
Respondent.	)	
	)	

**Representation**

For Claimant(s):      Stephen P. Bedell, Gardner Carton & Douglas  
                                 Timothy McDermott, Gardner Carton & Douglas

For Respondent(s):    Pro Se

**Pleadings**

Statement of Claim, filed on or about:	April 25, 1996
Amended Statement of Claim, filed on or about:	September 30, 1996
Answer to Amended Statement of Claim, filed on or about:	October 4, 1996

**Hearing**

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

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Date(s):	November 18, 1996
No. of Sessions:	One (1)
Location:	Chicago, Illinois

**Summary of Issues**

LIT Clearing Services, Inc. ("LIT") asserts that it is the owner of all accounts receivable, rights, claims and causes of action formerly owned by LIT America, Inc. against Robert B. Kingsley ("Kingsley"). LIT alleges that Kingsley executed an Agreement to Repay Debt ("Agreement") and a Promissory Note, on January 31, 1991, to repay a net deficit balance in Kingsley's account with LIT in the amount of \$617,794.00. LIT further alleges that Kingsley

defaulted on the Agreement. LIT seeks an award against Kingsley in the amount of \$617,794.00, plus interest in the amount of \$150,000.00, costs and attorneys' fees. In addition, LIT alleges that after executing the Agreement and Promissory Note, Mr. Kingsley incurred a second deficit balance in his trading account in the amount of \$1,077,358.86, which reflects trading losses suffered by Kingsley after the execution of the Agreement and the payment by LIT of certain loan obligations of Kingsley. LIT asserts that Kingsley has failed and refused to pay the second deficit balance. LIT seeks an award against Kingsley for the second deficit balance in the amount of \$1,077,358.86, plus interest in the amount of \$103,010.84, costs and attorneys' fees.

Kingsley asserts that a binding oral contract was made between LIT and Kingsley. Kingsley alleges that LIT accepted a reduced negotiated payment in the amount of \$150,000, to be paid as soon as Kingsley was financially able. Kingsley requests that the oral contract be upheld, reduced by an amount equivalent to LIT's attorneys' fees and costs.

#### Other Issues Resolved

On September 18, 1996, LIT moved to bar Kingsley from presenting any matter, arguments or defenses at the hearing, pursuant to Chicago Board Options Exchange ("Exchange") Rule 18.15(c). On September 20, 1996, LIT requested leave to file an Amended Statement of Claim, and an arbitrator's ruling requiring Kingsley to file an answer to the Amended Statement of Claim. In addition, LIT requested an adjournment of the hearing scheduled for September 25, 1996. Kingsley filed a response to the September 18 and September 20 motions on September 19 and September 20, 1996, respectively. On September 23, 1996, the panel 1) granted LIT's request for adjournment, 2) granted LIT's request to submit an Amended Statement of Claim, and 3) set a time table for the submission of the Amended Statement of Claim and the Answer thereto.

On November 20, 1996, Kingsley moved to reopen the hearing pursuant to Exchange Rule 18.30. LIT filed a response to the motion on November 26, 1996. Upon consideration, the arbitrators determined to deny Kingsley's request.

#### Award\*

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

1. Kingsley is responsible for and shall pay to LIT the total amount of \$1,947,536.70, which represents \$1,694,525.86 in compensatory damages and \$253,010.84 in interest.
2. No award is rendered for costs or attorneys fees.

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\* Pursuant to CBOE 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.

**Forum Fees**

Pursuant to Exchange Rule 18.33, the Arbitrators assess forum fees in the total amount of \$4,000.00 as follows:

1. LIT is liable for and shall pay to the Exchange an adjournment fee in the amount of \$1,000.00.
2. The Exchange shall retain the non-refundable filing fee in the amount of \$1,500.00 and the hearing session deposit in the amount of \$1,500.00 previously submitted by LIT.

/s/ Daniel Baldwin  
Daniel Baldwin, Chairperson

12-9-96  
Date

/s/ Theodoric Flemister  
Theodoric Flemister

12-9-96  
Date

/s/ Fred Teichert  
Fred Teichert

12/10/96  
Date