

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between)

Name of Claimant(s))

Thomas & Marcia Devine)

Name of Respondent(s))

G.K. Scott & Company)
Peter C. Kapreilian)

Case No. 90-03120

RECORDED
JUL 16 1992
INDEXED

REPRESENTATION

For Claimant, Thomas A. Devine and Marcia M. Devine ("Devines"): Robert G. Hines, Esq.

For Respondent, G. K. Scott & Co., Inc. ("GKS"): Fred F. Cirillo of Comprehensive Capital Corp.

For Respondent, Peter C. Kapreilian ("Kapreilian"): pro se.

CASE INFORMATION

Statement of Claim filed: November 5, 1990. Claimants' Submission Agreement signed: December 10, 1990.

Respondent, GKS', Statement of Answer filed: March 8, 1991. GKS' Submission Agreement signed: March 4, 1991 by Fred F. Cirillo on behalf of GKS.

Respondent, Kapreilian, did not file a Statement or Answer or sign a Submission Agreement as required by Sections 12 and 25 of the Code (see Other Issues).

HEARING INFORMATION

On July 8, 1992, in Fort Lauderdale, Florida, a hearing lasting one (1) session was conducted.

CASE SUMMARY

Claimants alleged that Respondents, through Kapreilian, made unauthorized trades in equity securities; that Claimants complained repeatedly; and, that Respondents failed to correct the problem.

Respondent, GKS, denied all allegations of wrongdoing and alleged that Claimants authorized all transactions; that Claimant failed to complain until February 7, 1990 for trades occurring in 1988 and 1989; and, that Claimants only complained after they became dissatisfied with the last investment.

RELIEF REQUESTED

Claimants requested rescission and that Respondents purchase 2,000 shares of Noven Pharmaceuticals for the Claimants upon Claimants' tender to Respondents of the 4,700 shares in Cheung Labs, Inc.

Respondents, GKS, requested dismissal.

OTHER ISSUES CONSIDERED & DECIDED

1. Mr. Kapreilian did not appear at the hearing nor file an Answer or Submission Agreement as required by Sections 12 and 25 of the Code. Pursuant to the record evidence, and specifically the service documents contained in Arbitrator's Exhibit #2, service of the claim was made upon, and actual notice of the hearing was provided to Kapreilian. The Panel has jurisdiction over Respondent, Kapreilian.

2. Pursuant to Section 29 of the Code, this Award is rendered as if Mr. Kapreilian had entered his appearance in this matter.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, GKS and Kapreilian, are found liable, jointly and severally, for rescission and shall, within five (5) days of the date of this Award, purchase for the Claimants 2,000 shares of Noven Pharmaceuticals. Within five (5) days of the date of this Award, Claimants shall tender to the Respondents the 4,700 shares of Cheung plus the cash received from Prudential Securities in the amount of \$324.04 or an equal amount by personal check, in exchange for the 2,000 shares of Noven Pharmaceuticals.

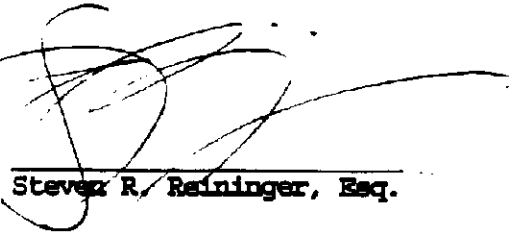
OTHER COSTS

The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Arbitrator has assessed forum fees in the amount of \$100.00 (one session x \$100.00). Respondents are hereby assessed \$100.00, jointly and severally, payable directly to the Claimants. The NASD, Inc. shall retain the \$100.00 session deposit previously paid by the Claimants.

Arbitrator's Signature



Steven R. Reiningger, Esq.

Public

Date of Decision: JULY 15, 1992