

N.A.S.D. AWARD**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.****In the Matter of the Arbitration Between****Name of Claimant****Kemper Securities, Inc.****and****93-01802****Name of Respondent****Enzo Paolilli****REPRESENTATION OF PARTIES**

Claimant was represented by A. Brad Busscher, Esq. and Renan I. Sugarman, Esq. of Kemper Securities, Inc., Chicago, Illinois at the hearing.

Respondent represented himself at the hearing.

CASE INFORMATION

The Statement of Claim was filed on May 3, 1993. Submission Agreement of Claimant was signed on April 29, 1993.

Statement of Answer was filed by Respondent on January 26, 1994.

HEARING INFORMATION

The hearing was held on May 19, 1994
in Chicago, Illinois for a total of two sessions.

CASE SUMMARY

Claimant, Kemper Securities, Inc. ("Kemper") alleged that Respondent Enzo Paolilli ("Paolilli") while an employee of Kemper, engaged in unauthorized trading involving 7 year U.S. Treasury Notes in a customer's account. As a result of the unauthorized trades, Kemper alleged that they incurred losses.

Respondent Paolilli stated in his Answer to the Claim that all transactions were authorized and executed pursuant to the directive of the client.

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RELIEF REQUESTED

Claimant requested damages in the amount of \$1,009,203.22, plus interest at the lawful rate from January 7, 1993 until the date the award is paid, costs, expenses, and attorney's fees.

Respondent requested that the panel dismiss the claim and further assess punitive damages against Kemper for their conduct in this case.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Enzo Paolilli did not file with the N.A.S.D. a properly executed submission to arbitration but is required to submit to arbitration pursuant to §12 of the N.A.S.D. Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

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 originals remain on file with the N.A.S.D.

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. Respondent, Enzo Paolilli, shall be and hereby is liable for and shall pay to the Claimant, Kemper Securities, Inc. the amount of Five Hundred, Fifty Thousand Dollars and No Cents (\$550,000.00);
2. Each of the parties shall bear their own costs and expenses other than those specifically enumerated herein.

FORUM FEES

Pursuant to §43(c) of the N.A.S.D. Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. ("N.A.S.D.") shall retain the non-refundable filing fee in the amount of \$500.00 and shall retain as forum fees the hearing session deposit in the amount of \$1000.00 previously deposited with the N.A.S.D. by the Claimant.

Forum fees are calculated at the rate of \$1000.00 per hearing session x 2 sessions = \$2000.00 minus \$1000 hearing session deposit = \$1000 due. Respondent Enzo Paolilli shall pay to the

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N.A.S.D. additional forum fees in the amount of \$1000.

Fees are payable to the National Association of Securities Dealers, Inc.

By The Arbitration Panel:

James E. Green, Esq. s/s
James E. Green, Esq.
Presiding, Industry Arbitrator

Dated
June 13, 1994

Frank F. Foys s/s
Frank F. Foys
Industry Arbitrator

June 13, 1994

Carmen P. Michelotti s/s
Carmen P. Michelotti
Industry Arbitrator

June 14, 1994

Date Award Served By The NASD: 6-27-94