

NASD Regulation Award

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

In the Matter of the Arbitration Between

Name of Claimants

Tharrenos J. and Virginia M. Papavasiliou

95-00737

Name of Respondents

GKN Securities, Corp.
Rajoo Sharma

REPRESENTATION

For Claimants Tharrenos J. and Virginia M. Papavasiliou ("Claimants"): Peri Erlanger, Esq. of the law firm of Bernstein & Wasserman, LLP, New York, NY

For Respondents GKN Securities, Corp. ("GKN") and Rajoo Sharma ("Sharma"): Katherine Nathan, Vice President and General Counsel GKN Securities Corp., New York, NY

CASE INFORMATION

Statement of Claim filed: February 13, 1995
Claimants' Submission Agreement signed on: December 15, 1994

Joint Statement of Answer filed by Respondents GKN and Sharma (collectively referred to as "Respondents") on: April 17, 1995
GKN's Submission Agreement signed on: April 13, 1995

HEARING INFORMATION

Pre-hearing Conference: via telephone - March 1, 1996 - one session
Hearing Date)/Sessions: September 10, 1996 -two sessions
September 11, 1996 - two sessions
Hearing Location: Doubletree Hotel, Baltimore, MD

CASE SUMMARY

Claimants alleged, among other things, that they were unsuitable to invest in Tricord Systems, Inc. ("Tricord") and that they only

invested in it because of Sharma, their account executive's urging. Claimants alleged that GKN is liable for failing to supervise Sharma's activities. In the Statement of Claim, Claimants also alleged misrepresentation, unauthorized trades, and failure to execute. At the hearing, Claimants dropped all allegations except that of suitability.

Respondents categorically denied all allegations of wrongdoing asserted by Claimants. Respondents maintained, among other things, that Claimant Mr. Papavasiliou was well aware of the risks involved, having recently lost a substantial sum in a brokerage transactions with a different firm, and that all of his transactions with Respondents were only executed on his direction, after he had ample time to consider them. Respondents maintained that given Claimants previous investment experience, wealth and knowledge, Tricord was a suitable investment for the Claimants.

RELIEF REQUESTED

Claimants requested \$64,000 in actual damages together with interest, punitive damages, attorneys' fees and such other relief as the arbitrator deemed appropriate.

Respondents requested that Claimants' claim be dismissed in its entirety and that costs of this proceeding be assessed against Claimants.

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

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. The Panel finds that Claimants failed to sustain their burden of proof to show that Claimants were unsuitable investors at the

time of their purchase of Tricord. Therefore their claim is denied in its entirety.

2. Claimants' request for punitive damages is denied in its entirety.

3. The parties shall bear their respective costs and attorneys' fees, except as forum fees are specifically addressed below.

4. Any and all claims for relief not specifically addressed are denied.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed.

(4 hearing sessions x \$500) + (1 pre-hearing session x \$300) = \$2,300 minus hearing session deposit of \$500 = net \$1,800 due.

Forum Fees Assessed Against: Claimants.

Therefore Claimants owe forum fees in the amount of \$1,800.

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

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10/15/96

Concurring Arbitrators' Signatures

Sharon T. Nelson

Sharon T. Nelson, Chairperson
Public Arbitrator

Joseph A. Kenary, Panelist
Public Arbitrator

William C. Lane, Panelist
Industry Arbitrator

Date Award Served by NASD Regulation: October 22, 1996

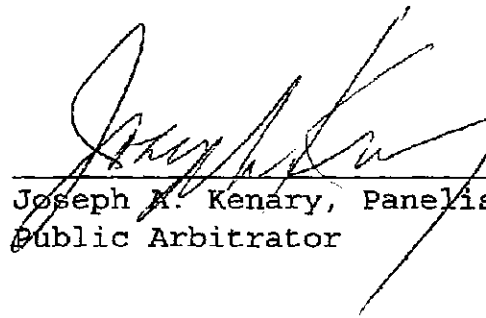
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10/16/96

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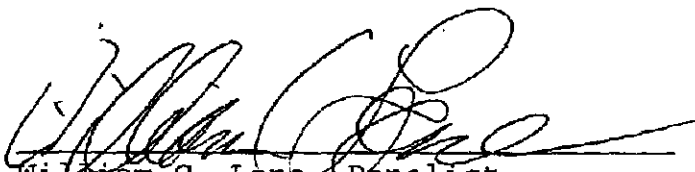
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