

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

GKN Securities Corporation

95-04866

Name of Respondent

Armond J. Federico

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on October 16, 1995, Claimant GKN Securities Corporation ("Claimant"), through its representative and in-house counsel, Katherine Nathan, Esq., alleged that Respondent Armond J. Federico ("Respondent") was a former employee who failed to repay a debt upon termination of his employment. Claimant further alleged that Respondent signed an Association Agreement whereby he agreed to repay it for certain expenses and to indemnify Claimant for unsecured customer debits. Claimant contended that Respondent's expenses and/or unsecured customer debits resulted in a debit of \$7,584.24 and he has failed to repay the full amount owed. Claimant further contended that as a result of the above, it has suffered a loss for which the Respondent should be held liable.

Respondent Armond J. Federico, who appeared Pro Se, maintained that he left the securities business and has no intention of returning to the field. Respondent further maintained that he has no intention of signing a submission agreement and will participate in an arbitration proceeding because he has done nothing that warrants the NASD's intervention. Respondent contended that Claimant is trying to use the NASD as a collection agency for their "beefed up" office expenses. Respondent further contended that as a result of the above, he should not be held liable.

**RELIEF REQUESTED**

Claimant GKN Securities Corporation, requested \$7,584.24 in actual damages, plus interest, attorneys' fees and other costs.

Respondent Armond J. Federico, requested that the claims of the Claimant be denied in their entirety.

**OTHER ISSUES CONSIDERED AND DECIDED**

Pursuant to the By-laws of the NASD, the Arbitrator determined that Respondent Armond J. Federico, has notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore, bound by the arbitrator's ruling and determination.

**AWARD**

Pursuant to Section 10 of the NASD, Inc. Code of Arbitration Procedure, a single Industry Arbitrator, Steven A. Hurst, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant GKN Securities Corporation, on October 2, 1995, and not by the Respondent Armond J. Federico, as required by Sections 8 and 10 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

Respondent Armond J. Federico, is liable and shall pay to the Claimant GKN Securities Corporation, \$4,240.14 in actual damages.

The parties shall bear their respective costs.

The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant GKN Securities Corporation, shall be retained by the NASD, Inc. Respondent Armond J. Federico is liable and shall pay to the Claimant GKN Securities Corporation, \$575.00 as reimbursement of the filing fee.

5. All other relief requests are denied.

**AFFIRMATION**

I, STEVEN A. HURST, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

  
Steven A. Hurst

DATE OF DECISION: March 26, 1996