

AWARD

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the matter of the Arbitration Between

Name of Claimant(s)

John DeRosa

v.

Arbitration No.
97-00118

Name of Respondent(s)

GNA Securities, Inc.

REPRESENTATION

For Claimant: Robert P. Biegler, Esq.,
 Biegler, Oppen & Ortiz
 Sacramento, California

For Respondent: Edward J. Wiles, Jr., Esq.
 GNA Securities, Inc.
 Stamford, Connecticut

CASE INFORMATION

Statement of Claim filed: January 23, 1997

Claimant's Submission Agreement signed: January 23, 1997

Statement of Answer filed: October 22, 1997

Respondent's Submission Agreement signed: October 20, 1997

HEARING INFORMATION

A pre-hearing telephone conference with the full panel was held on October 15, 1997, and lasted one session.

The evidentiary hearing was held in San Francisco, California, as follows:

January 13, 1998	-	1 session
January 14, 1998	-	2 sessions
January 15, 1998	-	2 sessions

CASE SUMMARY

Claimant alleged age discrimination, mental/disability discrimination, intentional and negligent infliction of emotional distress, libel, slander per se, and breach of fiduciary duty arising out of Claimant's employment with Eureka Financial Services, Inc. Claimant alleged that on July 31, 1995, Respondent revoked Claimant's securities registration for two alleged violations - selling securities to non-English speaking customers and using unauthorized sales brochures - and that Claimant denied these actions but was not given an opportunity to contest them. Claimant alleged that Respondent did not conduct a complete investigation, nor was Claimant given the opportunity to arbitrate the dispute.

On August, 17, 1995, the parties mediated the underlying dispute, and agreed to a resolution in which Claimant was placed on a one-year probation. The parties also agreed that the probation was internal, that the information would not be made public and would not be used to Claimant's detriment.

An investigation of the two alleged violations was conducted by the NASD in December, 1995; the NASD determined not to pursue the matter. Upon learning of the NASD's finding that no violations had occurred, Claimant asked to be removed from his probationary status, but Respondent refused.

On May 30, 1996, Claimant filed a complaint with the California Department of Fair Employment and Housing, complaining of discrimination and harassment based upon age and mental condition.

Claimant stated the probation information, including the two alleged violations, had been reported on his Form U-5 by Respondent, and alleged that this demonstrated Respondent's bad faith.

Claimant further alleged that the discrimination and harassment continued, and that he has been denied promotion, opportunities, benefits and bonuses as a result.

Respondent denied all allegations of wrongdoing, and stated that there is no basis for this action because Claimant was not an employee of GNA Securities, Inc., that GNA Securities only

held the securities licenses of Eureka's registered representatives. Respondent stated that it terminated Claimant's securities registration and filed a Form U-5, but that Eureka - not GNA - suspended Claimant's employment pending investigation of the two alleged violations.

Respondent denied it was in a position to offer promotion, etc, as Claimant was not its employee, and that statements on Claimant's Form U-5 were factual, not defamatory.

RELIEF REQUESTED

Claimant requested damages of \$80,000.00, plus \$3,000.00 in special medical damages, damages for loss of reputation, emotional distress, costs of arbitration and attorney's fees pursuant to the provisions of FEHA.

Respondent requested dismissal of all claims.

OTHER ISSUES CONSIDERED AND DECIDED

This claim was originally filed in the Superior Court for the City and County of San Francisco, Case No. 979557, filed July 10, 1996, and was ordered to arbitration on October 31, 1996, by David A. Garcia, Judge.

The parties have agreed to receive conformed copies of the Award while the originals remain on file with NASDR, Inc.

AWARD

The undersigned arbitrators, having considered the pleadings, the testimony and the evidence presented at the hearing, and the post-hearing submissions, have determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimant the sum of \$15,000.00 in satisfaction of all claims.
2. The parties shall each bear their respective costs, including attorney's fees.

FORUM FEES

Pursuant to Section 10205 of the Code of Arbitration Procedure, the NASDR shall retain Claimant's \$500.00 non-refundable filing fee.

Forum fees are to be assessed equally, as follows:

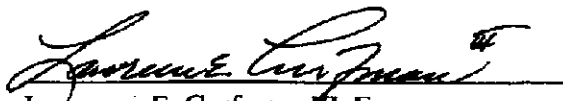
Total fees:

1 pre-hearing telephone conference (3 arbitrators)	\$ 600.00
5 hearing sessions @ \$600/session	<u>\$3,000.00</u>
	<u>\$3,600.00</u>
Claimant's one-half share	\$1,800.00
Credit for deposit	<u>\$ 600.00</u>
Balance due:	<u>\$1,200.00</u>
Respondent's one-half share	\$1,800.00
Member Surcharge outstanding	<u>\$ 350.00</u>
Balance due:	<u>\$2,150.00</u>

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

Concurring Arbitrators Signatures:

Date signed:


Lawrence E. Curfman, III, Esq.
Presiding Chairperson
Public Arbitrator

April 10, 1998

Paul D. Gutierrez, Esq.
Public Arbitrator

Frank Weaver, Esq.
Securities Industry Arbitrator

Date served: 4/15/1998

Forum fees are to be assessed equally, as follows:

Total fees:

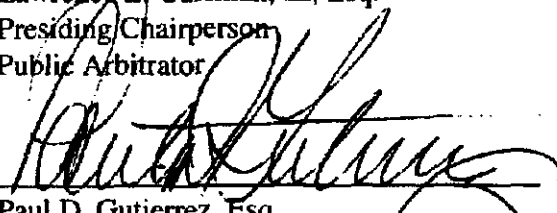
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Concurring Arbitrators Signatures:

Date signed:

Lawrence E. Curfman, III, Esq.
Presiding Chairperson
Public Arbitrator



Paul D. Gutierrez, Esq.
Public Arbitrator

4/14/98

Frank Weaver, Esq.
Securities Industry Arbitrator

Date served: 4/15/1998

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Presiding Chairperson
Public Arbitrator

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Frank Weaver, Esq.
Securities Industry Arbitrator

4/15/98

Date served: 4/15/1998