

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Charles Products, Inc., Marshall Cannon, Frank Stopak, and Glen Heitmann, (Claimants)

v.

Global Equities Group, Inc., Adam Townsend, Marcial F. Chiong, Jr., Aleksander Shvarts, Aleks Paul, and Igor Eric Kuvykin, (Respondents)

Case Number: 99-01632

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants Charles Products, Inc. ("Charles Products"), Marshall Cannon ("Cannon"), Frank Stopak ("Stopak"), and Glen Heitmann ("Heitmann"), hereinafter collectively referred to as "Claimants": Jonathan Abraham, Esq., Abraham and Lerner, New York, NY. Previously represented by: Gregg E. Jaclin, Richard I. Anslow & Associates, Freehold, NJ.

Respondent Global Equities Group, Inc. ("Global") did not enter and appearance in this matter.

Respondent Marcial F. Chiong, Jr., ("Chiong") did not enter an appearance in this matter.

Respondent Adam Townsend ("Townsend") did not enter appearance in the matter.

Respondent Aleksandr Shvarts ("Shvarts"): David W. McKenna, Esq., Mound, Cotton & Wollen, New York, NY. Previously represented by: Cirino M. Bruno, Esq., Gusrae, Kaplan & Bruno, New York, NY.

Respondents Aleks Paul ("Paul") and Igor Eric Kuvykin ("Kuvykin"), appeared *pro se*. Previously represented by: Cirino M. Bruno, Esq. Gusrae, Kaplan & Bruno, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 6, 1999.

Charles Products signed the Uniform Submission Agreement: February 16, 1999.

Cannon signed the Uniform Submission Agreement: February 17, 1999.

Stopak signed the Uniform Submission Agreement: February 16, 1999.

Heitmann signed the Uniform Submission Agreement: February 17, 1999.

Joint Statement of Answer and Motion to Dismiss filed by Respondents Shvarts, Kuvykin, and Paul on or about: November 5, 1999.

Shvarts signed the Uniform Submission Agreement: July 26, 2000.

Kuvykin did not sign a Uniform Submission Agreement.

Paul did not sign a Uniform Submission Agreement.

Global did not file a Statement of Answer or sign a Uniform Submission Agreement.

Townsend did not file a Statement of Answer or sign a Uniform Submission Agreement.

Chiong did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; suitability; unauthorized trades; failure to sell; negligent misrepresentation, fraud and omission to state material facts; failure to supervise; improper transfer of funds; and breach of contract. Claimants' claims involved the stock and warrants of Cluckcorp International and the initial public offerings of Mama Tish and IHI.

Unless specifically admitted in their Answer, Shvartz, Paul, and Kuvykin denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim fails to state a basis or claim upon which relief may be granted; assumption of risk of market fluctuations; the risks assumed by the Claimants were the direct and proximate cause of Claimants' losses, if any; the doctrine of laches; to the extent that any losses or diminution in value of Claimants' securities may have occurred, such losses were the result of unforeseen market fluctuations and were within the risks assumed; Claimants have failed to compute properly the alleged damages and, accordingly seek a windfall; contributory negligence; assuming, without conceding that the Claimants may be entitled to any damages arising out of the allegations of the Statement of Claim, such damages, if any, must be reduced by the proportion to which Claimants' own negligent and culpable conduct caused their damages; the doctrine of ratification; the doctrine of waiver; and the doctrine of estoppel.

RELIEF REQUESTED

Claimants requested:

1. Damages in the amount of \$618,936.56 which represents the money the Claimants deposited into their accounts which was lost by Respondents' trading;
2. Damages in the amount of \$107,209.00 which represents the profits that the Claimants lost due to Respondents' failure to sell the Cluckcorp International stocks and warrants as ordered in August, 1997;
3. Damages in an amount to be proven at the hearing for Claimants' loss of opportunity if proper growth investments had been recommended to them;
4. Attorney's fees;

5. Damages for emotional distress;
6. Punitive damages according to proof;
7. Costs of suit herein incurred and for such other and further relief as the panel may deem appropriate.

Shvarts, Kuvykin and Paul requested an Award:

1. Dismissing the Statement of Claim against them;
2. Assessing the costs of this proceeding against Claimants
3. Awarding them their attorneys' fees; and
4. All such other and further relief as the Panel may deem just, proper, and necessary.

OTHER ISSUES CONSIDERED AND DECIDED

During the pre-hearing conference conducted on November 29, 2000, the Panel granted Claimants' Motion to Amend the Statement of Claim to add two new respondents. In response to a letter dated February 4, 2002, Claimants notified NASD Dispute Resolution of their intent to pursue their claims and file an Amended Statement of Claim. By letter dated November 15, 2002, the parties were advised of the Panel's Order directing Claimants to file and serve an Amended Statement of Claim within two weeks of receipt of the letter and that the Panel would determine any consequences of default.

Because of Claimants' failure to file an Amended Statement of Claim, as requested by Claimants and ordered by the Panel, within the time period specified by the panel, after due consideration, the Panel decided to dismiss this arbitration in its entirety.

Upon review of the file, the undersigned arbitrators (the "Panel") determined that Respondents Global, Townsend, and Chiong have been properly served with the Statement of Claim and received due notice of the pre-hearings, and that arbitration of the matter would proceed without said Respondents' participation, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondents Kuvykin and Paul did not file with NASD Dispute Resolution, Inc. a properly executed submission agreement but are required to submit to arbitration pursuant to the Code and having answered the claim are bound by the determination of the Panel on all issues submitted.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, and the Claimants' failure to file an amended Statement of Claim within the time period specified by the Panel, the Panel has decided in full and final

resolution of the issues submitted for determination as follows:

1. Claimants' Claims are hereby dismissed in their entirety.
2. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$ 375.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with Panel x \$1,200.00	= \$ 3,600.00
Pre-hearing conferences: February 23, 2000	1 session
November 17, 2000	1 session
November 29, 2000	1 session
<hr/> Total Forum Fees	<hr/> = \$ 3,600.00

The Panel has assessed all forum fees against Claimants.

Fee Summary

1. Claimants, are jointly and severally liable for:	
Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 3,600.00
<hr/> Total Fees	<hr/> = \$ 3,975.00
Less payments	= \$ 1,575.00
<hr/> Balance Due NASD Dispute Resolution	<hr/> = \$ 2,400.00


All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Martin Fogelman, Esq.	-	Public Arbitrator, Presiding Chair
Charles A. Crocco, Esq.	-	Public Arbitrator
Dennis M. Pape, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this is which is my award.



Martin Fogelman, Esq.
Public Arbitrator, Presiding Chair

4/4/03

Signature Date

Charles A. Crocco, Esq.
Public Arbitrator

Signature Date

Dennis M. Pape, Esq.
Non-Public Arbitrator

Signature Date

April 14, 2003

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Martin Fogelman, Esq.	-	Public Arbitrator, Presiding Chair
Charles A. Crocco, Esq.	-	Public Arbitrator
Dennis M. Pape, Esq.	-	Non-Public Arbitrator

Consenting Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this is which is my award.

Martin Fogelman, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Charles A. Crocco, Esq.
Public Arbitrator

April 7, 2003
Signature Date

Dennis M. Pape, Esq.
Non-Public Arbitrator

Signature Date

April 14, 2003

Date of Service (For NASD Dispute Resolution use only)