

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Names of Claimants

Sun-Pacific Enterprises, Inc.
Joseph C. Sun

Case No. 99-02125

Names of Respondents

E*TRADE Securities, Inc
Michael Bruce Thompson
Christos Michael Costakos

REPRESENTATION OF PARTIES

Sun-Pacific Enterprises, Inc. ("Sun-Pacific") and Joseph C. Sun ("Sun"), hereinafter collectively referred to as "Claimants", appeared pro se.

For E*TRADE Securities, Inc. ("E*TRADE"), Michael Bruce Thompson ("Thompson") and Christos Michael Costakos ("Costakos"), hereinafter collectively referred to as "Respondents": John M. McCoy III, Esq. of the law firm of Bird, Marella, Boxer & Wolpert, P.C., Los Angeles, California.

CASE INFORMATION

Statement of Claim filed on or about: May 7, 1999.

Claimants signed the Uniform Submission Agreement: May 4, 1999.

Statement of Answer of E*TRADE Securities, Inc. filed on or about: September 10, 1999.

Answer and Motion to Dismiss by Respondent Christos Michael Costakos filed on or about: October 22, 1999.

Answer and Motion to Dismiss by Respondent Michael Bruce Thompson filed on or about: October 22, 1999.

Respondents did not file executed Uniform Submission Agreements.

Claimants' Response to Motion to Dismiss by Respondents Christos Michael Costakos and Michael Bruce Thompson filed on or about: November 19, 1999.

CASE SUMMARY

Claimants asserted the following: E*TRADE should not have converted Claimant Sun-Pacific's cash account to a margin account; prior to the account conversion from a cash account to a margin account and the execution of any margin trades, E*TRADE should have

informed Claimants of the risks of margin trading, short selling, the requirements to cover the short positions, and the consequences if the short positions were not covered; Claimant Sun should have been required to file a written acknowledgement confirming that he understood this information; Respondent E*TRADE placed a hold on shares of stock in Claimants' account, thus barring Claimant Sun from selling the shares when he sought to thereby causing Claimants to incur a loss; and, Respondent E*TRADE breached its agreement with Claimant Sun on January 8, 1999 by liquidating Claimant Sun's account without Claimant Sun's knowledge or consent at approximately noon on that date after account executive Respondent Thompson agreed to let Claimant Sun have the remainder of the day to cover the short position.

Unless expressly admitted therein, Respondents denied the allegations contained in the Statement of Claim and asserted the following: Claimant Sun expressly requested that E*TRADE approve his account for margin trading and was at all times fully aware that he had a margin account; the hold on Claimants' shares was not improper and did not cause Claimants injury; and, Respondents are not liable for the alleged damages suffered by Claimants as a result of the margin calls on his account.

Further, Respondents Thompson and Costakos asserted that the claims against them should be dismissed because there were no specific allegations of wrongdoing asserted against them in the Statement of Claim.

RELIEF REQUESTED

Claimants requested compensatory damages in the sum of approximately \$218,000.00; lost profits; lost interest; reimbursement of all expenses incurred; punitive damages; and any other relief deemed just and proper by the arbitration panel.

Respondents requested that Claimants' Statement of Claim be denied in full and that they be awarded their costs in defending the claim. Further, Respondent Thompson requested an expungement of all references to this arbitration from his registration records maintained by the NASD Central Registration Depository ("CRD").

OTHER ISSUES CONSIDERED AND DECIDED

Respondents E*TRADE and Thompson did not file with the NASD Regulation, Inc. Office of Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code"), and having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

During the Initial Pre-Hearing Conference conducted on January 14, 2000, Claimant Sun informed the arbitration panel that Claimants were dismissing, with prejudice, all claims against Respondent Christos Michael Costakos.

At the conclusion of the presentation of evidence, Claimant Sun informed the arbitration panel that Claimants were dismissing, with prejudice, all claims against Respondent Michael Bruce Thompson.

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

All of Claimants' claims are dismissed in their entirety.

Claimants' request for punitive damages is denied.

Respondent E*TRADE is liable and shall pay to Claimant Sun the sum of \$300.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Regulation, Inc.

The panel recommends the expungement of all references to the above-referenced arbitration from Respondents Michael Bruce Thompson and Christos Michael Costakos' registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09, Respondents Michael Bruce Thompson and Christos Michael Costakos must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directives.

All other requests for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$300.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$2,500.00

Adjournment Fees

Adjournments requested during these proceedings:

No adjournments were requested during these proceedings.

Forum Fees and Assessments

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

Two Pre-hearing sessions with Panel x \$1,125.00	= \$2,250.00
Pre-hearing conferences: January 14, 2000	1 session
May 2, 2000	1 session
Three Hearing sessions x \$1,125.00	= \$3,375.00
Hearing Dates: May 11, 2000	2 sessions
May 12, 2000	1 session
Total Forum Fees	= \$5,625.00

The Panel has assessed the total forum fees of \$5,625.00 to Respondent E*TRADE.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$300.00
Total Fees	= \$300.00
<u>Less payments</u>	<u>= \$300.00</u>
Balance Due NASD Regulation, Inc.	= \$0.00

Respondent E*TRADE be and hereby is solely liable for:

Member Fees	= \$4,600.00
Forum Fees	= \$5,625.00
Total Fees	= \$10,225.00
<u>Less payments</u>	<u>= \$4,600.00</u>
Balance Due NASD Regulation, Inc.	= \$5,625.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

_____/s/_____
Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

Signature Date

_____/s/_____
Dee Zarnowski Bennett, Ph.D.
Public Arbitrator

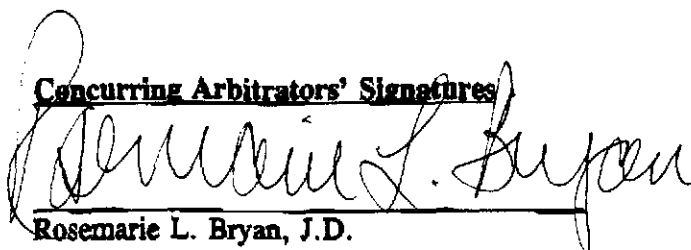
Signature Date

_____/s/_____
Howard S. Levine
Industry Arbitrator

Signature Date

May 25, 2000
Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures



Rosemarie L. Bryan, J.D.

Public Arbitrator, Presiding Chair

5-19-2000
Signature Date

Dee Zarnowski Bennett, Ph.D.

Public Arbitrator

Signature Date

Howard S. Levine

Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

Signature Date



Dee Zarnowski Bennett, Ph.D.
Public Arbitrator

5/18/00

Signature Date

Howard S. Levine
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

Rosemarie L. Bryan, J.D.
Public Arbitrator, Presiding Chair

Signature Date

Dee Zarnowski Bennett, Ph.D.
Public Arbitrator

Signature Date



Howard S. Levine
Industry Arbitrator

5/20/2000
Signature Date

Date of service (For NASD office use only)