

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Edward A. LaScala (Claimant) v. HSBC Securities (USA), Inc. (Respondent)

Case Number: 02-06343

Hearing Site: New York, New York

Nature of the Dispute: Associated Person vs. Member

REPRESENTATION OF PARTIES

Claimant Edward A. LaScala, hereinafter referred to as "Claimant": Alan L. Sklover, Esq., Sklover & Associates, LLC, New York, NY.

Respondent HSBC Securities (USA), Inc., hereinafter referred to as "Respondent": Jennifer M. Moak, Esq. and Kenneth J. Kelly, Esq., Epstein Becker & Green, P.C., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: October 21, 2002.

Claimant signed the Uniform Submission Agreement: October 21, 2002.

Statement of Answer filed by Respondent on or about: January 10, 2003.

Respondent signed the Uniform Submission Agreement: January 9, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: breach of employment agreement; and failure to pay earned compensation.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested an award in an amount no less than \$750,000.00 constituting his 2001 Minimum Conditional and Discretionary Bonuses; plus \$70,000.00 representing the value of his Restricted Stock; plus attorneys' fees; on the compensatory damages requested, interest at the statutory rate of 9% per annum as calculated from the respective bonus payment date of February 15, 2002; on the request for stock, interest at the statutory rate of 9% per annum commencing from March 15, 2003, the date the stock was issued (as requested during the hearing); and the costs and expenses of filing and maintaining this proceeding.

Respondent requested dismissal of the Statement of Claim with prejudice, and granting it costs and disbursements, and such other and further relief as may be just.

OTHER ISSUES CONSIDERED AND DECIDED

At the hearing, Claimant requested a finding of fact that Respondent acted maliciously with regard to Claimant's claim for Restricted Stock. After due consideration, the Panel found insufficient evidence to support this request.

In addition, Claimant made a Motion to Amend his Complaint to include tortious conduct, giving rise to punitive damages. After due consideration, although the Panel found that it had the authority to permit Claimant to amend his Complaint – even after several days of hearings – the Motion was denied because the Panel determined that Respondent's actions did not arise to the level of tortious conduct.

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimant compensatory damages in the amount of \$50,000.00 for the 2001 discretionary bonus plus interest at a rate of 9% per annum beginning on February 15, 2002 until the date the award is paid.
2. Respondent shall deliver, pursuant to Claimant's contract, \$70,000.00 worth of HSBC restricted shares that vested on March 15, 2003, less the shares sold for payment of taxes plus interest at a rate of 9% per annum beginning on March 15, 2003 until the date the award is paid. Claimant shall execute the forms regarding the lost shares.
4. Any and all relief not specifically addressed herein is 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

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, HSBC Securities (USA), Inc. is a party.

Member surcharge	= \$ 2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 4,000.00

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 @ \$1,200.00 = \$ 3,600.00

Pre-hearing conferences:	June 2, 2003	1 session
	August 1, 2003	1 session
	August 22, 2003	1 session

Twelve (12) Hearing sessions @ \$1,200.00 = \$14,400.00

Hearing Dates:	September 22, 2003	2 sessions
	September 23, 2003	2 sessions
	September 26, 2003	2 sessions
	September 30, 2003	2 sessions
	October 1, 2003	2 sessions
	October 2, 2003	2 sessions

Total Forum Fees = \$18,000.00

The Panel has determined to assess fifty percent (50%) of the forum fees against Claimant and fifty percent (50%) of the forum fees against Respondent with the exception that Respondent is required to pay one hundred percent (100%) of the forum fees associated with the August 1, 2003 Pre-hearing conference as set forth below:

1. The Panel has assessed \$ 8,400.00 of the forum fees against Claimant.
2. The Panel has assessed \$9,600.00 of the forum fees against Respondent.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$ 8,400.00
Total Fees	= \$ 8,775.00

<u>Less payments</u>	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 7,200.00

2. Respondent is solely liable for:

Member Fees	= \$ 7,000.00
<u>Forum Fees</u>	= \$ 9,600.00
Total Fees	= \$16,600.00
<u>Less payments</u>	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$ 9,600.00

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

ARBITRATION PANEL

R. Keith Butterfield	-	Non-Public Arbitrator, Presiding Chair
John B. Morgan, Esq.	-	Non-Public Arbitrator
Tama Traberman	-	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 instrument which is my award.


R. Keith Butterfield
Non-Public Arbitrator, Presiding Chairperson

Signature Date

John B. Morgan, Esq.
Non-Public Arbitrator

Signature Date

Tama Traberman
Non-Public Arbitrator

Signature Date

October 22, 2003
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

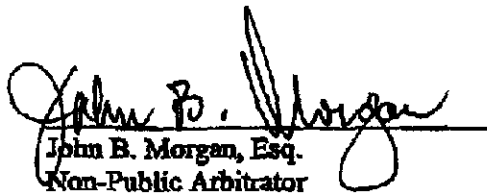
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