

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Michael F. Legg (Claimant) v. Jefferies & Company, Inc. (Respondent)

Case Number: 03-00885

Hearing Site: New York, New York

Nature of the Dispute: Associated Person vs. Member.

REPRESENTATION OF PARTIES

Claimant Michael F. Legg ("Legg") hereinafter referred to as "Claimant": Richard C. Fooshee, Esq., New York, NY.

Respondent Jefferies & Company, Inc. ("Jefferies") hereinafter referred to as "Respondent": Seth M. Kaplan, Esq., Morgan, Lewis & Bockius, LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 5, 2003.

Claimant signed the Uniform Submission Agreement: February 5, 2003.

Statement of Answer filed by Respondent on or about: May 6, 2003.

Respondent signed the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: failure and refusal to pay compensation owed; breach of contract; unjust enrichment, quasi-contract, quantum meruit; and breach of the implied duty of good faith and fair dealing.

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 compensatory damages in the amount of \$2,600,000.00 for violation of the New York Labor Law; pre-award interest; costs and expenses, including reasonable attorneys' fees and forum fees; and such other and further relief as the Arbitration Panel deems just and appropriate.

Respondent requested that the Statement of Claim be dismissed in its entirety with prejudice, that all forum fees and costs be assessed against Claimant, and that the

Arbitrators award Respondent such other and further relief as they deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

During the hearing, at the conclusion of Claimant's case, Respondent made a Motion to Dismiss. After due consideration, the Panel granted said Motion.

The claim was for a bonus based on four investment banking transactions in 2002. Viewing the facts most favorably to Claimant, the Panel believes that Claimant did contribute to the transactions and but for the provisions of Rule 2711, may well be entitled to a bonus for 2002. However, Rule 2711 prohibits Respondent from paying any bonus based on these transactions and, therefore, the Panel cannot find any basis to grant Claimant any bonus. Therefore, the Motion to Dismiss was granted.

On January 23, 2004, Claimant filed a request that the Panel include the following provisions in the Award:

1. An assessment against Jeffries of all hearing costs and an award in Claimant's favor of reasonable attorney's fees;
2. A factual finding that Jeffries' charge against Claimant of plagiarism is false and unfounded;
3. A disciplinary referral under Rule 10105 for investigation of whether Jeffries' activities subsequent to July 9, 2002 violated Rule 2711.

The Panel considered all submissions regarding Claimant's January 23, 2004 request and, after due deliberation, decided the following:

1. The Award will assess hearing costs against Respondent and each party will bear its attorney's fees.
2. The Panel did not address any claims of plagiarism and makes no finding of fact relating thereto in the Award.
3. The Panel will not make any disciplinary referrals
4. The Panel denied the request to re-open the hearing to hear further argument.

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, and 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. Claimant's claims are hereby denied in their entirety.
2. Respondent is liable for and shall pay to Claimant the sum of \$500.00, to reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution.
3. 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	= \$500.00
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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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Jefferies & Company, Inc. is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

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:

Two (2) Pre-hearing sessions with Panel @ \$1,200.00	= \$2,400.00
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Pre-hearing conferences:	September 18, 2003	1 session
	January 16, 2004	1 session

Three (3) Hearing sessions @ \$1,200.00	= \$3,600.00
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Hearing Dates:	January 21, 2004	2 sessions
	January 22, 2004	1 session

Total Forum Fees	= \$6,000.00
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1. The Panel has assessed \$6,000.00 of the forum fees against Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

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|---|-----------|
| 1. Claimant requested copies of hearing session tapes | = \$90.00 |
| 2. Respondent requested copies of hearing session tapes | = \$90.00 |

Fee Summary

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|-----------------------------------|---------------|
| 1. Claimant is solely liable for: | |
| Initial Filing Fee | = \$ 500.00 |
| <u>Administrative Costs</u> | = \$ 90.00 |
| Total Fees | = \$ 590.00 |
| <u>Less payments</u> | = \$ 1,700.00 |
| Refund Due | = \$ 1,110.00 |

As stated in the "Award" section above, Respondent is liable for and shall reimburse Claimant for the \$500.00 filing fee.

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|-------------------------------------|---------------|
| 2. Respondent is solely liable for: | |
| Member Fees | = \$ 8,550.00 |
| Administrative Costs | = \$ 90.00 |
| <u>Forum Fees</u> | = \$ 6,000.00 |
| Total Fees | = \$14,640.00 |
| <u>Less payments</u> | = \$ 8,550.00 |
| Balance Due NASD Dispute Resolution | = \$ 6,090.00 |

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

ARBITRATION PANEL

Randolph Guggenheimer, Jr., Esq.

Non-Public Arbitrator, Presiding Chair

Donald T. Converse

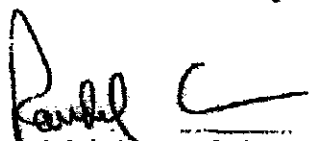
Non-Public Arbitrator

Donald Raymond McNally

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.



Randolph Guggenheimer, Jr., Esq.

Non-Public Arbitrator, Presiding Chairperson

Jan 29, 2004
Signature Date

Donald T. Converse
Non-Public Arbitrator

Signature Date

Donald Raymond McNally
Non-Public Arbitrator

Signature Date

February 6, 2004

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

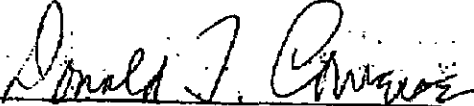
Randolph Guggenheimer, Jr., Esq.	-	Non-Public Arbitrator, Presiding Chair
Donald T. Converse	-	Non-Public Arbitrator
Donald Raymond McNally	-	Non-Public Arbitrator

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.

Randolph Guggenheimer, Jr., Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date



Donald T. Converse
Non-Public Arbitrator

Signature Date

Donald Raymond McNally
Non-Public Arbitrator

Signature Date

February 6, 2004

Date of Service (For NASD Dispute Resolution use only)