

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

CIBC World Markets Corp.

and

Case Number: 03-02556
Hearing Site: Houston, Texas

Name of Respondent

Leo V. Reichle

NATURE OF DISPUTE

Member Firm v. Associated Person

REPRESENTATION OF PARTIES

CIBC World Markets Corp. ("**Claimant**") was represented by Joseph J. Sullivan, Esq., of Sheindlin & Sullivan, LLP. He replaced Karen E. Byrnes, Esq., as Claimant's counsel. Both work for the same firm, Sheindlin & Sullivan, LLP., of New York, New York.

Leo V. Reichle ("**Respondent**") was represented by Andrew Wooley, Esq., of Burns, Wooley, Marseglia & Zabel, LLP, of Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about April 9, 2003.

The Submission Agreement of Claimant CIBC World Markets Corp. was signed on or about March 19, 2003.

Statement of Answer and Counter-Claim was filed by Respondent Leo V. Reichle on or about June 17, 2003.

The Submission Agreement of Respondent Leo V. Reichle was signed on or about June 13, 2003.

CASE SUMMARY

This was an action by a securities firm to recover the balance due pursuant to a promissory note given to a former employee, Leo Reichle. According to the Statement of Claim, Respondent has failed and refused to honor his obligations under the note, which requires him to repay the outstanding principal balance, interest, plus costs and expenses of collection.

Unless specifically admitted in his Answer, Respondent Reichle denied the allegations made in the Statement of Claim and asserted various affirmative defenses and a counter-claim alleging: failure of consideration, breach of contract, fraud and negligent misrepresentation.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$202,074.36
Interest	Unspecified
Other Costs	Unspecified
Attorney's Fees	Unspecified

Respondent requested that the Panel deny Claimant any relief and award Respondent his damages for breach of contract in the amount of \$325,000 or his damages for fraud in the amount of \$1,000,000 or his damages for negligent misrepresentation in the amount of \$325,000, and alternatively, if the Panel awards Claimant any recovery, setoff Respondent's damages against Claimant's recovery and award Respondent the amount by which his damages exceed any recovery by Claimant. Respondent also requests that he be awarded his reasonable attorney's fees and costs incurred in this proceeding.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Leo V. Reichle is liable for and shall pay to Claimant, CIBC World Markets Corp., the sum of \$202,074.36 in compensatory damages;
- 2.) Respondent, Leo V. Reichle, is liable for and shall pay to Claimant, CIBC World Markets Corp., interest on the above stated sum at the rate of 9% per annum from and including 8/16/02 through and including 11/19/03 pursuant to the terms of the promissory note;
- 3.) Respondent, Leo V. Reichle, is liable for and shall pay to Claimant, CIBC World Markets Corp., the sum of \$12,664.93 in attorney's fees pursuant to the terms of the promissory note ;
- 4.) Respondent, Leo V. Reichle, is liable for and shall pay to Claimant, CIBC World Markets Corp., the sum of \$2,401.55 as costs;
- 5.) Respondent, Leo V. Reichle, is liable for and shall pay to Claimant, CIBC World Markets Corp., the sum of \$1000.00 in costs for fees retained by NASD Dispute Resolution;
- 6.) The Counter-Claim of Respondent is denied and dismissed with prejudice;
- 6.) That any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

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	= \$1125.00
Counter claim/Cross claim/Third Party 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(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is CIBC World Markets Corp.

Member surcharge	= \$1700.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$2750.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

One (1) Pre-hearing sessions with a single arbitrator x \$450.00	= \$450.00
Pre-hearing conference: November 17, 2003 1 session	
One (1) Pre-hearing session(s) with Panel x \$1125.00	= \$1125.00
Pre-hearing conference: September 22, 2003 1 session	
Three (3) Hearing sessions x \$1125.00	= \$3375.00
Hearing Dates: November 18, 2003 2 sessions	
November 19, 2003 1 session	
Total Forum Fees	= \$4950.00

The Arbitration Panel has assessed \$4950 of the forum fees to Leo V. Reichle.

FEE SUMMARY

Claimant, CIBC World Markets Corp., is liable for:

Initial Filing Fee	= \$1000.00
Member Fees	= \$5200.00
Total Fees	= \$ 6200.00
Less payments	= \$7325.00
Due to Claimant	= \$1125.00

Respondent, Leo V. Reichle, is liable for:

Counter-Claim Filing Fee	= \$ 375.00
Forum Fees	= \$ 4950.00
Total Fees	= \$5325.00
<u>Less payments</u>	<u>= \$ 1575.00</u>
Balance Due NASD Dispute Resolution	= \$ 3750.00

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

ARBITRATION PANEL

Ruth Smith Jackson – Non-Public Arbitrator, Presiding Chair
Ann M. Owens – Non-Public Arbitrator
Maurice J. Fallas – Non-Public Arbitrator

Concurring Arbitrators:

/s/ Ruth Smith Jackson
Ruth Smith Jackson
Non-Public Arbitrator, Presiding Chair

12/12/03
Signature Date

/s/ Ann M. Owens
Ann M. Owens
Non-Public Arbitrator

12/16/03
Signature Date

/s/ Maurice J. Fallas
Maurice J. Fallas
Non-Public Arbitrator

12/12/03
Signature Date

12/16/03
Date of Service (For NASD office use only)

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Ann M. Owens – Non-Public Arbitrator
Maurice J. Fallas – Non-Public Arbitrator

Concurring Arbitrators:



Ruth Smith Jackson
Non-Public Arbitrator, Presiding Chair

12/12/03

Signature Date

Ann M. Owens
Non-Public Arbitrator

Signature Date

Maurice J. Fallas
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Non-Public Arbitrator, Presiding Chair

Ann M. Owens
Ann M. Owens
Non-Public Arbitrator

Signature Date

12.16.03
Signature Date

Maurice J. Fallas
Non-Public Arbitrator

Signature Date

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