

**Stipulated Award  
NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Chase Investment Services Corp. (Claimant) vs. Philip Rutigliano and HSBC Securities (USA), Inc. (Respondents)

Case Number: 06-02588

Hearing Site: New York, New York

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Nature of the Dispute: Member vs. Associated Person and Member

**REPRESENTATION OF PARTIES**

Claimant Chase Investment Services Corp., hereinafter referred to as "Claimant": Thomas Cahill, Esq., Satterlee Stephens Burke & Burke LLP., New York, NY.

Respondents Philip Rutigliano ("Rutigliano") and HSBC Securities ("USA"), Inc., ("HSBC") hereinafter collectively referred to as "Respondents": M. Christine Carty, Esq., Schnader, Harrison Segal & Lewis, LLC., New York, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: May 26, 2006.

Claimant signed the Uniform Submission Agreement: May 26, 2006.

Respondents did not submit a Statement of Answer or submit Uniform Submission Agreements.

**CASE SUMMARY**

Claimant asserted the following causes of action: breach of contract, breach of fiduciary duty, unfair competition, misappropriation of trade secrets, tortious interference with contract and business relationship.

**RELIEF REQUESTED**

Claimants requested compensatory damages and punitive damages in an unspecified amount. Claimant requested injunctive relief from Respondents, enjoining Respondents from using, referring to, or divulging Claimant's business information, records or documents containing confidential information including clients lists, enjoining Respondents from soliciting or initiating any contact with Claimant's clients, ordering Respondents to return any business information records or documents containing confidential information. Claimant also requested attorneys' fees, disbursements, forum fees, costs and such other and further relief as the Panel deems just, proper and

equitable.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondents Rutigliano and HSBC did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

On or about June 23, 2006, the parties notified NASD Dispute Resolution that they had reached a settlement and on July 13, 2006 submitted this Stipulated Award.

*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**

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. Claimant's claims are dismissed in their entirety with prejudice.
2. Respondents shall not use, refer to or divulge any confidential information of Claimant, its subsidiaries, JP Morgan Chase & Co. and JP Morgan Chase & Co.'s and its affiliates, Chase Insurance Agency, Inc. and JP Morgan Chase Bank, N.A. (collectively "JPMC"), obtained by Rutigliano, or any person acting in concert with him or on his behalf, including without limitation, JPMC clients files, electronic information downloaded from any JPMC computer, client lists, documents, or other files, and all documents, computer files, diskettes or information which Respondents may have created therefrom.
3. Up until and including June 23, 2007, Rutigliano, and any person acting in concert with him or on his behalf, shall not solicit or initiate any contact with any clients of JPMC that were serviced by Rutigliano, or whose names became known to Rutigliano by virtue of his employment with Claimant.
4. Any and all relief not specifically addressed herein, including punitive damages, is denied in its entirety.

### **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 |
|--------------------------|-------------|

#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person at the time of the events giving rise to the dispute. In this matter, Chase Investment Services Corp. and HSBC Securities (USA), Inc. are parties.

|                         |               |
|-------------------------|---------------|
| Member Surcharge        | = \$ 1,500.00 |
| Pre-Hearing Process Fee | = \$ 750.00   |
| Hearing Process Fee     | = \$ 2,200.00 |

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

June 8, 2006, 2006, adjournment by Claimant and Respondents

|                         |             |
|-------------------------|-------------|
| Claimant's share        | = \$ 500.00 |
| Respondent HSBC's share | = \$ 500.00 |

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expensed and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

1. Chase Investment Services Corp. is assessed:

|                             |               |
|-----------------------------|---------------|
| Injunctive relief surcharge | = \$ 2,500.00 |
|-----------------------------|---------------|

### **Fee Summary**

1. Claimant is solely liable for:

|                    |             |
|--------------------|-------------|
| Initial Filing Fee | = \$ 500.00 |
|--------------------|-------------|

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|                         |                      |
|-------------------------|----------------------|
| Member Fees             | = \$ 4,450.00        |
| Injunctive Fees         | = \$ 2,500.00        |
| <u>Adjournment Fees</u> | <u>= \$ 500.00</u>   |
| Total Fees              | = \$ 7,950.00        |
| <u>Less payments</u>    | <u>= \$ 8,450.00</u> |
| Refund Due Claimant     | = \$ 500.00          |

2. Respondent HSBC is solely liable for:

|                                     |                    |
|-------------------------------------|--------------------|
| Member Fees                         | = \$ 4,450.00      |
| <u>Adjournment Fees</u>             | <u>= \$ 500.00</u> |
| Total Fees                          | = \$ 4,950.00      |
| <u>Less payments</u>                | <u>= \$ 0.00</u>   |
| Balance Due NASD Dispute Resolution | = \$ 4,950.00      |

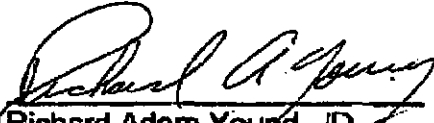
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

|                         |   |  |
|-------------------------|---|--|
| Richard Adam Yound, JD  | - | Public Arbitrator, Presiding Chairperson |
| Allen Kilik, Esq.       | - | Public Arbitrator                        |
| Barbara J. Glenns, Esq. | - | Non-Public Arbitrator                    |

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.

**Concurring Arbitrators' Signatures**

  
\_\_\_\_\_  
Richard Adam Yound, JD  
Public Arbitrator, Presiding Chairperson

July 26, 2006  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Allen Kilik, Esq.  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Barbara J. Glenns, Esq.  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

August 3, 2006  
\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

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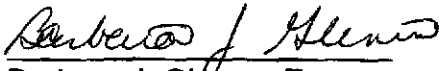
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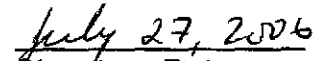
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