



Hearing Dates/Sessions:	December 7, 1994	- 2 sessions
	December 8, 1994	- 2 sessions
	January 9, 1995	- 2 sessions
	January 17, 1995	- 2 sessions
	March 2, 1995	- 2 sessions
	March 6, 1995	- 2 sessions
	March 8, 1995	- 2 sessions
	March 21, 1995	- 2 sessions
	May 4, 1995	- 2 sessions
	May 17, 1995	- 2 sessions

Hearing Location: NASD offices located at 33 Whitehall Street, New York, New York.

### CASE SUMMARY

Claimant alleges that he commenced his employment with Respondent on or about January 1, 1987, as a Vice President of Respondent's retail group. Claimant also alleges that his job performance was excellent, he was promoted, became of a shareholder in the fourth quarter of 1987 and then became Managing Director in March of 1989. Claimant further alleges that while he was employed at the Respondent's firm, his compensation package consisted of on annual base salary and a year-end bonus which he was assured would be equal to 125% of his base annual compensation.

Claimant states that he accepted an offer from one of Respondent's executives to relocate from New York to Los Angeles, California as Managing Director of the Los Angeles office for a three-year period. Claimant also states that the "relocation understanding" was reduced to writing but that the salary, bonus, duties and responsibilities were not reduced to writing. Claimant further states that Respondent terminated, without just cause, his employment and paid him his based salary through the first 18 months of his assignment in California. Claimant alleges that respondent failed to honor the remainder of the three-year commitment, year-end bonus and other payments and fringe benefits. Claimant also alleges that the Respondent failed to pay him his fee due from the origination of the Montgomery Ward transaction which General Electric, Respondent's parent company acquired in a leverage buyout.

Respondent alleges that Claimant was hired as Vice President in the Respondent's Investment Banking department in early 1987. Respondent states that, despite Claimant's efforts, very little business came out of the group headed by Claimant in late 1990 and 1991. Respondent further states that in late 1991, respondent properly proposed a contract known as the "Relocation Understanding" which was entered into by the parties. Respondent further states that this contract provided Claimant with "very generous" consideration for Claimant's move to Los Angeles.

Respondent states that the Claimant's employment was examined in Spring of 1992 and that by September of 1992, the Claimant's efforts in California were not working out. Respondent alleges that no revenues were generated by Claimant while in Los Angeles.

Respondent states that due to cutbacks in management by the Respondent in an effort to restructure the Claimant's departure with an emphasis on productivity, the Respondent states that it was decided that the Claimant's employment was to be terminated on June 30, 1993.

Respondent also states that it technically did breach the "Relocation understanding" it made with the Claimant, but that the Respondent honored every operative clause of the agreement until June 30, 1993. Respondent further states that it paid all of the Claimant's relocation expenses in returning to New York. Respondent also states that the Claimant is entitled to a severance package, as of July 1, 1993, when included with his termination package, totals the sum of \$250,000. Respondent states that Claimant's action is a blatant attempt to "squeeze" the Respondent for monies which the Claimant is not entitled to.

Respondent denies liability and asserts five affirmative defenses.

#### **RELIEF REQUESTED**

Claimant requests a sum not less than \$4,565,967.50; 9% interest on said sum; cost, including reasonable attorney's fees; and such other relief as the panel deems just and proper.

Respondent requested dismissal of the action with costs to the Claimant.

#### **AWARD**

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

1. On May 25, 1995, the panel deliberated and determined that Claimant was entitled to damages totaling **FOUR HUNDRED EIGHTY SEVEN THOUSAND FIVE HUNDRED DOLLARS AND ZERO CENTS (\$487,500.00)** plus interest of **SIXTY TWO THOUSAND SIX HUNDRED EIGHT DOLLARS AND ZERO CENTS (\$62,608.00)**. This award consists of \$225,000 bonus for the first twelve months of Claimant's relocation, \$112,500 pro rata bonus for the first six months of the second year of relocation pursuant to the "relocation understanding", plus \$150,000 severance entitlement.
2. Forum costs are to be split equally between the parties.

**FORUM FEES**

Pursuant to Section 44(c) of the *Code of Arbitration Procedure*, the following Forum Fees are assessed.

Non-refundable Filing Fee - \$500.00

Pre-hearing Conferences - \$900.00 (3 conferences @ \$300.00 per session)

Hearing Sessions - \$20,000.00 (20 conferences @ \$1,000.00 per session)

Total Fees = \$21,400.00

1. Claimant is assessed \$10,700.00. Claimant previously paid \$1,500.00 and owes a balance of \$9,200.00.
2. Respondent is assessed \$10,700.00.
3. Claimant and Respondent were each assessed 500.00 in connection with the postponement of the hearings scheduled for October 7, 18, and 19, 1994. This fee has been paid.
4. Respondent was also assessed \$500.00 in connection with the postponement of the hearing that was scheduled for February 1, 1995. This fee has also been paid.

**ARBITRATION PANEL**

Thomas E. Duggan, Esq.

James R. Madan

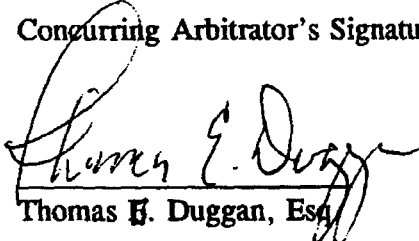
James J. Noone

- Industry Chairperson

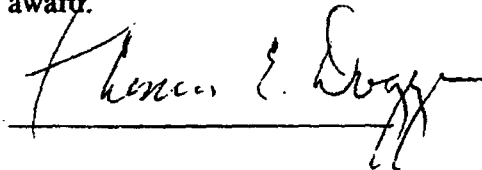
- Industry Panelist

- Industry Panelist

Concurring Arbitrator's Signature

  
Thomas E. Duggan, Esq.

I, Thomas F. Duggan, Esq., do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual herein and who executed this instrument which is my award.



Executed on:

~~Date of Decision~~

7/21/95

Date of Decision: July 28, 1995

**FORUM FEES**

Pursuant to Section 44(c) of the *Code of Arbitration Procedure*, the following Forum Fees are assessed.

Non-refundable Filing Fee - \$500.00

Pre-hearing Conferences - \$900.00 (3 conferences @ \$300.00 per session)

Hearing Sessions - \$20,000.00 (20 conferences @ \$1,000.00 per session)

Total Fees = \$21,400.00

1. Claimant is assessed \$10,700.00. Claimant previously paid \$1,500.00 and owes a balance of \$9,200.00.
2. Respondent is assessed \$10,700.00.
3. Claimant and Respondent were each assessed 500.00 in connection with the postponement of the hearings scheduled for October 7, 18, and 19, 1994. This fee has been paid.
4. Respondent was also assessed \$500.00 in connection with the postponement of the hearing that was scheduled for February 1, 1995. This fee has also been paid.

**ARBITRATION PANEL**

Thomas F. Duggan, Esq.

- Industry Chairperson

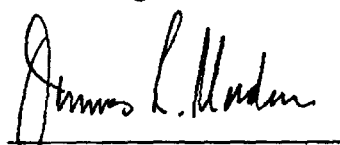
James R. Madan

- Industry Panelist

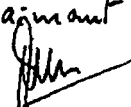
James J. Noone

- Industry Panelist

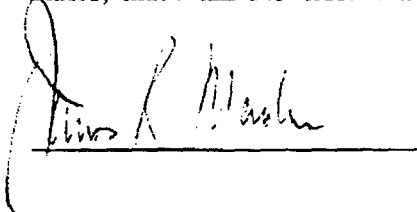
Concurring Arbitrator's Signature



James R. Madan

[Dissent in the Award item which reads "plus \$150,000 severance entitlement", as claimant was not entitled to additional severance. 

I, **James R. Madan**, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual herein and who executed this instrument which is my award.



Executed on:

~~Date of Decision~~

Date of Decision: July 26, 1995

**FORUM FEES**

Pursuant to Section 44(c) of the *Code of Arbitration Procedure*, the following Forum Fees are assessed.

Non-refundable Filing Fee - \$500.00

Pre-hearing Conferences - \$900.00 (3 conferences @ \$300.00 per session)

Hearing Sessions - \$20,000.00 (20 conferences @ \$1,000.00 per session)

Total Fees = \$21,400.00

1. Claimant is assessed \$10,700.00. Claimant previously paid \$1,500.00 and owes a balance of \$9,200.00.
2. Respondent is assessed \$10,700.00.
3. Claimant and Respondent were each assessed 500.00 in connection with the postponement of the hearings scheduled for October 7, 18, and 19, 1994. This fee has been paid.
4. Respondent was also assessed \$500.00 in connection with the postponement of the hearing that was scheduled for February 1, 1995. This fee has also been paid.

**ARBITRATION PANEL**

Thomas F. Duggan, Esq.

James R. Madan

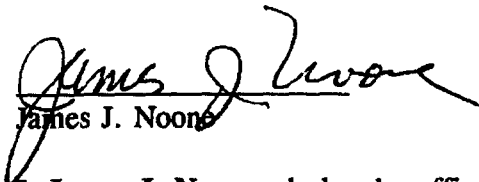
James J. Noone

- Industry Chairperson

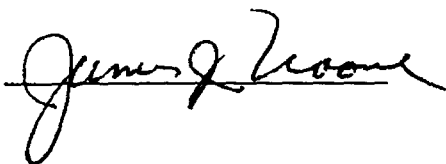
- Industry Panelist

- Industry Panelist

Concurring Arbitrator's Signature

  
James J. Noone

I, James J. Noone, do hereby affirm pursuant to Article 7507 of the Civil Procedure Law & Rules, that I am the individual herein and who executed this instrument which is my award.



Date of Decision: July 28, 1995