

**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the Matter of the Arbitration Between

PAINWEBBER, INCORPORATED,

Claimant and Counter-Respondent,

v.

NASD No. 93-3549

JAMES B. RYDELI,

Respondent and Counter-Claimant.

Representation

For Claimant: Alice Jump, Esq. and Joseph Generelli, Esq. of PaineWebber, Inc., New York, N. Y.

For Respondent: Will Kemp, Esq. of Harrison, Kemp & Jones, Las Vegas, Nevada

Case Information

Statement of Claim filed: September 8, 1993

Claimant's Submission Agreement signed: September 8, 1993

Statement of Answer filed on: November 17, 1993

Respondent's Submission Agreement signed on: November 17, 1993

Hearing Information

Prehearing Conference Date(s)/Sessions: None

Hearing Date/Sessions: November 29/two, 30/two, 1994

Hearing Location: Las Vegas, Nevada

Case Summary

Claimant alleged:

A customer complaint was lodged against Respondent by Shirley Lasman, alleging unsuitable, unauthorized and excessive trading with resulting losses. A second customer, Harold Clay, lodged a complaint against Respondent for allegedly exercising discretion without obtaining authorization from the client. As a result of Respondent's actions, Claimant reached a settlement with Ms. Lasman of \$85,000 and with Mr. Clay of \$24,900. Claimant sought indemnification from Respondent of \$109,900 for collection on these customer settlements.

Respondent denied all allegations of wrongdoing alleged in the Statement of Claim and alleged in a Counter-Claim:

Respondent was constructively terminated on July 22, 1992, having started his employment with Claimant in 1978. At the time of termination, Respondent was entitled to bonuses in the approximate amount of \$140,000. Claimant informed Respondent he would be paid a Branch Manager's Award but reneged on said agreement.

Because of the constructive termination, James Rydell (Rydell) was forced to accept employment with another brokerage firm without payment of a transfer bonus, which could have been approximately \$200,000. Rydell also lost customers as a result of the termination, resulting in lost commissions of \$100,000.

Claimant and Counter-Respondent alleged in its Reply to the Counter-Claim:

Rydell was permitted to resign his employment from PaineWebber (PW) due to improprieties which he committed in multiple customer accounts. Based upon his misconduct, Rydell had the option of being fired or being permitted to resign, and he chose to resign.

PW denied that Rydell was not paid all compensation due him, including bonuses and awards. PW did pay Rydell, and Rydell did accept, the amount of \$25,024 in full satisfaction of, and full payment of, all monies due and potentially due to Rydell.

PW denied that Rydell lost customers due to his alleged constructive termination. If Rydell lost customers, it was due to his own misconduct and violations of industry and firm standards of professional conduct.

Relief Requested

Claimant requested:

1. Compensatory damages of \$109,900;
2. Interest.

Counter-Claimant requested:

1. Compensatory damages of \$440,000;
2. Interest;
3. Attorneys' fees and costs.

Other Issues Considered and 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 originals remain on file with the 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. Each and every claim of Claimant PaineWebber is denied;
2. Each and every counter-claim of Counter-Claimant Rydell is denied;
3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

Other Costs

None.

Forum Fees

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall retain the \$750 hearing session deposits previously paid by the claimant and respondent. Forum fees are assessed against:

Claimant for \$1,500, minus \$750 already paid. leaving a balance of \$750 due;
Respondent for \$1,500, minus \$750 already paid. leaving a balance of \$750 due,


calculated as follows: four hearing session at \$750/hearing session, equals \$3,000, to be divided equally by the parties..

Fees are payable to the National Association of Securities Dealers, Inc.

Arbitration Panel

<i>Name</i>	<i>Public/Industry</i>
Lawrence Johnson	Industry
Michael Diersen	Industry
Wayne Hammond	Industry

Concurring Arbitrators' Signatures



Lawrence Johnson

Michael Diersen

Wayne Hammond

Date of Decision:

Date Served: 12/23/94

Claimant for \$1,500, minus \$750 already paid, leaving a balance of \$750 due;
Respondent for \$1,500, minus \$750 already paid, leaving a balance of \$750 due,

calculated as follows: four hearing session at \$750/hearing session, equals \$3,000, to be divided equally by the parties..

Fees are payable to the National Association of Securities Dealers, Inc.

Arbitration Panel

<i>Name</i>	<i>Public/Industry</i>
Lawrence Johnson	Industry
Michael Diersen	Industry
Wayne Hammond	Industry

Concurring Arbitrators' Signatures

Lawrence Johnson


Michael Diersen

Wayne Hammond

Date of Decision: 12/19/94

Date Served: 12/23/94

Claimant for \$1,500, minus \$750 already paid, leaving a balance of \$750 due;
Respondent for \$1,500, minus \$750 already paid, leaving a balance of \$750 due,

calculated as follows: four hearing session at \$750/hearing session, equals \$3,000, to be divided equally by the parties..

Fees are payable to the National Association of Securities Dealers, Inc.

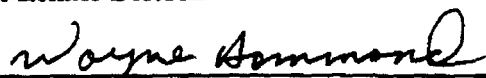
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Wayne Hammond	Industry

Concurring Arbitrators' Signatures

Lawrence Johnson

Michael Diersen



Wayne Hammond

Date of Decision:

Date Served: 12/23/94