

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

GKN Securities Corp.

94-00414

Name of Respondents

Mitchell Lass

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 2, 1994, Claimant GKN Securities Corp., through its in-house counsel Katherine Nathan, Esq., New York, New York, alleged that Respondent Mitchell Lass entered into an Association Agreement with Claimant on or about April 1993 pursuant to his employment with Claimant. Claimant further alleged that the terms of the Association Agreement required that Respondent repay Claimant for certain expenses and to indemnify Claimant against customer debits. Claimant contended that on or about May 10, 1993, Respondent signed an Increased Payout Agreement for which he received from Claimant a payout of 65 % commission for his first three months of employment with Claimant. Claimant further contended that this agreement required Respondent to repay Claimant any excess commission above Claimant's standard commission payout if he should terminate his employment prior to May 1994. Claimant alleged that when Respondent's employment was voluntarily terminated on or about August 30, 1993, he failed to repay to Claimant the commissions paid over its standard commissions payout and failed to repay Claimant for customer debits and/or expenses as detailed on Monthly Commission summaries. Claimant contended that as a result of the above, it has suffered damages for which the Respondent should be held liable.

Respondent Mitchell Lass who appeared Pro Se, maintained that on or about April 15, 1993, he entered into an agreement with Respondent to receive a 65 % commission payout rate for his first three months of employment with Claimant. Respondent further maintained that on May 10, 1993, he received preliminary

numbers for his April commission production which indicated that he was receiving a 40% payout. Respondent contended that he sought out Claimant and requested an explanation, but did not receive one. Respondent further contended that in response to his request, he was given an Increased Payout agreement to sign. Respondent maintained that since he had already transferred all of his clientele from his previous employer to Claimant, and because he was relying on the 65% payout rate, he signed the Increased Payout agreement under duress. Respondent alleged that he was unaware of a time commitment in the Association Agreement signed on April 19, 1993. As a result of the above, Respondent contended that he should only be liable for certain customer debits and expenses that he did not pay.

RELIEF REQUESTED

Claimant GKN Securities Corp. requested \$2,031.30 in actual damages, plus interest, costs and attorney's fees.

Respondent Mitchell Lass requested that he only be liable for certain customer debits and expenses, plus administrative costs, in the amount of \$294.94, and that the remainder of Claimant's Statement of Claim be dismissed.

AWARD

Pursuant to Section 10 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single industry arbitrator, Robert Spangler, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on February 2, 1994 and by the Respondent on April 4, 1994.

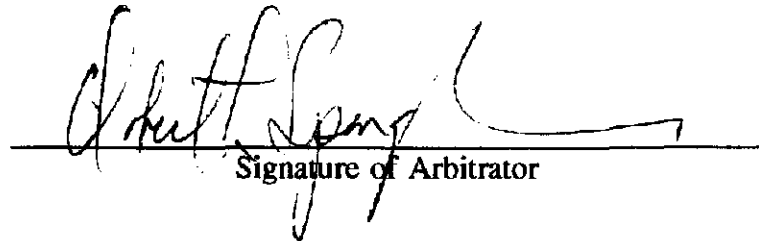
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Mitchell Lass is liable and shall pay to Claimant GKN Securities Corp. \$2,025.34 in actual damages.
2. Claimant GKN Securities, Inc.'s request for interest is denied.
3. The parties shall bear their respective costs, including attorneys' fees.

4. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, **Robert Spangler**, do hereby affirm upon my oath of arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: July 25, 1994

STATE OF New York ss.:

COUNTY OF New York

On this 18 day of July 1994, before me personally appeared to me known and known before me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Deborah De Jesus

DEBORAH A. DEJESUS
Notary Public, State of New York
No. 02DE5022979
Qualified in New York County 96
Commission Expires January 24, 1996