

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of Arbitration Between

Byron Olson

vs.

94-01169

Chase Securities, Inc.

REPRESENTATION

For Claimant, David I. Faust, Esq. of Faust, Rabbach, Stanger & Oppenheim, New York, NY

For Respondent, Edward A. Brill, Esq. of Proskauer, Rose, Geotz & Mendelsohn,
New York, NY

CASE INFORMATION

Statement of Claim filed: March 28, 1994

Claimant's Answer to Respondent's Counterclaim filed: September 1, 1994

Claimant's Submission Agreement signed on: March 24, 1994

Statement of Answer and Counterclaim filed: June 1, 1994

Respondent's Submission Agreement signed on: May 24, 1994

HEARING INFORMATION

Hearing dates/sessions:	Pre-Hearing Conference:	January 16, 1995	1 Session
	Hearings:	January 18, 1995	2 Sessions
		January 19, 1995	2 Sessions
		February 10, 1995	2 Sessions

The hearings were held at the offices of the National Association of Securities Dealer, Inc. located in New York, New York.

CASE SUMMARY

The Claimant, Byron Olson ("Mr. Olson"), alleged that he had an oral compensation agreement with the Respondent, Chase Securities Inc. ("Chase"), in which Mr. Olson would receive 15% of the annual profits he generated for Chase in 1992. Mr. Olson alleged that the agreement called for a base compensation of \$200,000, paid during the year and an additional amount, representing the difference between 15% of the annual profits Mr. Olson generated for Chase and his \$200,000 base compensation, to be paid as a bonus at the beginning of 1993.

Mr. Olson alleged that he was directly responsible for approximately \$2,523,000 in profits for Chase in 1992 and that he expected a bonus of nearly \$200,000. Mr. Olson alleged that he only received \$25,000 and that Chase assured him that the shortfall would be made up to him consistent with the terms of the oral agreement. Mr. Olson maintained that despite the promises made by Chase, he never received payment.

Mr. Olson further alleged that in mid-spring of 1993, Chase promised to pay him an annual salary representing 15% to 20% of the profits that he generated for Chase. Mr. Olson alleged that Chase's explanation for the increased percentage in 1993 was to make up for the delay in paying Mr. Olson his 1992 bonus. Mr. Olson claimed that at the end of 1993, Chase confirmed that he had earned the full 20% of the approximately \$3,148,000 in profits which he had generated for Chase. Mr. Olson alleged that despite repeated assurances, that he would receive 20% of the profits he generated, he only received \$110,000 bonus.

Mr. Olson maintained that in the beginning of 1994, he refused to sign an employment agreement, in which he would waive his right to claim compensation due from 1992 and 1993, and subsequently contacted an attorney. Mr. Olson alleged that on February 25, 1994, he was

removed from his trading position and subsequently resigned. Mr. Olson alleged that during the first two months of 1994 he generated approximately \$1,100,000 in profit for Chase, but only received \$33,000 compensation.

Chase alleged that Olson returned to New York in November of 1990, when his former position in Tokyo was discontinued, and took a new position with Chase as the senior proprietary trader in the government area. Chase maintains that Olson's salary was \$200,000 and in addition to his salary Olson was eligible to receive a discretionary bonus based on his own performance, as well as the overall performance of the government trading area and Chase as a whole.

Chase alleged that the desk handled by Olson in 1991, lost money and that Mr. Olson received no bonus for that year. Chase further alleged that in 1992 Mr. Olson's desk generated \$2,523,000 in profit, however the government area as a whole lost money, and Mr. Olson received a discretionary bonus of \$25,000.

Chase alleged that Olson complained about his 1992 bonus to his superiors Paul McCormack and Paul Brandow. Chase maintained that Mr. Brandow told Mr. Olson that his 1992 bonus could not be changed but that his 1993 compensation would be based principally on the performance of Mr. Olson's unit, however, subject to the bonus pool made available by Chase. Chase maintained that at no time during the conversation, or otherwise, did Paul Brandow agree to compensate Mr. Olson based on a specific percentage of his profits, or to make up for any shortfall in his 1992 compensation.

Chase alleged that in 1993 Mr. Olson's desk generated a profit of approximately \$318,148,000 and that based on these figures Mr. Olson was told that he would receive a \$110,000 bonus, however, Mr. Olson again complained that his compensation was insufficient. Chase maintained that they sought to resolve Mr. Olson's dissatisfaction and to induce him to remain at Chase by agreeing to pay him a minimum bonus of \$150,000, contingent on Mr. Olson remaining and being employed at Chase when the bonus was paid in January 1995, in addition to his base compensation of \$200,000. Chase alleged that this offer was confirmed in a letter to Mr. Olson from Randy Sides and that Mr. Olson verbally agree to the conditions in the letter with Randy Sides and Paul Brandow.

Chase alleged that soon after, they received a letter from Mr. Olson's attorney with Mr. Olson's claims for additional compensation from 1992 and 1993. Chase alleged that Mr. Olson was removed from his position as a proprietary trader and that he subsequently resigned from Chase in March 1994.

Chase counterclaimed that in April 1994, Chase discovered an improper adjustment to the valuation of a position in a U.S. Treasury security, which was under the supervision of Mr. Olson until February 1994, resulted in an overstatement of the profit for the government

securities desk by approximately \$2,100,000 as of December 31, 1993. Chase alleged that had they been aware of the improper valuation when the 1993 bonuses were paid, Mr. Olson would not have received any bonus for 1993.

Mr. Olson denied all allegations asserted in the counterclaim.

RELIEF REQUESTED

The Claimant requested \$660,050 (shortfall in compensation of \$153,450 from 1992 + \$319,600 from 1993 + \$187,000 from 1994) plus interest. The Claimant also requested punitive damages in the amount of \$4,339,950. The Claimant requested a dismissal of the Respondent's counterclaim.

The Respondent requested that all claims be denied. The Respondent also requested that the Claimant be directed to repay \$110,000 received as a bonus for 1993, or, in the alternative, that this amount be applied as an offset against any amount that may be found due to Claimant by Respondent.

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. The Respondent is hereby liable to, and ordered to pay Claimant, Byron Olson, \$100,000 interest excluded;
2. Claimant's request for punitive damages is denied; and
3. Respondent, Chase Securities Inc.'s, counterclaim is denied.

FORUM FEES

Pursuant to Section 43(c) or of the Code of Arbitration Procedure, the arbitrators have assessed the following forum fees:

Pre-Hearing Conference:	1/16/95 - 1 Session	\$ 300.00
Hearing Sessions:	1/18/95 - 2 Sessions	\$2000.00
	1/19/95 - 2 Sessions	\$2000.00
	2/10/95 - 2 Sessions	\$2000.00

Total forum fees in the amount of \$6,300 are to be split equally among the parties. Accordingly,

1. The Claimant is assessed \$3,150 and is entitled to offset this amount with the \$1,000 hearing session deposit previously paid, and directed to pay the balance of \$2,150; and
2. The Respondent is assessed \$3,150 and is entitled to offset this amount with the \$750 hearing session deposit previously paid, and directed to pay the balance of \$2,400.

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

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ARBITRATION PANEL

Michael P. Golden

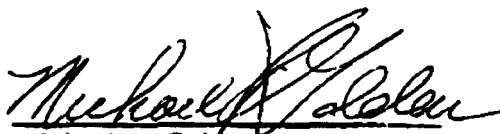
Thomas A. Turley

Leon Goldsholl

Industry Chairperson

Industry Arbitrator

Industry Arbitrator



Michael P. Golden

Thomas A. Turley

The undersigned arbitrator respectfully dissents in the award to Claimant, however, concurs in the denial of the Respondent's counterclaim.

Leon Goldsholl
Industry Arbitrator

NASD Date of Decision: _____

STATE OF:

S.S.C.

COUNTY OF:

On this 11th day of April, 1995, before me personally appeared **Michael P. Golden** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Michael P. Golden

Evelyn Rodriguez Chong

EVELYN RODRIGUEZ CHONG
Notary Public, State of New York
No. 41-6010508
Qualified in Queens County
Certificate Filed in New York County
Commission Expires March 28, 1997

ARBITRATION PANEL

Michael P. Golden

Thomas A. Turley

Leon Goldsholl

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Industry Chairperson

Industry Arbitrator

Industry Arbitrator

Michael P. Golden

Thomas A. Turley

The undersigned arbitrator respectfully dissents in the award to Claimant, however, concurs in the denial of the Respondent's counterclaim.

Leon Goldsholl
Industry Arbitrator

NASD Date of Decision: _____

STATE OF: *New York*
COUNTY OF: *Westchester*

S.S.:

On this *17th* day of *April*, 1995, before me personally appeared **Thomas A. Turley** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

Carol McGowan

CAROL MCGOWAN
Notary Public, State of New York
No. 41247, Westchester Co.
Commission expires Nov. 30, 1996

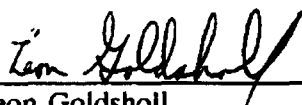
ARBITRATION PANEL

Michael P. Golden	-	Industry Chairperson
Thomas A. Turley	-	Industry Arbitrator
Leon Goldsholl	-	Industry Arbitrator

Michael P. Golden

Thomas A. Turley

The undersigned arbitrator respectfully dissents in the award to Claimant, however, concurs in the denial of the Respondent's counterclaim.



Leon Goldsholl
Industry Arbitrator

NASD Date of Decision: _____

STATE OF:

New York

S.S.:

COUNTY OF:

Queens

On this *11th* day of *April* 1995, before me personally appeared **Leon Goldsholl** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that he executed the same.

Joan Patane

JOAN PATANE
Notary Public, State of New York
No. 41-PA5003289
Qualified in Queens County
Commission Expires Oct. 19, 19*96*