

NASD REGULATION, INC. AWARD

In the Matter of the Arbitration Between

Name of Claimant

Michael Allen

Case No.
96-04291

Name of Respondent

CS First Boston Corporation

REPRESENTATION

Michael Allen ("Claimant") was represented by Gordon B. Spivack, Esq. of the law firm of Coudert Brothers, New York, New York.

CS First Boston Corporation ("Respondent") was represented by Kathleen M. Comfrey, Esq. of the law firm of Shearman & Sterling, New York, New York.

CASE INFORMATION

Claimant's Statement of Claim was filed on September 27, 1996.

Claimant's Submission Agreement was signed on September 19, 1996.

Respondent's Statement of Answer was filed on December 6, 1996.

Respondent's Submission Agreement, executed by Wendy S. Hafford as Vice President and Senior Litigation Counsel of CS First Boston Corporation, was signed on December 5, 1996.

HEARING INFORMATION

Pre-Hearing Conference: April 15, 1998 - one session with the panel

Hearing Dates/Sessions: July 20, 1998 - two sessions with the panel
July 21, 1998 - two sessions with the panel
July 22, 1998 - two sessions with the panel
October 12, 1998 - two sessions with the panel
October 28, 1998 - two sessions with the panel
November 5, 1998 - two sessions with the panel

Hearing Location: NASD Regulation, Inc., New York, New York

CASE SUMMARY

Claimant commenced this arbitration proceeding to recover actual and compensatory damages in the amount of \$2,600,000 arising from Respondent's failure to provide compensation for services rendered. Claimant worked as Managing Director and Head of First Boston's New Issue Debt Syndicate Department. Claimant alleged, among other things, that as a Director, a portion of Claimant's compensation remained contingent on whether the revenues of the New Issue Debt Syndicate Department exceeded its stated annual budget. In 1995, Claimant earned \$100,000,000 in revenues--exceeding the department's annual budget. According to the terms of Claimant's compensation for services, he was allegedly promised \$2,500,000 if the department was profitable. However, Claimant alleged that he was paid \$200,000 and asserts that he is owed the remainder of the amount promised.

Respondent denied that it committed any wrongdoing alleged in Claimant's Statement of Claim. Respondent asserted that no promise was given to Claimant regarding compensation after a profitable performance. Respondent further maintained that it has a strictly enforced practice that no manager is permitted to guarantee compensation unless that guarantee is in writing and approved by appropriate levels of management. Respondent maintained that the decision to provide a bonus to Claimant rested exclusively in Respondent's discretion and, absent a written guarantee, there was no commitment that Respondent would provide Claimant with a bonus.

RELIEF REQUESTED

Claimant, in his pleadings, requested actual and compensatory damages in the amount of \$2,300,000 for services provided in 1995 plus \$300,000 for services provided in 1996 for a total of \$2,600,000; inclusive of interest plus reasonable attorneys' fees.

Respondent, in its pleadings, requested that each and every claim for relief sought by Claimant in his Statement of Claim be dismissed.

OTHER ISSUES CONSIDERED & 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 NASD Regulation, Inc. ("NASD Regulation").

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. CS First Boston Corporation is liable to Michael Allen and shall pay Michael Allen the sum of \$2,300,000 for 1995 bonus and \$16,500 for the 1996 salary differential for a total amount \$2,316,500; post hearing interest will run at six percent (6%) simple interest per annum from February 16, 1996 until the date the award is paid.
2. That the parties shall bear their respective costs, including attorneys' fees except as costs and forum fees are addressed below.
3. Any and all claims for relief not specifically addressed herein are denied in their entirety.

OTHER COSTS

This arbitration was filed pursuant to Rule 10334, Procedures for Large and Complex Cases. In accordance to Rule 10334 subsection (c)(4), the parties agreed to compensate each arbitrator an additional fee of \$400 per day. As seven hearing days took place (1 pre hearing date and 6 hearing dates), the additional compensation to the panel is \$8,400 which amounts to \$2,800 due each arbitrator. Each party shall pay an Arbitrator Compensation Fee of \$4,200. Claimant is entitled to offset this fee with his arbitrator compensation deposit of \$2,400 plus his \$1,500 hearing session deposit so that Claimant owes an Arbitrator Compensation Fee of \$300. Respondent is entitled to offset this fee with its arbitrator compensation deposit of \$2,400 so that Respondent shall pay an Arbitrator Compensation Fee of \$1,800.

Claimant has paid a filing fee of \$500 and a hearing session deposit of \$1000.

Respondent has paid a member surcharge of \$500.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

(1 pre hearing conference with the panel x \$1000) + (12 hearing sessions x \$1000) = \$13,000 total forum fees.

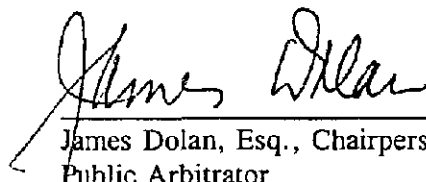
Forum Fees are assessed against Respondent so that Respondent owes \$13,000. Respondent also owes an Arbitrator Compensation Fee of \$1,800 for a total of \$14,800 net due.

Claimant owes an Arbitrator Compensation Fee of \$300.

Fees are payable to the NASD Regulation, Inc. Office of Dispute Resolution.

Date Award Signed

Concurring Arbitrators' Signature


James Dolan, Esq., Chairperson
Public Arbitrator

I, James Dolan, Esq., 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.

Cynthia L. Boyce, Esq., Panelist
Public Arbitrator

I, Cynthia L. Boyce, Esq., 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.

Barbara J. Glenns, Esq., Panelist
Industry Arbitrator

I, Barbara J. Glenns, Esq., 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.

Date Award Served BY NASD Regulation: _____

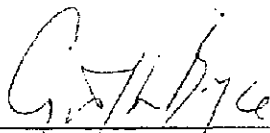
Date Award Signed

Concurring Arbitrators' Signature

James Dolan, Esq., Chairperson
Public Arbitrator

I, James Dolan, Esq., 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.

11/30/98


Cynthia L. Boyce, Esq., Panelist
Public Arbitrator

I, Cynthia L. Boyce, Esq., 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.

Barbara J. Glenss, Esq., Panelist
Industry Arbitrator

I, Barbara J. Glenss, Esq., 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.

Date Award Served BY NASD Regulation: _____

Date Award Signed

Concurring Arbitrators' Signature

James Dolan, Esq., Chairperson
Public Arbitrator

I, James Dolan, Esq., 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.

Cynthia L. Boyce, Esq., Panelist
Public Arbitrator

I, Cynthia L. Boyce, Esq., 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.

Nov 30, 1998

Barbara J. Glenns
Barbara J. Glenns, Esq., Panelist
Industry Arbitrator

I, Barbara J. Glenns, Esq., 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.

Barbara J. Glenns

Date Award Served BY NASD Regulation: _____