

NASD AWARD

**NASD REGULATION, INC.
OFFICE OF DISPUTE RESOLUTION**

In the Matter of Arbitration Between :

JAY N. PATEL, :

Claimant, :

-and- :

CREDIT SUISSE FIRST BOSTON :
CORPORATION, RAYMOND J. DORADO, :
and GOLDMAN, SACHS & CO., :

NASD No. 96-04716

Respondents. :
----- :

CREDIT SUISSE FIRST BOSTON :
CORPORATION and RAYMOND J. DORADO, :

Counterclaimants, :

-and- :

JAY N. PATEL, :

Counterrespondent. :

REPRESENTATION

For Claimant/Counterrespondent Jay N. Patel: Jeffrey Liddle, Esq. and Alan Bloom, Esq.,
Liddle & Robinson LLP, New York, New York.

For Respondents/Counterclaimants Credit Suisse First Boston Corporation and Raymond J.
Dorado: George J. Wade, Esq., Mary K. Warren, Esq., and Tammy P. Bieber, Esq.,
Shearman & Sterling, New York, New York.

For Respondent Goldman, Sachs & Co.: Robin D. Fessel, Esq., Sullivan & Cromwell, New
York, New York.

CASE INFORMATION

Statement of Claim filed on October 22, 1996.

Claimant's Submission Agreement signed October 23, 1996.

Respondents Credit Suisse First Boston Corporation's and Raymond J. Dorado's Joint Answer and Counterclaims filed on December 23, 1996.

Respondents Credit Suisse First Boston Corporation's and Raymond J. Dorado's Submission Agreement signed January 10, 1997.

Claimant's Reply and Motion to Dismiss Respondents' Counterclaims dated January 3, 1997. Amended Statement of Claim filed on January 30, 1997 naming Goldman, Sachs & Co. as a Respondent.

Respondents' Opposition to Claimant's Motion to Dismiss dated January 31, 1997.

Claimant's Submission Agreement signed February 3, 1997 with respect to Goldman, Sachs & Co.

Respondent Goldman, Sachs & Co.'s Answer to the Amended Statement of Claim dated April 14, 1997.

HEARING INFORMATION

Pre-Hearing Conferences with the Entire Panel: March 18, 1998 for 1 session;
April 16, 1998 for 1 session;

Hearing Date/Session: March 3, 1998 for 1 session;
March 12, 1998 for 1 session.

Hearing Location: NASD Regulation, Inc., Office of Dispute Resolution
("NASD Regulation"), 125 Broad Street, New York, New York

CASE SUMMARY

The Amended Statement of Claim alleges claims against Respondents Credit Suisse First Boston Corporation ("CSFBC") and Raymond J. Dorado ("Dorado") for defamation based on Respondents' disclosure in Claimant's Forms U-5, and statements allegedly made by Dorado to Goldman, Sachs & Co. ("Goldman"). Claimant also alleges claims based on tortious interference with prospective economic advantage, injurious falsehood, and intentional infliction of emotional distress, and seeks damages from CSFBC for conversion of property and unpaid bonus compensation. Claimant also alleges that he was wrongfully terminated by Goldman.

Respondents CSFBC, Dorado, and Goldman denied all allegations. Respondents CSFBC and Dorado asserted counterclaims for libel based on Claimant's publication of certain alleged falsehoods about CSFBC and Dorado to the media.

Claimant denied all allegations set forth in the counterclaims.

RELIEF REQUESTED

Claimant requested compensatory damages in excess of \$1,175,000.00, plus punitive damages, interest, costs, attorneys' fees, and equitable relief, including the modification of his Form U-5. Claimant also sought dismissal of Respondents CSFBC's and Dorado's counterclaims.

On the counterclaims, Respondent CSFBC requested damages in excess of \$5 million, and Respondent Dorado sought damages of at least \$1 million. In addition, Respondents CSFBC and Dorado requested dismissal of Claimant's claims, costs, disbursements, reasonable attorneys' fees, and for other and further relief as may be deemed just and proper.

Respondent Goldman requested dismissal of Claimant's claims.

OTHER ISSUES CONSIDERED AND DECIDED

On March 3, 1998, the first day of scheduled hearings, the Panel was advised that the parties had engaged in settlement discussions and that the parties were going to attempt to negotiate a definitive settlement agreement, rather than begin arbitration. The Panel took its oath and made the disclosures required by NASD Regulation. Counsel for each party had no objection to the Panel and accepted the Panel on the record. The Panel set a deadline of March 6 by which arbitration was to begin promptly if no settlement agreement had been finalized. On March 6, 1998, Claimant's counsel unilaterally demanded that hearings commence before the Panel on March 10, 1998, because the parties had been unable to reach a settlement. On March 9, 1998, the Panel ruled that, absent a settlement agreement, the parties were to provide to the NASD four sets of mutually agreeable hearing dates by March 10, 1998, and were to appear at the NASD offices on March 12, 1998 prepared to present arguments on all prior pending motions.

At the hearing on March 12, 1998, the Panel prepared to hear oral argument on

Goldman's motion to dismiss. When the Panel requested to hear Claimant's arguments, Claimant's counsel, Mr. Bloom, stated that he could not argue in opposition to the motion because his colleague, Mr. Liddle, was not present, and because Liddle & Robinson wanted to file an additional brief on the issue. The Panel's "preliminary decision" was to grant the motion, but in view of Mr. Liddle's absence, the Panel gave Claimant another opportunity to oppose the motion and permitted another hearing date to be scheduled within the following week, at a time convenient to Mr. Liddle.

Based on the availability of counsel for the parties, including Mr. Liddle, the Panel scheduled a telephonic conference on March 18, 1998 to hear arguments on Goldman's motion to dismiss. On March 18, 1998, the Panel heard oral argument by telephone on the motion. Mr. Liddle was not present for the argument, and Mr. Bloom presented Claimant's opposition in Mr. Liddle's stead. The Panel subsequently issued a written order, dated March 18, 1998, granting Goldman's motion and dismissing Goldman as a party (Exhibit A).

On March 19, 1998, NASD Regulation sent a letter confirming an April 16, 1998 hearing date for the purpose of the Panel's considering other pending motions. On April 15, 1998, one day before the scheduled hearing, Claimant filed a motion seeking recusal of the Panel. At the April 16, 1998 pre-hearing conference, after hearing oral argument on Claimant's recusal motion, the Panel denied the motion to recuse itself. Mr. Liddle then announced that he was withdrawing Claimant's previous acceptance of the Panel, and requested either dismissal of the case, or a continuance to allow Mr. Liddle to discuss with his client the possibility of proceeding with other counsel. The Panel denied these requests and directed counsel to proceed with arguments. Immediately thereafter Claimant's counsel, Mr. Liddle and Mr. Bloom stood up and walked out of the conference in mid-session, before the Panel reached other, previously-scheduled matters, and left Claimant unrepresented at the hearing. In the absence of Claimant's counsel, the Panel proceeded, as scheduled, to rule on various pending motions. Those rulings were embodied in orders dated April 28 and May 1, 1998 (attached hereto as Exhibits B and C respectively). The orders, inter alia, denied certain motions by Claimant's counsel to postpone hearings on various grounds which the Panel considered meritless. In connection with the rulings, it should be noted that Claimant has never complied with the Panel's order (item #10 of the April 28, 1998 Rulings) to submit brief testimony summaries and proffers for the 59 witnesses that Claimant's counsel stated he intended to call. In addition, Claimant has never submitted proposed dates on which to hold rescheduled evidentiary hearings, despite written orders and on-the-record requests by the Panel to do so.

On April 24, 1998, Respondents CSFBC and Dorado filed a written motion

seeking: (i) sanctions against Mr. Liddle, Mr. Bloom, and Liddle & Robinson for their actions throughout these proceedings; (ii) dismissal of the case with prejudice for frivolous conduct and failure to prosecute; and (iii) costs and attorneys' fees incurred in appearing at the March 12, 1998 and April 16, 1998 pre-hearing conferences. On May 5, 1998, Liddle & Robinson, Mr. Liddle, and Mr. Bloom filed their opposition to Respondents' motion. By written Interim Order dated June 12, 1998 (attached hereto as Exhibit D) and served on the parties, the Panel assessed sanctions in the amount of \$2000.00 against the law firm of Liddle & Robinson, Mr. Liddle, and Mr. Bloom, jointly and severally, "for their unprofessional and outrageous conduct in walking out of the hearing and failing to prosecute their case when the Panel's rulings did not go their way," and denied Respondents CSFBC's and Dorado's requests for dismissal, fees, and costs. The Panel's June 12, 1998 Interim Order directed that the sanctions be paid to the NASD Regulation by July 24, 1998 and stated that failure to do so would result in dismissal of the action.

On July 20, 1998, Claimant's counsel wrote to NASD Regulation requesting (i) a "final order or award" regarding the Panel's March 18, 1998 Order dismissing Goldman as a party; and (ii) an extension of time to pay the sanctions imposed by the Panel in its June 12 Interim Order. On July 21, 1998, Respondents CSFBC and Dorado filed their objections to that request. By letter dated July 22, 1998, the parties were notified that the request of Claimant's counsel was denied, and that the Panel "looks forward to counsels' compliance with the Panel's June 12, 1998 Interim Order".

By letter dated July 23, 1998, addressed to the Panel, Mr. Liddle declined to pay the sanctions. Mr. Liddle requested various relief under Rule 10305(a) of the NASD Code of Arbitration Procedure ("Code"), charged the Panel with "heavy-handed, lawless and unauthorized conduct," and suggested that dismissal for failure to pay the sanction "constitut[ed] the crime of larceny by extortion under New York Law." Mr. Liddle stated that "attorney sanctions are reserved to duly constituted courts and cannot be delegated to private, out-of-state arbitrators working for an organization that does not provide due process of law," and accused the Panel of "arbitrator misconduct." Accordingly, Mr. Liddle, on behalf of Liddle & Robinson, Mr. Liddle and Mr. Bloom, "declined" to forward the sanction amount and "await[ed] the Panel's] final award of dismissal."

On July 24, 1998, Respondents moved to dismiss the case with prejudice and filed a proposed order of dismissal. In response to a telephonic request by Claimant's counsel, the Panel granted Claimant additional time to file a response to Respondents' proposed order of dismissal. However, Claimant failed to file any response. Upon further consideration, the Panel modified its Interim Order by order dated August 24, 1998 (attached hereto as Exhibit E) to require that Claimant, rather than his counsel, pay the previously-ordered sanction. The August

24, 1998 Interim Order gave Claimant until September 14, 1998 to pay the sanction. By letter dated September 14, 1998, Mr. Liddle informed the Panel that Claimant refused to pay the sanction and again accused the Panel of "extortive" conduct and of lacking "all standards of due process, reasonableness, and normalcy." By letter dated September 17, 1998, Respondents renewed their request for dismissal of the case with prejudice and submitted a revised proposed order of dismissal.

AWARD

After considering the record to date, the undersigned arbitrators have decided in full and final resolution as follows:

1. Claimant/Counterrespondent Jay N. Patel has failed to comply with the Panel's August 24, 1998 Interim Order which is incorporated by reference in and attached to this Award (See Exhibit E);
2. Claimant/Counterrespondent Jay N. Patel and his counsel have failed to prosecute this arbitration, by, among other actions, walking out of a scheduled hearing, making repeated, meritless motions to postpone hearings, failing to comply with the Panel's April 28, 1998 order to submit witness summaries and proffers, and allowing five months to elapse without attempting to reschedule hearings or otherwise move the arbitration forward, with the result that evidentiary hearings still have not been held in this matter nearly two years after Claimant filed his Statement of Claim;
3. Accordingly, Claimant/Counterrespondent's Statement of Claim against Respondents CSFBC and Dorado is hereby dismissed with prejudice and denied in its entirety pursuant to NASD Code of Arbitration Procedure Rules 10305(b) ("The arbitrator[s] may dismiss a claim, defense, or proceeding with prejudice as a sanction for willful and intentional material failure to comply with an order of the arbitrator[s] if lesser sanctions have proven ineffective") and 10324 ("The arbitrators shall be empowered to interpret and determine the applicability of all provisions under this Code and to take appropriate action to obtain compliance with any ruling by the arbitrator(s). Such interpretations and actions shall be final and binding upon the parties");
4. Claimant/Counterrespondent Jay N. Patel, is liable for, and shall pay \$2,000.00 to NASD Regulation as sanctions, pursuant to the Panel's August 24, 1998 Interim Order;
5. The counterclaims of Respondents/Counterclaimants CSFBC and Dorado are hereby

dismissed without prejudice.

6. Claimant/Counterrespondent Jay N. Patel's Statement of Claim against Respondent Goldman Sachs is hereby dismissed with prejudice and denied in its entirety in accordance with the Panel's March 18, 1998 Order.

FORUM FEES

Pursuant to Rule 10205(c) of the Code, the following Forum Fees are assessed equally between Claimant/Counterrespondent Jay N. Patel and Respondents/Counter-claimants CSFBC and Dorado as follows: One hearing session before the full panel at \$1,500.00 per session = \$1,500.00; Three pre-hearing sessions before the full panel at \$1,500.00 per session = \$4,500.00, totaling \$6,000.00.

Claimant/Counterrespondent Jay N. Patel is responsible for \$3,000.00 of the total fees owed in this case. Claimant/Counterrespondent Jay N. Patel is entitled to offset this amount with his hearing session deposit of \$1,000.00. The amount due from Claimant/Counterrespondent Jay N. Patel is \$2,000.00.

Respondents/Counterclaimants CSFBC and Dorado are responsible for \$3,000.00 of the total fees owed in this case. Respondents/Counterclaimants CSFBC and Dorado are entitled to offset this amount with their hearing session deposit of \$1,500.00. The amount due from Respondents/Counterclaimants CSFBC and Dorado is \$1,500.00

Pursuant to Rules 10205 and 10332 of the Code, the National Association of Securities Dealers shall retain the non-refundable \$500.00 claim filing fee previously submitted by Claimant/Counterrespondent Jay N. Patel and the non-refundable \$500.00 counterclaim filing fee previously submitted by Respondents/Counterclaimants CSFBC and Dorado. Respondent/Counterclaimant CSFBC has paid its member surcharge fee of \$500 pursuant to Rule 10333 of the Code. Although Goldman was dismissed as a party to this action its member surcharge fee of \$500 remains due and owing.

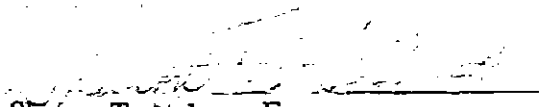
ARBITRATION PANEL

Sharon T. Nelson, Esq. -- Public Arbitrator
Sandalin Kiss -- Industry Arbitrator
John A. DeStefano -- Public Arbitrator

Patel Award
Case No. 97-04716
Page 8

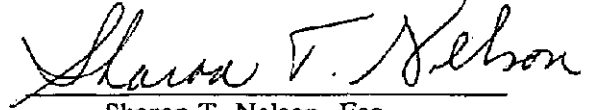
Concurring Arbitrators Signatures:

Date of Decision:


Sharon T. Nelson, Esq.
Chairperson

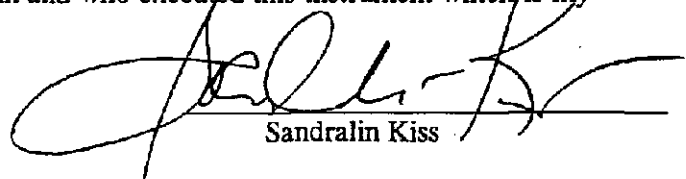
10/22/98


I, Sharon T. Nelson, 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.


Sharon T. Nelson, Esq.

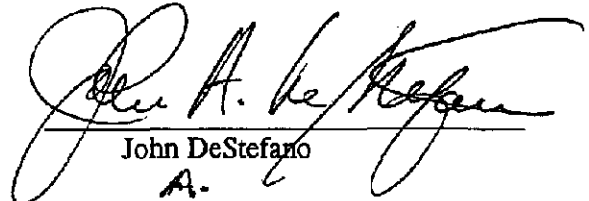

Sandralin Kiss
Panelist

I, Sandralin Kiss, 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.


Sandralin Kiss


John A. DeStefano
Panelist

I, John A. DeStefano, 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.


John DeStefano
A.

Date Award Served by NASD Regulation: November 5, 1998

Exhibit A

Case-Number 96-04716

Jay N. Patel vs. CS First Boston Corporation and Raymond J. Dorado
and Goldman Sachs & Co.ORDER ON RESPONDENT GOLDMAN SACHS & CO MOTION
TO DISMISS THE MATTER

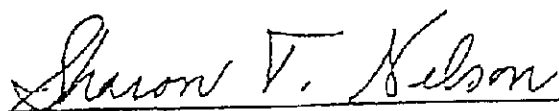
Based on the record and the arguments presented telephonically on March 18, 1998, the Arbitration Panel finds as follows:

Claimant, Jay N. Patel, amended his submission and added Respondent, Goldman Sachs & Co., as the second respondent in this matter. Claimant alleged that by virtue of Goldman's agreement to arbitrate employment disputes, that Goldman's otherwise expressed "employment at will" policy was changed to requiring "just cause" for termination. Claimant cites to *Palnewebber, Inc. v. Agron* 49 F. 3d 347 (8th Cir. 1994) and *Shearson Hayden Stone, Inc. v. Lang* 653 F. 2d 310 (7th Cir. 1981) as authority for his argument. The court in *Palnewebber* found "...that if the employment was purely at-will, the arbitration procedure designed to interpret that employment relationship would serve no identifiable purpose."

Goldman claims that the court in *Palnewebber* failed to understand that there are many elements in the securities employment relationship subject to arbitration, e.g., compensation. Further Goldman argues that under New York law, (the employment was in New York) employees can be terminated "at will" unless there is "an express" not "an implied" limitation on that right. Goldman argues that since Patel only points to the arbitration language there is no expressed limitation of the "at will" doctrine.

Patel also argues that the Arbitration Panel has no authority to dismiss any party from the case until a full hearing has been held on the record. Goldman argues to the contrary that the Panel has the specific authority in NASD rules.

The arbitration panel, after due deliberation, hereby dismisses Goldman Sachs & Co. as a party to this matter.



3/18/98

Sharon T. Nelson, Panel Chair
On behalf of the Panel

Exhibit B

National Association Of Securities Dealers
Dispute Resolution

In the Matter of

Case-Number 96-04716

Jay N. Patel vs. CS First Boston Corporation and Raymond J. Dorado

Rulings on Motions

A hearing on pending motions was held on, April 16, 1998, before the full Arbitration Panel. Present at the hearing Jeffrey L. Liddle, Esq., Allan S. Bloom, Esq., and Dan Boone Esq., counsels for Jay N. Patel, Claimant; George J. Wade, Esq. and Mary k. Warren, Esq. Counsel for CS First Boston Corporation and Raymond J. Dorado, Respondents, Karen Crupi, Esq. of CS First Boston Corporation, and Greg Nehro, legal assistant; and Robin (Rick) Fessel, Esq., counsel for Goldman Sachs (appearance solely for motion on recusal). After due deliberation the Arbitration Panel rules as follows:

1. Claimant's motion to continue this motion hearing so he could be personally in attendance, because he had been mislead until the afternoon of April 15, 1998, into believing the hearing would be telephonically held, was denied. The record is clear that Claimant had several oral notices and a written notice on March 19, 1998, that the hearing would be held in person. No evidence was submitted that there had been any notice that the hearing might be held telephonically.
2. Claimant's motion for recusal of the Panel was denied. The Panel found no basis in Claimant's allegation for recusal. Respondents and Goldman Sachs (a prior Respondent in this matter) both objected to the motion. In addition, the Panel found that Claimant had re-accepted the composition of the Panel by his letter of March 6, 1998. Such re-acceptance occurred after all of the improprieties alleged by Claimant occurred.

3. Claimant's motion, after the Panel denied his motion of recusal (and motion *supra* #1), that he withdraws his acceptance of the Panel, was not accepted.

4. Claimant's motion that the Panel dismiss Claimant's and Respondents' case and direct the parties to their remedies at law was denied. Respondents opposed the motion.

5. Claimant's motion for a continuance, so that Claimant's counsel could tell the Claimant (who was not present) of his "counsel's treatment" by the Panel, so that Claimant could determine if he wished to change counsel before the motions which had already been briefed by all parties could be resolved, was denied.

6. On hearing the rulings on Motions in *supra* #3-4, Counsels for Claimant stood and left the hearing, refusing to participate in the remainder of the hearing.

7. The Panel determined, since all remaining pending motions had been briefed, to then rule on the remaining pending motions without oral argument.

8. Claimant's motion to dismiss Respondents' counterclaim was denied.

9. Respondents motion to have counsel Liddle recused for conflict of interest was denied as the Panel found no legal authority for it to grant the motion.

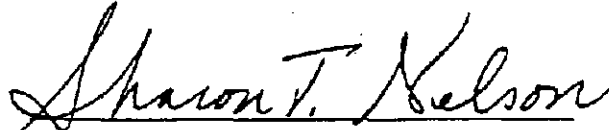
10. Claimant was ordered to supply a brief summary as to what each of his 59 prospective witnesses would testify to and a proffer as to how long each witness's direct testimony would take.

11. The Panel found that the written record did not supply sufficient information as to the Panel's authority to issue the order on confidentiality. The parties are directed to supply such legal authority for or against the Panel's issuance of such an order.

12. The Panel determined to hold in abeyance its determination of Respondents motion to dismiss several of Claimant's legal claims until the Panel had received copies of all the legal authority cited in the relevant sections of both Claimant's and Respondents' briefs.

12. The Panel found there to be insufficient information to rule on the discovery motion. The Panel declined accepting Respondents' additional documentation concerning the discovery issues until the Panel was convinced that Claimant had seen the material.

13. Panel Asked for a copy of all the stenographic records of the hearing. Respondents agreed to provide the records directly to the NASD staff.



Sharon T. Nelson, Panel Chair
On behalf of the Panel



Date Signed

Exhibit C

National Association Of Securities Dealers Dispute Resolution

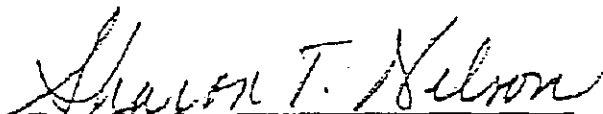
In the Matter of

Case-Number 96-04716

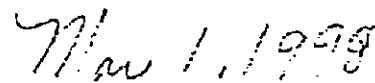
Jay N. Patel vs. CS First Boston Corporation
and Raymond J. Dorado

Rulings on Respondents' Motions to Dismiss Portions of Claimant's Case

After due deliberation, including a review of the cases cited by all parties, the Arbitration Panel denies Respondents' motion to dismiss portions of Claimant's case.



Sharon T. Nelson, Panel Chair
On behalf of the Panel



Date Signed

Exhibit D

NASD INTERIM ORDER

NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimant

Jay N. Patel

96-04716

Name of Respondents

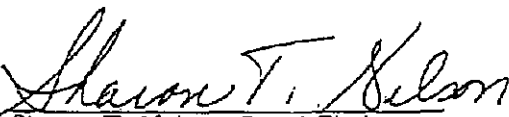
CS First Boston Corporation
Raymond Dorado

Rulings on Respondents' April 24, 1998 Motions

After due deliberation the Arbitration Panel hereby:

1. Denies Respondents' motions that this proceeding be dismissed on the grounds of frivolous conduct and failure to prosecute by Claimant's counsel; and,
2. Grants Respondents' motion that sanctions be assessed against the firm of Liddle & Robinson, Mr. Liddle, and Mr. Bloom for their unprofessional and outrageous conduct in walking out of the hearing and failing to prosecute their case when the Panel's rulings did not go their way. The firm of Liddle & Robinson, Mr. Liddle, and Mr. Bloom are hereby, jointly and severally, assessed \$2,000.00 which is due and payable to NASD Regulation, Inc. by July 24, 1998. If the amount is not paid when due, this matter shall be dismissed.
3. Respondents' motion that the firm of Liddle & Robinson pay the Panel's costs and \$13,280.00 of Respondents' attorneys' fees incurred in appearing at the March 12, 1998 and April 16, 1998 pre hearing conferences is denied.

The Panel is confident that this matter will now proceed smoothly.



Sharon T. Nelson, Panel Chairperson
On Behalf of the Arbitration Panel

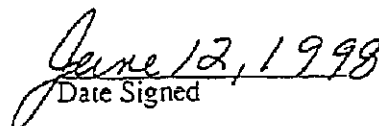

Date Signed

Exhibit E

NASD REVISED INTERIM ORDER

NASD REGULATION, INC. OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimant

Jay N. Patel

Case Number
96-04716

Name of Respondents

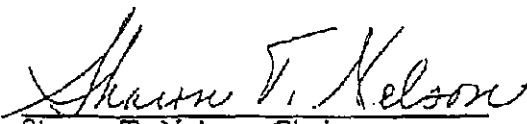
CS First Boston Corporation
Raymond Dorado

After due deliberation, after reviewing the entire record, including, but not limited to the recent filings of both parties, the Arbitration Panel has determined, since there may be some question as to whether the Panel has authority to sanction the lawyers directly, to rescind its order of June 12, 1998 to the extent that it granted Respondents' motion to assess sanctions against Claimant's counsel, the firm of Liddle & Robinson, Mr. Liddle, Esq., and Mr. Bloom, Esq., for their unprofessional and outrageous conduct in walking out of the hearing and failing to prosecute their case when the Panel's rulings did not go their way.

There is however, no question that the Arbitration Panel must be able to maintain decorum between the parties and their designated counsel. The Arbitration Panel therefore, assess the Claimant, Jay N. Patel, Two Thousand Dollars (\$2,000.00) for the outrageous conduct of his lawyers in their walking out of the hearing and failing to prosecute his case when the Panel's rulings did not go his way. The full amount is due and payable to NASD Regulation, Inc. by September 14, 1998. If the amount is not paid when due, this matter shall be dismissed.

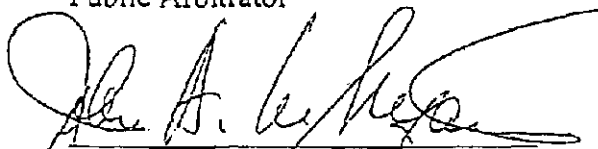
Arbitrators' Signatures

Date Signed



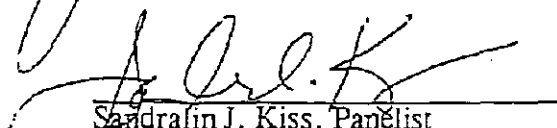
Sharon T. Nelson, Chairperson
Public Arbitrator

8/6/98



John A. DeStefano, Panelist
Public Arbitrator

8/19/98



Sandra J. Kiss, Panelist
Industry Arbitrator

8/18/98

Date NASD Revised Interim Order served by NASD Regulation: August 24, 1998