

June 12, 1997	-	Two Sessions
October 7, 1997	-	Two Sessions
October 8, 1997	-	Two Sessions
October 9, 1997	-	Two Sessions
October 22, 1997	-	Two Sessions
November 19, 1997	-	Two Sessions
November 24, 1997	-	Two Sessions

The hearing was conducted at the offices of NASD Regulation, Inc. located in New York, New York.

CASE SUMMARY

Claimant alleged that he was hired by Respondent Creditanstalt on October 3, 1994 as a Managing Director. Claimant also alleged that the terms of his employment were set forth in a September 16, 1994 letter from Respondent Hoguet, President of Respondent Creditanstalt, to Claimant. Claimant further alleged that he was an at-will employee under New York law, his employment could be terminated by Respondent Creditanstalt or himself at any time, and he remained an employee of Respondent Creditanstalt until no later than November 5, 1996.

Claimant contended that from the time he was recruited, Respondents failed to honor their commitments to him and breached their agreements with him. Claimant also contended that Respondents accepted his services, his contacts and the business he brought in, but withheld compensation and reneged on benefits and the reimbursement of expenses. Claimant further contended that Respondent Creditanstalt made extortionate threats to ruin Claimant's career if he did not sign a general release of claims and a covenant not to compete.

In count one, Claimant alleged that Respondent Creditanstalt agreed to pay, as part of the expense of relocating Claimant to New York from Switzerland, the cost of converting his Audi automobile to U.S. standards and shipping the automobile to New York. Claimant also alleged that Respondent Creditanstalt failed to pay these costs.

In count two, Claimant alleged that Respondent Hoguet agreed to purchase Claimant's automobile from him, since he was spending so much time in Austria, at a purchase price of 90,800 Swiss Franks (approximately \$67,646.00). Claimant also alleged that Respondent Hoguet breached this agreement and did not purchase the car.

In count three, Claimant alleged that Respondent Creditanstalt provided him with an Apple desktop computer which Claimant had repaired and upgraded. Claimant also alleged that he requested reimbursement from Creditanstalt for this expense, and Respondent Creditanstalt refused.

In count four, Claimant alleged that Respondent Creditanstalt has failed to reimburse him for club dues.

In count five, Claimant alleged that Respondent Creditanstalt leased for his use a 1996 Mercedes S420V sedan, and that Claimant paid a total of \$10,623.10 in fees and upgrades for the automobile. Claimant also alleged that, upon his resignation, he returned the automobile to Respondent Creditanstalt, but did not receive a reimbursement from Respondent Creditanstalt for the amount he invested in the car.

In count six, Claimant alleged that Respondent Creditanstalt provided Claimant, via memorandum dated April 22, 1996, to receive the option to purchase 2,000 shares of Global Telesystems Group ("GTS") at a purchase price of \$13.50 per share, and then, via memorandum dated July 18, 1996, reduced Claimant's number of shares to 750. Claimant also alleged that he did not accept the reallocation of his optioned shares, and was willing to honor his commitment to purchase 2,000 GTS shares at \$13.50 per share.

In count seven, Claimant alleged that \$35,497.00 of his 1995 compensation was not paid to him by Respondent Creditanstalt.

In count eight, Claimant alleged that he was due additional compensation, in the form of cash "bonuses" which are not based on the firm's performance, for his services rendered in 1996.

In count nine, Claimant alleged that he arranged the opportunity for Respondent Creditanstalt to represent International Business Communication Systems, Inc. ("IBCS"), and that Respondent Creditanstalt signed an engagement agreement to raise \$50 million for IBCS. Claimant also alleged that he is due 15% of its cash "success" fee of 6% of the financing it raised, or \$450,000.00.

In count ten, Claimant alleged that, if Respondent Creditanstalt receives any warrants or other securities in connection with the IBCS transaction, he should receive 25% of (i) the actual distribution based on such warrants or other securities distributed, or (ii) the distribution based on 30% of the value of such warrants or other securities Respondent Creditanstalt receives, whichever is greater.

In count eleven, Claimant alleged that he brought a potential transaction to Respondent Creditanstalt from Sun Capital Partners Fund, Ltd. ("Sun"), and, if Respondent Creditanstalt receives a "success" fee from Sun, then Claimant is due 10% of it.

In count twelve, Claimant alleged that he brought a potential transaction to Respondent Creditanstalt from The Regent Ukraine Fund ("Regent Ukraine"), and, if Respondent Creditanstalt receives a "success" fee from Regent Ukraine, then Claimant is due 10% of it.

In count thirteen, Claimant alleged that he incurred travel expenses on two trips to London in October 1996 where he discussed business transactions with Regent Pacific Group and Sun, and a trip to Vienna to attend a Board Meeting of Respondent Creditanstalt, and has not been reimbursed for said expenses.

In count fourteen, Claimant alleged that, at the time of his resignation, he had accrued 23 days of unused vacation for which payment is due.

In count fifteen, Claimant alleged that he may be due other compensation, reimbursements, and benefits of which he is not yet aware.

In count sixteen, Claimant alleged that Respondent Creditanstalt should pay to him punitive damages for alleged extortionate treatment.

In count seventeen, Claimant alleged that Respondents should be directed to reimburse all of his legal fees.

Respondents maintained that Claimant did not bring a single successful transaction to Creditanstalt during the entire period of his employment. Respondents also maintained that, as a result, on October 8, 1996, Respondent Hoguet and Robert M. Brown, III, a Managing Director of Respondent Creditanstalt, met with Claimant and advised him that he was terminated as of that date. Respondents further maintained that Claimant submitted his resignation letter effective November 5, 1996.

Respondents contended that, after October 8, 1996, Claimant retained counsel and made a series of demands for compensation and reimbursements. Respondents also contended that they discussed the terms of a severance package with Claimant and his counsel through early December 1996, offering generous severance in order to avoid vexatious litigation. Respondents further contended that negotiation of a settlement of the severance package was ultimately unsuccessful.

RELIEF REQUESTED

Claimant requested:

Count One	Against Respondent Creditanstalt Breach of Agreement to Ship and Convert Audi	\$ 36,000.00 (Approximately)
Count Two	Against Respondent Hoguet Breach of Agreement to Purchase Audi	\$ 75,180.00 (Approximately)
Count Three	Computer Expenses Reimbursement	\$ 2,494.46
Count Four	Club Dues Reimbursement	\$ 1,216.16
Count Five	Mercedes Expense Reimbursement	\$ 10,623.10

Count Six	GTS Shares	Entitled to purchase 2,000 shares or \$ 39,000.00
Count Seven	1995 Deferred Bonus	\$ 35,497.00
Count Eight	1996 Compensation	Not less than \$209,247.00
Count Nine	IBCS Cash Success Fee	\$450,000.00 (Approximately)
Count Ten	IBCS Equity Success Fee	Warrants for 2,018 shares at \$0.01
Count Eleven	Sun Capital Success Fee	Unknown
Count Twelve	Regent Ukraine Fund Success Fee	Unknown
Count Thirteen	Travel Reimbursement	\$ 8,740.00
Count Fourteen	Vacation Days Accrued (15)	\$ 18,576.92
Count Fifteen	Other Compensation	Unknown
Count Sixteen	Punitive Damages	Not less than \$2,662,723.92
Count Seventeen	Attorneys' Fees	\$366,898.10

In addition, Claimant also requested pre-judgement interest on each claim at the rate of 9% per annum.

Respondents requested that the panel dismiss all of Claimant's claims and award Respondents all attorneys' fees, costs, and expenses incurred in this proceeding.

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 original remains 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. Respondent Hoguet is hereby liable and shall pay to Claimant a total of 20,800 Swiss Franks, as provided in paragraph four below.
2. Respondent Creditanstalt is hereby liable and shall pay to Claimant a total of \$60,056.74, as provided in paragraphs six, seven, nine, fifteen and sixteen below.
3. Count One is hereby denied in its entirety.
4. Count Two: Respondent Hoguet is hereby liable and shall pay to Claimant the sum of 20,800 Swiss Franks, to be paid at the exchange rate in the Wall Street Journal on the date this award is executed. All other claims in count two are hereby denied.
5. Count Three is hereby denied in its entirety.
6. Count Four: Respondent Creditanstalt is hereby liable and shall pay to Claimant the sum of \$1,216.16, plus interest in the amount of \$115.10.
7. Count Five: Respondent Creditanstalt is hereby liable and shall pay to Claimant the sum of \$10,623.10, plus interest in the amount of \$1,607.72.
8. Count Six is hereby denied in its entirety.
9. Count Seven: Respondent Creditanstalt is hereby liable and shall pay to Claimant the sum of \$23,665.00. Interest requested in Count Seven is hereby denied.
10. Count Eight is hereby denied in its entirety.
11. Count Nine is hereby denied in its entirety.
12. Count Ten is hereby denied in its entirety.
13. Count Eleven is hereby denied in its entirety.
14. Count Twelve is hereby denied in its entirety.
15. Count Thirteen: Respondent Creditanstalt is hereby liable and shall pay to Claimant the sum of \$8,740.00, plus interest in the amount of \$827.17

16. Count Fourteen: Respondent Creditanstalt is hereby liable and shall pay to Claimant the sum of \$12,115.35, plus interest in the amount of \$1,147.14.
17. Count Fifteen is hereby denied in its entirety.
18. Count Sixteen is hereby denied in its entirety.
19. Count Seventeen is hereby denied in its entirety.
20. Each party shall bear its respective costs, including attorneys' fees.
21. All other requests for relief are hereby denied.

FORUM FEES

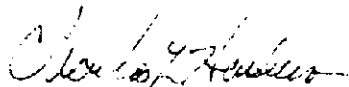
Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$500.00 non-refundable filing fee previously submitted by Claimant, and the \$500.00 member surcharge previously submitted by Respondent Creditanstalt, and have assessed the following forum fees:

1 Pre-hearing conferences x \$300.00	=	\$ 300.00
18 Hearing sessions x \$1,000.00	=	\$18,000.00
Total Forum Fees	=	\$18,300.00

1. Claimant be and hereby is liable and shall pay the sum of \$9,150.00, representing one-half of the total forum fees assessed. Claimant previously deposited \$1,000.00 with NASD Regulation, Inc., therefore, Claimant shall pay the balance of \$8,150.00 to NASD Regulation, Inc.
2. Respondent Hoguet shall pay the sum of \$4,575.00, representing one-fourth of the total forum fees assessed. Respondent Hoguet previously deposited \$285.00 with NASD Regulation, Inc., therefore, Respondent Hoguet shall pay the balance of \$4,290.00 to NASD Regulation, Inc.
3. Respondent Creditanstalt shall pay the sum of \$4,575.00, representing one-fourth of the total forum fees assessed. Respondent Creditanstalt previously deposited \$350.00 with NASD Regulation, Inc., therefore, Respondent Creditanstalt shall pay the balance of \$4,225.00 to NASD Regulation, Inc.

Fees are payable to NASD Regulation, Inc.

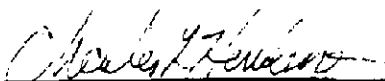
Arbitrators' Signatures



Charles L. Henderson, Esq.
Industry Arbitrator

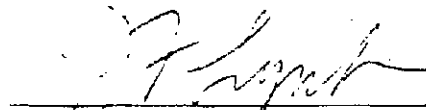
Date of decision: 2/26/98

I, Charles L. Henderson, 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.



Charles L. Henderson, Esq.

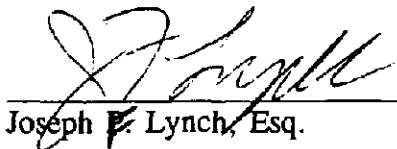
Arbitrators' Signatures



Joseph F. Lynch, Esq.
Public Arbitrator

Date of decision: 2/26/98

I, Joseph F. Lynch, 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.



Joseph F. Lynch, Esq.

Arbitrators' Signatures

Randy P. Glasser, Esq.
Chairperson - Public Arbitrator

Date of decision: 2/26/98 _____

I, **Randy P. Glasser, 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.

Randy P. Glasser, Esq.