

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

James Joseph Byrne
James N. Rogers
Joseph Tortora
Michael Farrell
Richard Festa
Eugene Williams

Master Case Number: 09-04807
(Consolidated with 09-04842,
09-04973, 09-06377, 10-00139,
10-01265, 10-05723, and 12-01013)

vs.

Respondent

Tullett Liberty Brokerage Inc.

Hearing Site: New York, New York

In the Matter of the Arbitration Between:

Claimants

Robert E. Falk
Robert K. Miller
John M. Siedem

Subordinate Case Number: 09-04842

vs.

Respondents

Tullett Liberty Securities, Inc.
Tullett Liberty Securities LLC

In the Matter of the Arbitration Between:

Claimants

Tullett Prebon Financial Services LLC
(f/k/a Tullett Liberty Securities LLC)
Tullett Prebon Americas Corp.

Subordinate Case Number: 09-04973

vs.

Respondents

BGC Financial, L.P.
BGC Capital Markets, L.P.
Mark Webster
Graig David Badger
Randall Arthur Beil
Robert Ford Burke
James Joseph Byrne
Robert Capone
Aimee Patricia Carey
Peter John Cassidy
Lawrence J Davis
Marc A DeNicola
Mark DeSalvo
Michael John DiMaio
Robert Edward Falk
Alexis Feliciano
Richard M Festa
Ralph Paul Figliuolo
Paul Vincent Hastings
Donald Richard Kearns
John Claude Lugano
Robert Scott McCormick
James Andrew McDonald
Mark Steven McGovern
Michael Anthony McKean
Robert Knowles Miller, III
Paul James Molter
William C. Murphy III
Robert O'Hara
John Pagan
Ronald Joseph Palazzolo
Renee Debra Ratzman
Andrew MacDonald Roberts
James Nolan Rogers
Janet Ann Schait
Kevin Thomas Shanahan
Robert Cartwright Shawger
John Matthew Siedem
Joseph Matthew Spillane
Joseph Gerard Tortora
Charles Thomas Veneziano
Joseph M. Walsh

In the Matter of the Arbitration Between:

Claimant
Michael James Farrell

Subordinate Case Number: 09-06377

vs.

Respondent
BGC Financial, L.P.

In the Matter of Arbitration Between:

Claimant
Brian K. Hampton

Subordinate Case Number: 10-00139

vs.

Respondent
BGC Financial, L.P.

In the Matter of Arbitration Between:

Claimant
Eugene Francis Williams

Subordinate Case Number: 10-01265

vs.

Respondent
BGC Financial, L.P.

In the Matter of Arbitration Between:

Claimants

Tullett Prebon Americas Corp.
Tullett Prebon Financial Services LLC

Subordinate Case Number: 10-05723

vs.

Respondents

Shaun Lynn
Anthony Verrier
Sean Windeatt

In the Matter of Arbitration Between:

Claimant

The Equityholder Representative Pursuant To the Agreement and Plan of Merger By and Among Tullett Prebon Holdings Corp.; Birdie Acquisition I, Inc.; Birdie Acquisition II, LLC; Chapdelaine Corporate Brokers, Inc.; C&W Corporate Securities LLC; and Chapdelaine Corporate Securities & Co., on behalf of Equityholders Agnes L. Bailey; Brian T. Barrett; Randall A. Beil, II; Robert F. Burke; Robert Capone; Joseph R. Ceccarini; Richard F. Chapdelaine; Marc A. DeNicola; Mark DeSalvo; Michael J. DiMaio; Patrick M. Ednie; Robert E. Falk; Ralph P. Figliuolo; Donald R. Kearns; Thomas J. Lewis; John C. Lugano; Brian S. Marro; Paul A. Marro; Mark S. McGovern; Robert D. McGrath; Michael A. McKean; Robert K. Miller, III; William C. Murphy, III; Teresa O'Leary Davies; Renee D. Ratzman; William P. Rodgers; Robert C. Shawger, Jr.; John M. Siedem; Matthew A. Somers; Joseph M. Spillane, Jr.; Peter J. Vogel; Joseph M. Walsh; Michael E. Walsh

Subordinate Case Number: 12-01013

vs.

Respondents

Tullett Prebon Americas Corp.
Tullett Prebon Financial Services LLC

NATURE OF THE DISPUTE

Member, Associated Persons, and Non-Members vs. Members, Associated Persons, and Non-Members.

This case was decided by a majority-public panel.

REPRESENTATION OF PARTIES

Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC), Tullett Prebon Americas Corp., Tullett Liberty Brokerage, Inc., and Tullett Liberty Securities, Inc., are collectively referred to herein as "Tullett": Robert M. Abrahams, Esq., Schulte Roth & Zabel LLP, New York, New York.

BGC Financial, L.P., BGC Capital Markets, L.P., Mark Webster, Anthony Verrier, Shaun Lynn, and Sean Windeatt may be collectively referred to as "BGC Parties": Eric Seiler, Esq., Friedman Kaplan Seiler & Adelman LLP, New York, New York.

BGC Financial, L.P., and BGC Capital Markets, L.P., are collectively referred to as "BGC": Eric Seiler, Esq., Friedman Kaplan Seiler & Adelman LLP, New York, New York.

Randall Arthur Beil, Graig Badger, James Byrne, Robert Ford Burke, Robert Capone, Aimee Patricia Carey, Peter John Cassidy, Lawrence J Davis, Marc A DeNicola, Mark DeSalvo, Michael John DiMaio, Robert Edward Falk, Alexis Feliciano, Richard M Festa, Ralph Paul Figliuolo, Paul Vincent Hastings, Donald Richard Kearns, John Claude Lugano, Robert Scott McCormick, James Andrew McDonald, Mark Steven McGovern, Michael Anthony McKean, Robert Knowles Miller, III, Paul James Molter, William C Murphy III, Robert O'Hara, John Pagan, Ronald Joseph Palazzolo, Renee Debra Ratzman, Andrew MacDonald Roberts, James Nolan Rogers, Janet Ann Schait, Kevin Thomas Shanahan, Robert Cartwright Shawger, John Matthew Siedem, Joseph Matthew Spillane, Joseph Gerard Tortora, Charles Thomas Veneziano, and Joseph M. Walsh are collectively referred to herein as "Employee Parties": Nicholas J. Boyle, Esq., Williams & Connolly LLP, Washington, District of Columbia.

Michael Farrell, Brian K. Hampton, and Eugene Williams are collectively referred to herein as "Returning Employees": Elissa L. Isaacs, Esq., Steptoe & Johnson LLP, Washington, District of Columbia.

Equityholder Representative Pursuant To the Agreement and Plan of Merger By and Among Tullett Prebon Holdings Corp.; Birdie Acquisition I, Inc.; Birdie Acquisition II, LLC; Chapdelaine Corporate Brokers, Inc.; C&W Corporate Securities LLC; and Chapdelaine Corporate Securities & Co., on behalf of Equityholders Agnes L. Bailey; Brian T. Barrett; Randall A. Beil III; Robert F. Burke; Robert Capone; Joseph R. Ceccarini; Richard F. Chapdelaine; Marc A. DeNicola; Mark DeSalvo; Michael J. DiMaio; Patrick M. Ednie; Robert E. Falk; Ralph P. Figliuolo; Donald R. Kearns; Thomas J. Lewis; John C. Lugano; Brian S. Marro; Paul A. Marro; Mark S. McGovern; Robert D. McGrath; Michael A. McKean; Robert K. Miller III; William Murphy III; Teresa O'Leary Davies; Renee D. Ratzman; William P. Rodgers; Robert C. Shawger, Jr.; John M. Siedem; Matthew A. Somers; Joseph M. Spillane, Jr.; Peter J. Vogel; Joseph M. Walsh;

Michael E. Walsh is referred to herein as "Equityholder Representative": Nicholas J. Boyle, Esq., Williams & Connolly LLP, Washington, District of Columbia.

Tullett, BGC Parties, Employee Parties, Returning Employees and Equityholder Representative are collectively referred to herein as "Parties" and each such Party is represented as stated above.

CASE INFORMATION

09-04807

Statement of Claim filed on or about: August 17, 2009.

James Joseph Byrne signed the Submission Agreement: August 13, 2009.

James Nolan Rogers signed the Submission Agreement: August 13, 2009.

Joseph Gerard Tortora signed the Submission Agreement: August 14, 2009.

Michael James Farrell signed the Submission Agreement: August 14, 2009.

Richard M. Festa signed the Submission Agreement: August 14, 2009.

Eugene Francis Williams signed the Submission Agreement: August 14, 2009.

Statement of Answer filed by Tullett Liberty Brokerage Inc. on or about October 15, 2009.

Tullett Liberty Brokerage Inc. signed the Submission Agreement: October 14, 2009.

09-04842

Statement of Claim filed on or about: August 17, 2009.

Robert E. Falk signed the Submission Agreement: August 17, 2009.

Robert K. Miller signed the Submission Agreement: August 17, 2009.

John M. Siedem signed the Submission Agreement: August 17, 2009.

Joint Statement of Answer filed by Respondents on or about: October 30, 2009.

Tullett Liberty Securities LLC signed the Submission Agreement: October 29, 2009.

Tullett Liberty Securities, Inc. did not sign the Submission Agreement, however, a Submission Agreement was signed by successor corporation Tullett Liberty Securities, LLC.

09-04973

Statement of Claim filed on or about: August 24, 2009.

First Amended Statement of Claim filed on or about: January 22, 2010.

Statement of Answer of Tullett Liberty Brokerage, Inc., Tullett Liberty Securities, Inc., Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp. to the Counterclaims of the Employee Parties filed on or about: June 17, 2010.

Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.'s Statement of Answer to Counterclaims of BGC Financial, L.P. and BGC Capital Markets, L.P. filed on or about: May 6, 2011.

Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) signed the Submission Agreement: August 24, 2009.

Tullett Prebon Americas Corp. signed the Submission Agreement: December 15, 2010.

Statement of Answer of BGC Financial, L.P. and Mark Webster and Statement of Counterclaim of BGC Financial, L.P. filed on or about: April 30, 2010.

First Amended Statement of Answer of BGC Financial, L.P., BGC Capital Markets, L.P., and Mark Webster, and Statement of Counterclaim of BGC Financial, L.P. and BGC Capital Markets, L.P. filed on or about: April 14, 2011.

BGC Financial, L.P. signed the Submission Agreement: April 27, 2010.

BGC Capital Markets, L.P., by Stipulation, dated February 28, 2011.

Mark Webster signed the Submission Agreement: April 27, 2010.

Statement of Answer and Counterclaims filed by Employee Parties on or about: April 30, 2010.

Graig David Badger signed the Submission Agreement: April 28, 2010.

Randall Arthur Beil signed the Submission Agreement: April 28, 2010.

Robert Ford Burke signed the Submission Agreement: April 28, 2010.

James Joseph Byrne filed the Submission Agreement in connection with FINRA Arbitration No. 09-04807: August 13, 2009.

Robert Capone signed the Submission Agreement: May 18, 2010.

Aimee Patricia Carey signed the Submission Agreement: May 18, 2010.

Peter John Cassidy signed the Submission Agreement: May 18, 2010.

Lawrence J. Davis signed the Submission Agreement: May 19, 2010.

Marc A DeNicola signed the Submission Agreement: May 18, 2010.

Mark DeSalvo signed the Submission Agreement: April 28, 2010.

Michael John DiMaio signed the Submission Agreement: May 18, 2010.

Robert Edward Falk filed the Submission Agreement in connection with FINRA Arbitration No. 09-04842: August 17, 2009.

Alexis Feliciano signed the Submission Agreement: May 19, 2010.

Richard M Festa filed the Submission Agreement in connection with FINRA Arbitration No. 09-04807: August 14, 2009.

Ralph Paul Figliuolo signed the Submission Agreement: April 28, 2010.

Paul Vincent Hastings signed the Submission Agreement: April 28, 2010.

Donald Richard Kearns signed the Submission Agreement: April 28, 2010.

John Claude Lugano signed the Submission Agreement: April 29, 2010.

Robert Scott McCormick signed the Submission Agreement: April 28, 2010.

James Andrew McDonald signed the Submission Agreement: April 28, 2010.

Mark Steven McGovern signed the Submission Agreement: April 28, 2010.

Michael Anthony McKean signed the Submission Agreement: April 28, 2010.

Robert Knowles Miller, III signed the Submission Agreement: May 17, 2010.

Paul James Molter signed the Submission Agreement: April 28, 2010.

William C. Murphy signed the Submission Agreement: April 28, 2010.

Robert O'Hara signed the Submission Agreement: April 28, 2010.

John Pagan signed the Submission Agreement: April 28, 2010.

Ronald Joseph Palazzolo signed the Submission Agreement: April 28, 2010.

Renee Debra Ratzman signed the Submission Agreement: April 28, 2010.

Andrew MacDonald Roberts signed the Submission Agreement: April 28, 2010.

James Nolan Rogers filed the Submission Agreement in connection with FINRA Arbitration No. 09-04807: August 13, 2009.

Janet Ann Schait signed the Submission Agreement: May 19, 2010.

Kevin Thomas Shanahan signed the Submission Agreement: April 28, 2010.

Robert Cartwright Shawger signed the Submission Agreement: April 28, 2010.

John Matthew Siedem filed the Submission Agreement in connection with FINRA Arbitration No. 09-04872: August 17, 2009.

Joseph Matthew Spillane signed the Submission Agreement: April 29, 2010.

Joseph Gerard Tortora filed the Submission Agreement in connection with FINRA Arbitration No. 09-04807: August 14, 2009.

Charles Thomas Veneziano signed the Submission Agreement: April 28, 2010.

Joseph M. Walsh signed the Submission Agreement: April 28, 2010.

09-06377

Statement of Claim filed on or about: November 9, 2009.

Answer to Counterclaim filed on or about: January 25, 2010.

Michael James Farrell signed the Submission Agreement: November 9, 2009.

Statement of Answer and Counterclaim filed by Respondent on or about: January 5, 2010.

BGC Financial, L.P. signed the Submission Agreement: January 5, 2010.

10-00139

Statement of Claim filed on or about: January 11, 2010.

Answer and Affirmative Defenses of Claimant Brian K. Hampton to Counterclaim of Respondent BGC Financial, L.P. filed on or about: June 16, 2010.

Brian K. Hampton signed the Submission Agreement: January 10, 2009.

Statement of Answer and Counterclaim filed on or about: April 30, 2010.

BGC Financial, L.P. signed the Submission Agreement: April 27, 2010.

10-01265

Statement of Claim filed on or about: March 16, 2010.

First Amended Statement of Claim filed on or about: April 15, 2010.

Answer to Counterclaim filed on or about: June 16, 2010.

Eugene Francis Williams signed the Submission Agreement: March 15, 2010.

Statement of Answer and Counterclaim filed on or about: April 30, 2010.

BGC Financial, L.P. signed the Submission Agreement: April 27, 2010.

10-05723

Statement of Claim filed on or about: December 15, 2010.

Tullett Prebon Americas Corp. signed the Submission Agreement: December 15, 2010.

Tullett Prebon Financial Services LLC signed the Submission Agreement: December 15, 2010.

Joint Statement of Answer filed Respondents on or about: February 1, 2011.

Anthony Verrier signed the Submission Agreement: December 20, 2010.

Shaun Lynn signed the Submission Agreement: December 21, 2010.

Sean Windeatt signed the Submission Agreement: December 21, 2010.

12-01013

Statement of Claim filed on or about: March 19, 2012.

The Equityholder Representative signed the Submission Agreement: March 19, 2012.

Joint Statement of Answer filed by Respondents on or about: June 1, 2012.
Tullett Prebon Americas Corp. signed the Submission Agreement: June 14, 2012.
Tullett Prebon Financial Services LLC signed the Submission Agreement: June 14, 2012.

CASE SUMMARY

09-04807

Claimants asserted the following causes of action: fraudulent inducement; fraud; breach of contract; breach of implied covenant of good faith and fair dealing; reformation; promissory estoppel; declaratory judgment-the restrictive covenants are facially invalid; declaratory judgment-Respondent's fraud and/or breaches make the restrictive covenants unenforceable; and violation of FINRA Rule of Conduct 2010.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

09-04842

Claimants asserted the following causes of action: alleges breach of contract; breach of the implied covenant of good faith and fair dealing; fraud; declaratory judgment-the restrictive covenants are facially invalid; declaratory judgment-Tullett's material breaches of contract and fraud make the restrictive covenants unenforceable; and violation of FINRA Rule of Conduct 2010.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

09-04973

Claimants asserted the following causes of action: raiding; breach of contracts; breach of implied covenant not to impair BGC's goodwill; breach of duty of loyalty; aiding and abetting breach of duty of loyalty; unfair competition; breach of fiduciary duty; aiding and abetting breach of fiduciary duty; misappropriation of trade secrets and confidential information; tortious interference with contract; tortious interference with prospective economic relationships; and violation of FINRA Rules of Conduct.

In the First Amended Statement of Claim, Claimants asserted the following causes of action: raiding; breach of contracts; breach of implied covenant not to impair Tullett's goodwill; breach of duty of loyalty; aiding and abetting breach of duty of loyalty; unfair competition; breach of fiduciary duty; aiding and abetting breach of fiduciary duty; misappropriation of trade secrets and confidential information; tortious interference with contract; tortious interference with prospective economic relationships; violation of FINRA Rules of Conduct.

Unless specifically admitted in its Statement of Answer, Employee Parties denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In the Statement of Answer of BGC Financial, L.P. and Mark Webster and Statement of Counterclaim of BGC Financial, L.P., Respondents denied the allegations in the Statement of Claim and asserted various affirmative defenses. BGC Financial, L.P. asserted the following causes of action: tortious interference with contract – Farrell; tortious interference with contract – Hampton; tortious interference with contract – Williams; violation of FINRA Rule of Conduct 2010.

In the First Amended Statement of Answer of BGC Financial, L.P., BGC Capital Markets, L.P. and Mark Webster, and Statement of Counterclaim of BGC Financial, L.P. and BGC Capital Markets, L.P., BGC Financial, L.P. and BGC Capital Markets, L.P. asserted the following causes of action: tortious interference with contract and violation of FINRA Rule of Conduct 2010.

In their Statement of Answer and Counterclaim, Employee Parties denied the allegations made in the Statement of Claim and asserted the following causes of action: breach of contract; breach of the implied covenant of good faith and fair dealing; fraud; fraudulent inducement; negligent misrepresentation; constructive discharge; anticipatory repudiation; declaratory judgment; right to unpaid commissions; violation of Article 6 of New York Labor Law; and violation of FINRA Rule of Conduct 2010.

Unless specifically admitted in its Answer, Tullett Liberty Brokerage, Inc., Tullett Liberty Securities, Inc., Tullett Liberty Securities, LLC, Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp. denied the allegations made in the Counterclaims of Employee Parties and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Tullett Liberty Brokerage, Inc., Tullett Liberty Securities, Inc., Tullett Liberty Securities, LLC, Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp. denied the allegations made in the Counterclaims of BGC and asserted various affirmative defenses.

09-06377

Claimant asserted the following causes of action: fraudulent inducement-rescission; unilateral mistake-rescission; declaratory judgment that the restrictive covenants are unenforceable due to Respondent's fraudulent inducement of Claimant or Claimant's unilateral mistake; declaratory judgment that the restrictive covenants are legally invalid and thus unenforceable; and injunction prohibiting Respondent from enforcing the restrictive covenants in its employment agreement.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In its Counterclaim, Respondent alleges the following cause of action: breach of employment contract.

Unless specifically admitted in its Answer, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

10-00139

Claimant asserted the following causes of action: declaratory judgment that the restrictive covenants are legally invalid and thus unenforceable; fraudulent inducement - rescission; unilateral mistake - rescission; declaratory judgment that the restrictive covenants are unenforceable due to Respondent's fraudulent inducement of Claimant or Claimant's unilateral mistake; and injunction prohibiting Respondent from enforcing the restrictive covenants in its employment agreement.

Unless specifically admitted in its Answer, Respondent BGC Financial, L.P. denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In its Counterclaim, Respondent BGC Financial, L.P. asserted the following cause of action: breach of employment agreement.

Unless specifically admitted in its Answer, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

10-01265

In the Statement of Claim, Claimant asserted the following causes of action: declaratory judgment that the restrictive covenants are legally invalid and thus unenforceable and injunction prohibiting Respondent from enforcing the restrictive covenants in its employment agreement.

In the Amended Statement of Claim, Claimant asserted the following causes of action: declaratory judgment that the restrictive covenants are legally invalid and thus unenforceable; fraudulent inducement-rescission; unilateral mistake-rescission; declaratory judgment that the restrictive covenants are unenforceable due to Respondent's fraudulent inducement of Claimant's unilateral mistake; and injunction prohibiting Respondent from enforcing the restrictive covenants in its employment agreement.

Unless specifically admitted in its Answer, Respondent BGC Financial, L.P. denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In its Counterclaim, Respondent BGC Financial, L.P. asserted the following cause of action: breach of employment contract.

Unless specifically admitted in his Answer, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

10-05723

Claimants asserted the following causes of action: interference with contract; interference with prospective economic relationship; defamation; trade libel; aiding and abetting breaches of fiduciary duty; misappropriation of trade secrets/confidential; unfair competition; and raiding.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

12-01013

Claimant asserted the following causes of action: breach of contract, breach of the implied covenant of good faith and fair dealing; declaratory judgment-the tax rebates and refunds are the property of the equityholders; declaratory judgment-declaration as to the amounts for the final closing date statement; and violation of FINRA Rule of Conduct 2010.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

09-04807

In the Statement of Claim, Claimants requested:

- a) on their first, second, third, and fourth claims, compensatory damages, restitution, and/or disgorgement damages in an amount to be determined at trial, plus applicable interest, reasonable costs, attorneys' fees, and as to their first and second claims, punitive damages;
- b) on their fifth claim, an injunction reforming the January 2008 amendments to extend the termination window until the close of business on August 14, 2009;
- c) on their sixth claim, an injunction enjoining Respondent from enforcing any post-termination provisions of Claimants' employment agreement other than those that would be enforceable if Claimants had terminated during the termination window;
- d) on their seventh claim, a declaration that the non-competition and non-solicitation restrictive covenants in each of Claimants' employment agreements are invalid and unenforceable as matter of law;
- e) on their eighth claim, a declaration that the non-competition and non-solicitation restrictive covenants in each of Claimants' employment agreements are unenforceable as a result of Respondent's fraud and breaches of contract;
- f) on their ninth claim, injunctive relief, as well as compensatory damages, restitution, and/or disgorgement, in an amount to be determined at arbitration, plus punitive damages, applicable interest, reasonable costs and attorneys' fees; and
- g) such other and further relief as the Panel deems just and proper.

Respondent requested that Claimants' claims be denied in their entirety.

09-04842

In the Statement of Claim, Claimants requested:

- a) on their first and second claims, compensatory damages, restitution, and/or disgorgement damages in an amount to be determined at arbitration, plus applicable interest, reasonable costs, and attorneys' fees;
- b) on their third claim, compensatory damages and punitive damages in an amount to be determined at arbitration, plus applicable interest, reasonable costs, and attorneys' fees;
- c) on their fourth and fifth claims, compensatory damages, restitution, and/or disgorgement damages in an amount to be determined at arbitration but in no event less than \$1,924,136, plus applicable interest, reasonable costs and

- attorneys' fees;
- d) on their sixth claim, compensatory and punitive damages in an amount to be determined at arbitration plus applicable interest, reasonable costs and attorneys' fees;
 - e) on their seventh claim, a declaration that the non-competition and non-solicitation restrictive covenants in Claimants' employment agreements are invalid and unenforceable as a matter of law;
 - f) on their eight claim, a declaration, that the non-competition and non-solicitation restrictive covenants in each of Claimants' employment agreements are unenforceable as a result of the material breaches and misconduct described herein and that those covenants are null and void and of no further force or effect;
 - g) on their ninth claim, injunctive relief, as well as compensatory damages, restitution, and/or disgorgement, in an amount to be determined at arbitration, plus punitive damages, applicable interest, reasonable costs and attorneys' fees; and
 - h) such other and further relief as the Panel deems just and proper.

Respondents requested dismissal of the Statement of Claim.

09-04973

In the Statement of Claim, Claimant requested:

- a) compensatory damages for: (1) the loss of gross revenue from 52 brokers of approximately \$102.5 million per year for the 3-5 years it will take to rebuild the relevant desks; (2) the loss of the value of the Chapdelaine acquisition, including the salary and bonuses paid to brokers acquired in that acquisition; (3) recoupment of the salary, bonus, and other compensation paid to the Employee Respondents; and (4) additional compensation that was paid to remaining Tullett brokers to counter BGC's raid; those damages to be determined at trial but not less than \$200 million;
- b) exemplary damages for the willful and malicious acts by BGC, in an amount to be determined at trial but not less than \$100 million;
- c) all costs and expenses, including attorneys' fees and expenses, prejudgment interest, and all other sums provided for under the law;
- d) a permanent injunction against BGC and Webster, restraining them from any further solicitation or hiring of Tullett's contract or other employees;
- e) a permanent injunction against Employee Respondents, restraining them from any further solicitation of Tullett's contract or other employees and/or customers, or other violations of their pre or post-employment covenants;
- f) the referral of all Respondents to the enforcement divisions of FINRA or the SEC for appropriate actions; and
- g) such other and further relief as the Panel may deem just and proper.

In the First Amended Statement of Claim, Claimant requested:

- a) compensatory damages for: (1) the loss of gross revenue from at least 79 brokers of approximately \$110 million per year for the 3-5 years it will take to rebuild the relevant desks; (2) the loss of the value of the Chapdelaine acquisition, including the salary and bonuses paid to brokers acquired in that acquisition; (3) recoupment of the salary, bonus, and other compensation paid to

- the Employee Parties; and (4) additional compensation that was paid to remaining Tullett brokers to counter the raid; and (5) compensation that will be paid to recruit and hire brokers to replace the brokers poached during the raid; those damages to be determined at trial but not less than \$779 million;
- b) exemplary damages for the willful and malicious acts by BGC, in an amount to be determined at trial but not less than \$500 million;
 - c) all costs and expenses, including attorneys' fees and expenses, prejudgment interest, and all other sums provided for under the law;
 - d) a permanent injunction against BGC, restraining them from any further solicitation or hiring of Tullett's contract or other employees;
 - e) a permanent injunction against Employee Parties, restraining them from any further solicitation of Tullett's contract or other employees and/or customers, or other violations of their pre or post-employment covenants;
 - f) the referral of all Respondents to the enforcement divisions of FINRA or the SEC for appropriate actions; and
 - g) such other and further relief as the Panel may deem just and proper.

In the Statement of Answer of BGC Financial, L.P. and Mark Webster and Statement of Counterclaim of BGC Financial, L.P., they requested:

- a) dismissal of the Statement of Claim as to BGC and Webster in its entirety;
- b) on BGC's first and second Counterclaims, compensatory damages, including prejudgment interest, attorneys' fees, and costs against Tullett Financial;
- c) on BGC's third Counterclaim, injunctive relief, as well as compensatory and punitive damages, including prejudgment interest, attorneys' fees, and costs against Tullett Financial;
- d) costs and disbursements of this action, including attorneys' fees; and
- e) such other and further relief as the Arbitration Panel may deem just and proper.

In the First Amended Statement of Answer of BGC Financial, L.P., BGC Capital Markets, L.P. and Mark Webster, and Statement of Counterclaim of BGC Financial, L.P., and BGC Capital Markets, L.P., they requested:

- a) dismissal of the Statement of Claim as to BGC Financial, BGC Capital, and Webster in its entirety;
- b) on BGC's first, second, and third Counterclaims, compensatory damages, including prejudgment interest, attorneys' fees, and costs against Tullett Financial;
- c) on BGC's fourth Counterclaim, injunctive relief, as well as compensatory and punitive damages, including prejudgment interest, attorneys' fees, and costs against Tullett Financial;
- d) on BGC's fifth Counterclaim, compensatory damages including prejudgment interest, attorneys' fees, and costs against Tullett Prebon USA;
- e) costs and disbursements of this action, including attorneys' fees; and
- f) such other and further relief as the Arbitration Panel may deem just and proper.

In the Statement of Answer and Counterclaims, Employee Parties requested an award:

- a) dismissing the Statement of Claim as to the Employee Parties in its entirety;
- b) ordering the relief set forth in each of the Employee Parties' Counterclaims;
- c) awarding the Employee Parties the costs and disbursements of this action, including attorneys' fees; and

- d) such other and further relief as the Panel may deem just and proper.

Tullett Liberty Brokerage, Inc., Tullett Liberty Securities, Inc., Tullett Liberty Securities, LLC, Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp. requested the Counterclaim be denied in its entirety.

09-06377

In the Statement of Claim, Claimant requested:

- a) on his first claim, rescission of his employment agreement with Respondent, compensatory damages, punitive damages, interest, costs, and attorneys' fees;
- b) on his second claim, rescission of his employment agreement with Respondent, costs, and attorneys' fees;
- c) on his third claim, a declaration that the restrictive covenants set forth in paragraph 11 of the employment agreement with Claimant are unenforceable as a result of Respondent's fraudulent inducement of Claimant and/or because of Claimant's unilateral mistake and that he is freely permitted to commence employment elsewhere, including at Tullett;
- d) on his fourth claim, a declaration that the restrictive covenants set forth in paragraph 11 of his employment agreement with Respondent are invalid on their face and unenforceable as a matter of law and that he is freely permitted to commence employment elsewhere, including Tullett;
- e) on his fifth claim, an injunction enjoining Respondent from enforcing the restrictive covenants in its employment agreement with Claimant, including from enforcing the restrictive covenants to try to prevent Claimant from working for Tullett; and
- f) such other and further relief as is deemed just and proper.

Respondent requested that the Statement of Claim be dismissed in its entirety, costs and disbursements, including attorneys' fees.

In its Counterclaim, Respondent requested compensatory damages, including prejudgment interest, attorneys' fees, and costs, and such other relief as the Panel deems just and proper.

In his Answer to the Counterclaim, Claimant requested the Counterclaim be denied in its entirety.

10-00139

In the Statement of Claim, Claimant requested:

- a) on his first claim, a declaration that the restrictive covenants set forth in paragraph 11(a) of his employment agreement with Respondent are invalid on their face and unenforceable as a matter of law, and that he is freely permitted to commence employment elsewhere, including at Tullett;
- b) on his second claim, rescission of his employment agreement with Respondent, compensatory and punitive damages, interest, costs, and attorneys' fees;
- c) on his third claim, rescission of his employment agreement with Respondent, costs, and attorneys' fees;
- d) on his fourth claim, a declaration that the restrictive covenants set forth in paragraph 11(a) of the employment agreement with Claimant are unenforceable

as a result of Respondent's fraudulent inducement of Claimant and/or because of Claimant's unilateral mistake and that Claimant was and is freely permitted to commence employment elsewhere, including at Tullett;

- e) on his fifth claim, an injunction enjoining Respondent from enforcing the restrictive covenants in its employment agreement with Claimant, including from enforcing the restrictive covenants to try to prevent Claimant from working for Tullett; and
- f) such other relief as is deemed just and proper.

Respondent requested dismissal of the Statement of Claim in its entirety, costs and disbursements, including attorneys' fees.

In its Counterclaim, Respondent requested compensatory damages, including pre-judgment interest, attorneys' fees and costs, and such other and further relief as the Panel deems just and proper.

In his Answer to Counterclaim, Claimant requested the Counterclaim be denied in its entirety.

10-01265

In the Statement of Claim, Claimant requested:

- a) on his first claim, a declaration that the restrictive covenants set forth in paragraph 11(a) of his employment agreement with Respondent are invalid on their face and unenforceable as a matter of law, and that he is freely permitted to commence employment elsewhere, including at Tullett;
- b) on his second claim, an injunction enjoining Respondent from enforcing the restrictive covenants in its employment agreement with Claimant, including from enforcing the restrictive covenants to try to prevent Claimant from working for Tullett; and
- c) such other and further relief as is deemed just and proper.

In the Amended Statement of Claim, Claimant requested:

- a) on his first claim, a declaration that the restrictive covenants set forth in paragraph 11(a) of his employment agreement with Respondent are invalid on their face and unenforceable as a matter of law, and that he is freely permitted to commence employment elsewhere, including at Tullett;
- b) on his second claim, rescission of his employment agreement with BGC, compensatory and punitive damages, interest, costs, and attorneys' fees;
- c) on his third claim, rescission of his employment agreement with BGC, costs and attorneys' fees;
- d) on his fourth claim, a declaration that the restrictive covenants set forth in paragraph 11(a) of the employment agreement between Claimant and Respondent are unenforceable as a result of BGC's fraudulent inducement of Claimant and/or because of Claimant's unilateral mistake and that Claimant was and is freely permitted to commence employment elsewhere, including at Tullett;
- e) on his fifth claim, an injunction enjoining Respondent from enforcing the restrictive covenants in its employment agreement with Claimant, including from enforcing the restrictive covenants to try to prevent Claimant from working for Tullett; and
- f) such other and further relief as is deemed just and proper, including costs,

attorneys' fees and interest.

Respondent requested dismissal of the Amended Statement of Claim in its entirety, awarding of costs and disbursements, including attorneys' fees.

In its Counterclaim, Respondent requested compensatory damages, including pre-judgment interest, attorneys' fees and costs, and such other and further relief as the Panel deems just and proper.

In his Answer to Counterclaim, Claimant requested the Counterclaim be denied in its entirety.

10-05723

In the Statement of Claim, Claimants requested:

- a) Compensatory damages for: (1) the loss of gross revenue to Tullett Financial and Tullett Americas from at least 77 brokers of more than \$110 million per year for the 3-5 years it will take to rebuild the relevant desks, (2) almost the entire value of the Chapdelaine merger, \$95 million, (3) \$57 million in salaries and bonuses of the unfaithful employees, (4) more than \$15 million paid as incentives for the Tullett employees to stay despite the raid, and (5) the more than \$17 million in compensation that will be paid to recruit and hire brokers poached during the raid; those damages to be determined at trial but not less than \$514 million;
- b) On the first through sixth causes of action, punitive damages for the Respondents' actual malice in an amount to be determined at trial but not less than \$1 billion;
- c) Awarding Claimants all costs and expenses of this action, including attorneys' fees and expenses, pre-judgment interest, and all other sums provided under the law; and
- d) Awarding such other and further relief as the Panel may deem just and proper.

Respondent requested dismissal of the Statement of Claim in its entirety, awarding of costs and disbursements, including attorneys' fees, and such other relief as the Panel may deem just and proper.

12-01013

In the Statement of Claim, Claimants requested:

- a) with respect to the first and second claims, compensatory damages in an amount to be determined at hearing but not less than \$19,885,139.66;
- b) with respect to the first and second claims, to the extent available under law, disgorgement by Tullett of all profits it earned from the businesses it acquired from CCS¹, in an amount to be determined at arbitration;
- c) with respect to the third claim, declaratory relief in the form of a declaration that the \$218,473.00 received by the Equityholders for tax rebates and refunds associated with CCS's pre-acquisition activities are the property of the Equityholders;

¹ The term "CCS" is as defined in Claimants' Statement of Claim.

- d) with respect to the fourth claim, declaratory relief in the form of a declaration as to the final amounts of closing cash, funded debt, transaction expenses, net working capital, and excess net regulatory capital;
- e) with respect to the fifth claim, injunctive relief, as well as any damages suffered by the Equityholders as a result of Tullett's conduct, including but not limited to compensatory damages and, to the extent available under law, restitution, and/or disgorgement, in an amount to be determined at arbitration;
- f) with respect to all claims, all costs and expenses, including attorneys' fees and expenses, pre-judgment interest, post-judgment interest, and all other sums provided for under the law;
- g) with respect to all claims, punitive damages, to the extent available under the law; and
- h) such other and further relief as the Panel deems just and proper.

Respondents requested the dismissal of the Statement of Claim in its entirety.

CLAIMS AND COUNTERCLAIMS TO BE DECIDED²

Pursuant to the Stipulation of the Parties dated September 13, 2013, a general summary of the Remaining Claims and Counterclaims With Descriptions (including responding positions) is set forth below.³

James J. Byrne, et al. v. Tullett Liberty Brokerage, Inc.
(FINRA Case No. 09-04807)

Claims asserted by Byrne, et al.

UST SOC Claim #2: Fraud (asserted by Byrne and Rogers, against Tullett Liberty Brokerage, Inc.) [Stipulation Footnote 1 – All references to "Tullett" in connection with FINRA Arb. No. 09-04807 refer to Tullett Liberty Brokerage, Inc. unless otherwise noted.]

Claimants' Position: Messrs. Byrne and Rogers allege that Tullett acted fraudulently by (a) throughout 2008 and January 2009, falsely assuring the brokers that an electronic Treasuries platform was forthcoming, (b) actively concealing the fact that Tullett and its CEO Terry Smith lacked a firm commitment to build an electronic platform and had decided not to go forward with a platform, and (c) in January 2009, knowingly making false statements by causing a then-Tullett executive to tell the brokers that such platform would be available to brokers by June 2009 at the latest, and that Byrne and Rogers were thereby misled into believing that Tullett would deliver an electronic platform in that time frame. In reliance on that false belief, Byrne and Rogers chose not

² The Stipulation text as submitted by the Parties which is recited in the Award was not changed to correct typos or other errors (if any) and defined terms were retained as defined in the Stipulation as submitted by the Parties, even where those terms may be defined differently in the other parts of the Award.

³ The Appendices A through F of the referenced Stipulation are not recited herein. Notwithstanding footnote # 2, any reference to an Appendix in this Section, refers to an Appendix to said Stipulation and is referenced as "Stipulation Appendix____". Notwithstanding footnote # 2, the footnotes of the original Stipulation are denominated as "Stipulation Footnote____" to distinguish them from the footnotes of the Award.

to exercise a provision in their contracts allowing them to terminate their contracts between January 15 and January 31, 2009, and are therefore entitled to nominal damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as an order enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein.

Respondents' Position: After arms-length negotiation, Tullett contracted with Byrne and Rogers to either (a) install an *off-the-run* electronic trading platform for the UST business within a certain time frame or (b) pay each a yearly \$500,000 bonus. Their instant claim (that they were promised that an *on-the-run* platform would be installed within a certain time frame, despite having received and kept the \$500,000 bonuses), for which they have not demonstrated any factual basis or identified any damages, was concocted as a pretext in an attempt to justify Claimants' own improper conduct.

UST SOC Claim #4: Breach of the Implied Covenant of Good Faith and Fair Dealing (on behalf of Byrne, Rogers, Tortora, and Festa (the "UST Claimants"), against Tullett Liberty Brokerage, Inc.)

Claimants' Position: The UST Claimants allege that Tullett breached the implied covenant of good faith and fair dealing inherent in all New York contracts, by, *inter alia*, misleading them into believing an electronic Treasuries platform was forthcoming, thereby preventing the UST Claimants from obtaining valuable compensation under their contracts and making informed decisions about, for example, whether or not to exercise their contractual termination options or renew their contracts. As a result of Tullett's breaches, Tullett is liable to the UST Claimants for nominal damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as an order enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein.

Respondents' Position: Tullett acted in good faith in its efforts to implement an electronic trading platform for the UST brokers, in keeping the UST brokers apprised of its efforts, and, to protect the firm from extraordinary margin calls, by implementing a temporary policy banning trades with non-GSCC netting members following the collapse of Lehman Brothers. This claim, for which they have not demonstrated any factual basis or identified any damages, is a pretext concocted in an attempt to justify Claimants' own improper conduct.

UST SOC Claim #6: Promissory Estoppel (on behalf of Byrne and Rogers, against Tullett Liberty Brokerage, Inc.)

Claimants' Position: Tullett promised Byrne and Rogers it would deliver an electronic platform and falsely represented to Byrne and Rogers that an electronic Treasuries platform was forthcoming, and Messrs. Byrne and Rogers relied on those promises and representations to their detriment by deciding not to exercise their contractual termination options. As a consequence, under the doctrines of promissory and/or equitable estoppel, Tullett is estopped from using non-exercise of the termination provisions against Byrne and Rogers, and Byrne and Rogers are entitled to an order

enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein, other than those provisions that would be enforceable if Byrne and Rogers had terminated those employment agreements between January 15 and January 31, 2009.

Respondents' Position: Byrne and Rogers accepted \$500,000 bonus payments in lieu of exercising their early termination rights. They did not do so in reliance on any promise or representation by Tullett, have not proven any damages associated with their failure to exercise those rights, and have concocted this claim as a pretext to justify their own improper conduct.

UST SOC Claim #8: Declaratory Judgment – Respondents' Fraud and/or Breaches Make the Restrictive Covenants Unenforceable (on behalf of Byrne, Rogers, Festa and Tortora, against Tullett Liberty Brokerage, Inc.)

Claimants' Position: The UST Claimants seek a declaration that each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein, is unenforceable by Tullett as a result of (a) Tullett's breach of the implied covenant of good faith and fair dealing in each of the UST Claimants' contracts, as set forth in the Fourth UST Claim above, and/or (b) Tullett's fraudulent statements guaranteeing the building of an electronic Treasuries platform by June 2009 and/or its fraudulent concealment of its lack of commitment to an electronic platform, as set forth in the Second UST Claim above.

Respondents' Position: Claimants are not entitled to a declaration that the restrictive covenants contained in their contracts are unenforceable, because Tullett has not engaged in any fraud, breached any explicit or implicit provisions of their employment agreements or made any promises that Byrne and/or Rogers relied on to their detriment. To the contrary, the restrictive covenants contained in their contracts are enforceable.

UST SOC Claim #9: Violation of FINRA Rule of Conduct 2010 (on behalf of Byrne, Rogers, Festa and Tortora, against Tullett Liberty Brokerage, Inc.)

Claimants' Position: The UST Claimants allege that Tullett's conduct—including without limitation its misrepresentations of the truth regarding its lack of commitment to an electronic Treasuries platform—violates FINRA Rule of Conduct 2010, which requires members to "observe high standards of commercial honor and just and equitable principles of trade." Accordingly, the UST Claimants request that the Panel make a finding, in its final Award, that Tullett's conduct violated FINRA Rule 2010.

Respondents' Position: Tullett has not engaged in any misconduct with regard to its dealings with Claimants and Tullett has not violated FINRA Rule of Conduct 2010.

Claims asserted by Falk, et al.

Chapdelaine SOC Claim #4: Breach of Contract (asserted by Miller, Falk and Siedem, against Tullett Liberty Securities, Inc. and Tullett Liberty Securities, LLC) [Stipulation Footnote 2 – All references to “Tullett” in connection with FINRA Arb. No. 09-04842 refer to Tullett Liberty Securities, Inc. and Tullett Liberty Securities, LLC, unless otherwise noted.]

Claimants’ Position: Messrs. Falk, Miller, and Siedem allege that Tullett breached (a) Section 3.6(d) of the Chapdelaine Merger Agreement—which prohibited Tullett from taking actions “for the purposes of reducing Pre-Tax Profits” of the Chapdelaine equity business, and required Tullett to conduct that business “consistently with the customs and practices employed immediately prior to [the] [c]losing of the merger”—by engaging in conduct intended to undermine the business’s profitability, including without limitation (i) intentionally interfering with the business in 2007, and (ii) improperly purporting to reverse Mr. Burke’s waiver of part of his business’s 2008 bonus, in order to avoid paying a \$6,333,333.33 earn-out in each of 2007 and 2008, and (b) Sections 3.5(b) & (c) (which enumerated the sole reasons for which Tullett could reduce a Milestone Payment), and 6.3 (which provided that tax refunds should be returned to the Chapdelaine Equityholders) of the Merger Agreement by wrongfully withholding \$218,473 from the second Milestone Payment based on its disputed view that certain tax refunds in that amount should have been submitted to Tullett. Tullett is therefore liable to Messrs. Falk, Miller, and Siedem for no less than their percentage share (as set forth in [Stipulation Appendix A]) of (a) \$12,666,666.66 in compensatory damages (for the breach of Section 3.6(d)), and (b) \$218,473 in compensatory damages (for the breaches of Sections 3.5(b) & (c) and 6.3), plus pre-judgment and post-judgment interest, attorneys’ fees, and costs.

Respondents’ Position: Claimants have no standing to assert this claim, because they assigned the exclusive right to assert the claim to the Equityholder Representative, as set forth in the merger agreement. In addition, Tullett’s deductions from the Second Milestone Payment were either contractually authorized or reflect amounts that Claimants improperly converted from Tullett, and Tullett was under no obligation to pay the Equity Earn Out Payments because the Chapdelaine Institutional Equities (“CIE”) business did not meet its target pre-tax profits.

Chapdelaine SOC Claim #5: Breach of the Implied Covenant of Good Faith and Fair Dealing (asserted by Miller, Falk and Siedem, against Tullett Liberty Securities, Inc. and Tullett Liberty Securities, LLC)

Claimants’ Position: Messrs. Falk, Miller, and Siedem allege that Tullett breached the implied covenant of good faith and fair dealing inherent in the Chapdelaine Merger Agreement by (a) intentionally interfering in the Chapdelaine equity business in 2007, and improperly purporting to reverse Mr. Burke’s waiver of part of his business’s 2008 bonus so that Tullett could avoid making equity earn-out payments of \$6,333,333.33 in each of 2007 and 2008, (b) improperly seeking to condition payment of such amounts on the Chapdelaine brokers’ agreement to contract extensions, and (c) unilaterally withholding, in bad faith, \$218,473 in tax refunds from the second Milestone Payment. Messrs. Falk, Miller, and Siedem are thus entitled to compensatory damages of no less

than their percentage share (as set forth in [Stipulation Appendix A]) of \$12,885,139.66 in compensatory damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Respondents' Position: Claimants have no standing to assert this claim, because they assigned the exclusive right to assert the claim to the Equityholder Representative, as set forth in the Merger Agreement. In addition, Tullett did not interfere with the CIE business or its ability to meet its target pre-tax profits, nor did Tullett act in bad faith in calculating the Second Milestone Payment.

Chapdelaine SOC Claim #8: Declaratory Judgment – Tullett's Material Breaches of Contract and Fraud Make the Restrictive Covenants Unenforceable (asserted by Miller, Falk and Siedem, against Tullett Liberty Securities, Inc. and Tullett Liberty Securities, LLC)

Claimants' Position: Messrs. Falk, Miller, and Siedem seek a declaration that each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein, is unenforceable by Tullett as a result of Tullett's material breaches of those agreements and/or the interrelated Chapdelaine Merger Agreement, including without limitation (a) those set forth in the Fourth and Fifth Chapdelaine Claims above and (b) Tullett's retaining without justification approximately \$1,000,000 of commissions that had accrued to Mr. Miller and Mr. Siedem's desks and that had been allocated to certain at-will brokers that had left Tullett.

Respondents' Position: Claimants are not entitled to a declaration that the restrictive covenants contained in their employment contracts are unenforceable, because Tullett did not engage in any fraud, breach any provision of Claimants' employment agreements or the Merger Agreement, act in bad faith in calculating the Second Milestone Payment, or interfere with the CIE business. To the contrary, the restrictive covenants contained in their contracts are enforceable.

Chapdelaine SOC Claim #9: Violation of FINRA Rule of Conduct 2010 (asserted by Miller, Falk and Siedem, against Tullett Liberty Securities, Inc. and Tullett Liberty Securities, LLC)

Claimants' Position: Messrs. Falk, Miller, and Siedem allege that Tullett's conduct—including without limitation as set forth in the Eighth Chapdelaine Claim above—violates FINRA Rule of Conduct 2010, which requires members to "observe high standards of commercial honor and just and equitable principles of trade." Accordingly, Messrs. Falk, Miller, and Siedem request that the Panel make a finding, in its final Award, that Tullett's conduct violated FINRA Rule 2010.

Respondents' Position: Tullett has not engaged in any misconduct with regard to its dealings with Claimants and Tullett has not violated FINRA Rule of Conduct 2010.

**Tullett Prebon Financial Services, LLC, et al. v. BGC Financial, L.P. et al.
(FINRA Case No. 09-04973)**

Claims asserted by Tullett

Tullett SOC Claim #1: Raiding (asserted by Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against BGC Financial, L.P., BGC Capital Markets, L.P. and Mark Webster ("the BGC Respondents") and Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy and Pagan (the "Senior Employee Respondents")) [Stipulation Footnote 3 – All references to "Tullett" in connection with FINRA Arb. No. 09-04973 refer to Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., unless otherwise noted.]

Claimants' Position: The BGC Respondents and the Senior Employee Respondents devised and participated in a plan to recruit and hire away approximately one-third of Tullett's North American broking staff in 2009, which resulted in the nearly-overnight loss of approximately 20% of Tullett's North American broking staff. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the BGC Respondents and the Senior Employee Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett is precluded from prosecuting its "Raiding" claim because, after it asserted in the New Jersey Action that this claim was governed by New Jersey law, the New Jersey Court held that no claim for "Raiding" exists under New Jersey law and dismissed Tullett's claim accordingly. In the alternative, Tullett's "Raiding" claim fails because, among other things, no such cause of action exists under New York law; no such cause of action exists in any jurisdiction or forum with respect to inter-dealer brokers; Tullett must establish any putative claim for "Raiding" on a desk-by-desk basis (which it has not); any putative claim for "Raiding" does not make actionable the recruitment and hiring of at-will brokers, brokers whose contracts had been breached or who were otherwise treated improperly by Tullett, or brokers who were planning to leave Tullett anyway; any putative claim for "Raiding" fails because Tullett cannot establish that the BGC Respondents hired a sufficient number of brokers and/or brokers who generated a sufficient percentage of desk revenue to constitute a "raid" of certain desks; Tullett cannot state and has not established a claim for "Raiding" against individuals; Tullett has not established that the Senior Employee Respondents breached any duties to Tullett in the course of the BGC Respondents' hiring of Tullett brokers; and Tullett has not established that the BGC Respondents' hiring of Tullett brokers was malicious or intended to injure Tullett.

Tullett SOC Claim #2: Breach of Contract (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against Byrne, Rogers, Miller, Siedem, Veneziano, Pagan, Festa, Tortora, Davis, Hastings, Capone, Carey, Denicola, DiMaio, Feliciano, Figliuolo, Kearns, McGovern, Murphy, Shawger, Beil, Burke, DeSalvo, Falk, Lugano, McKean,

Ratzman, Spillane, Walsh, Schait, Badger, Shanahan, McCormick, McDonald, O'Hara, Palazzolo and Roberts)

Claimants' Position: The Employee Respondents [Stipulation Footnote 4 – The Employee Respondents include the former Tullett brokers named in this arbitration, i.e., all individual parties named as Respondent in FINRA Arbitration No. 09-04973] who had employment contracts with Tullett breached those contracts by: (1) improperly leaving Tullett prior to the expiration of their contracts; (2) working for BGC in violation of restrictive covenants; (3) associating with and/or providing services to BGC during their employment with Tullett; (4) sharing confidential and proprietary information with BGC in order to assist BGC in the Raid (both during their employment with Tullett and thereafter); and/or (5) soliciting, inducing, persuading and/or encouraging other employees to resign from Tullett and work for BGC (both during their employment with Tullett and during the period of their restrictive covenants). Tullett seeks (1) compensatory damages in amounts not less than those identified in [Stipulation Appendix B] and (2) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Breach of Contract" claim fails because, among other things, Tullett has not established that the Breach of Contract Respondents breached their contracts with Tullett by providing services to BGC while still employed by Tullett; by improperly soliciting other employees to resign from Tullett and work for BGC; by sharing confidential and proprietary information with BGC; by improperly soliciting "Tullett's customers"; and/or otherwise. Tullett has also failed to prove that such contracts were enforceable against the Breach of Contract Respondents when they commenced working at BGC, in light of Tullett's breaches and/or repudiation of such contracts, constructive discharge, and/or other misconduct.

Tullett SOC Claim #3: Breach of the Implied Covenant Not to Impair Tullett's Goodwill (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against Miller, Siedem, Capone, DiMaio, Figliuolo, Kearns, McGovern, Murphy, Shawger, Beil, Burke, DeSalvo, Falk, Lugano, McKean, Ratzman, Spillane and Walsh (the "Chapdelaine Shareholder Respondents"))

Claimants' Position: The Chapdelaine Shareholder Respondents breached their implied covenant not to impair Tullett's goodwill, by improperly transferring the bulk of the Chapdelaine business acquired by Tullett to BGC. Tullett seeks (1) compensatory damages totaling \$24,267,156 from the Chapdelaine Shareholder Respondents, jointly and severally and (2) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Breach of the Implied Covenant Not to Impair Tullett's Goodwill" claim fails because, among other things, Tullett has not established that an implied covenant not to impair Tullett's goodwill existed given the nature of the agreements between Tullett and the Chapdelaine Shareholder Respondents or that, if any such implied covenant existed, Tullett itself had not breached and/or repudiated its agreements with the Chapdelaine Shareholder Respondents prior to the alleged breach by the Chapdelaine Shareholder Respondents. Furthermore, Tullett has failed to plead

the required elements of a claim for breach of the implied covenant not to impair Tullett's goodwill and has failed to establish each element of such a claim.

Tullett SOC Claim #4: Breach of the Duty of Loyalty (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano)

Claimants' Position: Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano breached the duties of loyalty they owed to Tullett by, while employed by Tullett: (1) assisting BGC in its plan to raid Tullett's North American business; (2) associating with and/or providing services to BGC; (3) sharing confidential and proprietary information with BGC in order to assist BGC in the raid; (4) soliciting, inducing, persuading and/or encouraging other employees to resign from Tullett and work for BGC; and/or (5) failing to inform Tullett of the BGC Respondents' raid. Tullett seeks: (1) compensatory damages in amounts not less than those identified in [Stipulation Appendix C]; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Breach of the Duty of Loyalty" claim fails because, among other things, Tullett has not established that the Breach of Duty Respondents owed a duty of loyalty to Tullett and breached such duty by providing services to BGC while still employed by Tullett; by improperly soliciting other employees to resign from Tullett and work for BGC; by sharing confidential and proprietary information with BGC; by improperly soliciting "Tullett's customers"; and/or otherwise; and that the Breach of Duty Respondents acted with malice. Tullett also has not established that Tullett's own misconduct and/or breaches of contract had not relieved the Breach of Duty Respondents of any such duty of loyalty by the time they commenced working at BGC.

Tullett SOC Claim #5: Aiding and Abetting Breaches of the Duty of Loyalty (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents)

Claimants' Position: The BGC Respondents, aware of the duties of loyalty the Employee Respondents owed to Tullett, substantially assisted the Employee Respondents in breaching those duties (as described in No. 4 above) by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) hiring lawyers to represent the raided brokers and coordinating attorney letters directing Tullett not to speak to the brokers, so as to set up pretextual reasons for the brokers to walk out; and (3) encouraging and ensuring members of Tullett's North American Executive Committee – employees who owed the highest duties of loyalty to Tullett – kept secret that BGC was trying to lift out more than 140 Tullett employees. Tullett seeks: (1) compensatory damages totaling \$150,017,889 from the BGC Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Aiding and Abetting Breaches of the Duty of Loyalty" claim fails because, among other things, Tullett has not established that the Breach of Duty Respondents breached any duty of loyalty owed to Tullett, and accordingly the BGC Respondents did not aid or abet any such breach. In addition, Tullett has not established that the BGC Respondents knowingly induced and proximately caused the Breach of Duty Respondents to breach any such duty, and acted with malice.

Tullett SOC Claim #6: Unfair Competition (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents)

Claimants' Position: The BGC Respondents unfairly competed with Tullett by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) improperly recruiting and hiring Tullett's brokers to work at BGC; and (3) misappropriating and exploiting Tullett's proprietary and confidential information, all in an effort to transfer revenues generated by Tullett to BGC. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the BGC Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Unfair Competition" claim fails because, among other things, Tullett has not established that the BGC Respondents stole any confidential client information (especially where, as in the inter-dealer brokerage industry, there are no secret client lists); unlawfully obtained any broker contact information, compensation information, or revenue information (all of which is easily available and which Tullett routinely collects concerning its competitors and obtains in the course of its own recruitment efforts and through other means); learned of any proprietary Tullett marketing strategy, business development or methods, plans, policies, research results, financial reports, current or planned transactions, details of brokerage arrangements, or suppliers and terms of business (to the extent any such information existed and/or was proprietary, which Tullett has likewise failed to prove); unlawfully offered any Tullett broker substantial compensation (a practice common among inter-dealer brokers, including Tullett); intended to harm Tullett; acted with malice; induced any Employee Respondents to breach any duties to Tullett; and/or otherwise engaged in any form of unfair competition with respect to Tullett.

Tullett SOC Claim #7: Breach of Fiduciary Duty (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano)

Claimants' Position: Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano, each of whom were desk managers, willfully violated the fiduciary duties they owed to Tullett by, while employed by Tullett: (1) assisting BGC in its plan to raid Tullett's North American business; (2) associating with and/or providing services to BGC; (3) sharing confidential and proprietary information with BGC in order to assist BGC in the Raid; (4) soliciting, inducing, persuading and/or encouraging other

employees to resign from Tullett and work for BGC; and/or (5) failing to inform Tullett of the BGC Respondents' raid. Tullett seeks: (1) compensatory damages in amounts not less than those identified in [Stipulation Appendix D]; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Breach of Fiduciary Duty" claim fails because, among other things, Tullett has not established that the Breach of Duty Respondents owed any fiduciary duty to Tullett and breached any such duty by providing services to BGC while still employed by Tullett; by improperly soliciting other employees to resign from Tullett and work for BGC; by sharing confidential and proprietary information with BGC; by improperly soliciting "Tullett's customers"; and/or otherwise; and that the Breach of Duty Respondents acted with malice. Tullett also has not established that Tullett's own misconduct and/or breaches of contract had not relieved the Breach of Duty Respondents of any such fiduciary duty by the time they commenced working at BGC.

Tullett SOC Claim #8: Aiding and Abetting Breaches of Fiduciary Duty (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents)

Claimants' Position: The BGC Respondents, aware of the fiduciary duties Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano owed to Tullett, substantially assisted those individuals in breaching their duties (as described in No. 7 above) by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) improperly recruiting and hiring Tullett's brokers to work at BGC; (3) hiring lawyers to represent the raided brokers and coordinating attorney letters directing Tullett not to speak to the brokers, so as to set up pretextual reasons for the brokers to walk out; and (4) encouraging and ensuring members of Tullett's North American Executive Committee – employees who owed the highest duties of loyalty to Tullett – kept secret that BGC was trying to lift out more than 140 Tullett employees. Tullett seeks: (1) compensatory damages totaling \$150,017,889 from the BGC Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Aiding and Abetting Breaches of Fiduciary Duty" claim fails because, among other things, Tullett has not established that the Breach of Duty Respondents breached any fiduciary duty to Tullett, and accordingly the BGC Respondents did not aid or abet any such breach. In addition, Tullett has not established that the BGC Respondents knowingly induced and proximately caused the Breach of Duty Respondents to breach any such duty, and acted with malice.

Tullett SOC Claim #9: Misappropriation of Trade Secrets and Confidential Information (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents and the Senior Employee Respondents)

Claimants' Position: The BGC Respondents and the Senior Employee Respondents obtained Tullett's trade secrets and confidential information (including compilations of revenue and customer data on a desk-by-desk basis, information relating to Tullett employees' contracts, compensation packages and customer relationships, Tullett's contemplated business plans, and information relating to historical and projected revenues for clients with whom Tullett's employees maintained relationships) and utilized that information to target specific areas within Tullett's business, recruit brokers from Tullett, ease the transition of Tullett's brokers from Tullett to BGC and transfer those brokers' customer relationships from Tullett to BGC. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the BGC Respondents and the Senior Employee Respondents, jointly and severally, or in amounts not less than those identified in [Stipulation Appendix E] from the Senior Employee Respondents; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Misappropriation of Trade Secrets and Confidential Information" claim fails because, among other things, Tullett has not established that the BGC Respondents or Senior Employee Respondents unlawfully provided, obtained, or "stole" any confidential client information (especially where, as in the inter-dealer brokerage industry, there are no secret client lists); unlawfully provided or obtained any broker contact information, compensation information, or revenue information (all of which is easily available and which Tullett routinely collects concerning its competitors and obtains in the course of its own recruitment efforts and through other means); provided or learned of any proprietary Tullett marketing strategy, business development or methods, plans, policies, research results, financial reports, current or planned transactions, details of brokerage arrangements, or suppliers and terms of business (to the extent any such information existed and/or was proprietary, which Tullett has likewise failed to prove); and/or otherwise misappropriated any trade secrets or confidential information belonging to Tullett.

Tullett SOC Claim #10: Tortious Interference with Contract (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents)

Claimants' Position: The BGC Respondents, aware that certain brokers it recruited from Tullett had existing employment contracts with Tullett, procured breaches of those contracts (as described in No. 2 above) by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) providing the brokers lucrative sign-on bonuses and compensation packages; (3) hiring lawyers to represent the raided brokers and coordinating attorney letters directing Tullett not to speak to the brokers, so as to set up pretextual reasons for the brokers to walk out; and (4) indemnifying the brokers from all liability resulting from their contractual breaches, all with the intent to cause harm to Tullett and gain an unfair competitive advantage. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the BGC Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Tortious Interference with Contract" claim fails because, among other things, Tullett has not established that the Breach of Contract Respondents breached their contracts with Tullett and/or that those contracts were not deemed unenforceable as a result of Tullett's own misconduct. In addition, Tullett has not established that the BGC Respondents intentionally and improperly procured and proximately caused breaches by the Breach of Contract Respondents of their contracts, and acted with malice.

Tullett SOC Claim #11: Tortious Interference with Prospective Economic Relationships (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against the BGC Respondents)

Claimants' Position: The BGC Respondents, aware of the levels of business Tullett conducted with certain customers, intentionally interfered with those business relationships by unlawfully raiding Tullett, in order to lure away Tullett's brokers and the relationships those brokers maintained with Tullett's customers. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the BGC Respondents, jointly and severally; (2) punitive damages from each individual and/or entity in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual and/or entity following the Panel's determination on liability.

Respondents' Position: Tullett's "Tortious Interference with Prospective Economic Relationships" claim fails because, among other things, Tullett has not established that the BGC Respondents unlawfully interfered with any of Tullett's relationships with its at will brokers or its non-exclusive, non-binding relationships with the customers of the brokers hired from Tullett (which are major financial institutions that continue to do business with Tullett). In addition, Tullett has not established that the BGC Respondents engaged in any independent criminal or tortious conduct that interfered with any prospective contract or other non-exclusive, non-binding economic relationship Tullett had with any such customer; that "but for" the BGC Respondents' hiring conduct, Tullett would have retained such relationships; and that the BGC Respondents engaged in hiring conduct solely for the purpose of inflicting intentional harm on Tullett, as opposed to for the BGC's own economic advantage.

Tullett SOC Claim #12: Violation of FINRA Rule of Conduct 2010 (on behalf of Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp., against all Respondents)

Claimants' Position: The Respondents engaged in unlawful conduct in furtherance of a plan to cause significant harm to Tullett and gain a competitive advantage for BGC.

Respondents' Position: Tullett's claim for "Violation of FINRA Rules of Conduct" fails because, among other things, Tullett has not established that BGC or the Employee Respondents failed to observe high standards of commercial honor and just and equitable principles of trade.

Counterclaims Asserted by BGC

BGC CC #1: Tortious Interference with Contract (asserted by BGC Financial, L.P., against Tullett Prebon Financial Services LLC (concerning Farrell))

Counter-Claimant's Position: While Michael Farrell was employed by BGC Financial pursuant to a binding employment agreement, and with notice of that employment agreement, Tullett Financial tortiously interfered with that contract by intentionally and improperly procuring and proximately causing Mr. Farrell's breach of his BGC Financial employment agreement when he left BGC Financial and returned to Tullett Financial while his BGC Financial employment agreement remained in effect. BGC Financial seeks nominal damages as a result of Tullett Financial's misconduct, and such other relief as the Panel may deem appropriate.

Counter-Respondents' Position: Michael Farrell did not enter into any valid or enforceable contract with BGC. To the extent any contractual relationship between BGC and Farrell ever existed or was valid or enforceable (and Tullett expressly denies that any such valid or enforceable agreement existed), Tullett's rehiring of Farrell, who BGC unlawfully induced to leave Tullett prior to the expiration of his employment contract with Tullett, was justified and did not tortiously interfere with that contract.

BGC CC #2: Tortious Interference with Contract (asserted by BGC Financial, L.P., against Tullett Prebon Financial Services LLC (concerning Hampton))

Counter-Claimants' Position: While Brian Hampton was employed by BGC Financial pursuant to a binding employment agreement, and with notice of that employment agreement, Tullett Financial tortiously interfered with that contract by intentionally and improperly procuring and proximately causing Mr. Hampton's breach of his BGC Financial employment agreement when he left BGC Financial and returned to Tullett Financial while his BGC Financial employment agreement remained in effect. BGC Financial seeks nominal damages as a result of Tullett Financial's misconduct, and such other relief as the Panel may deem appropriate.

Counter-Respondents' Position: Brian Hampton did not enter into any valid or enforceable contract with BGC. To the extent any contractual relationship between BGC and Hampton ever existed or was valid or enforceable (and Tullett expressly denies that any such valid or enforceable agreement existed), Tullett's rehiring of Hampton, who BGC unlawfully induced to leave Tullett prior to the expiration of his employment contract with Tullett, was justified and did not tortiously interfere with that contract.

BGC CC #3: Tortious Interference with Contract (asserted by BGC Financial, L.P., against Tullett Prebon Financial Services LLC (concerning Williams))

Counter-Claimants' Position: While Eugene Williams was employed by BGC Financial pursuant to a binding employment agreement, and with notice of that employment agreement, Tullett Financial (with the participation of its global CEO, Terry Smith) tortiously interfered with that contract by intentionally and improperly procuring and proximately causing Mr. Williams' breach of his BGC Financial employment agreement when he left BGC Financial and returned to Tullett Financial while his BGC Financial

employment agreement remained in effect. BGC Financial seeks nominal damages as a result of Tullett Financial's misconduct, and such other relief as the Panel may deem appropriate.

Counter-Respondents' Position: Eugene Williams did not enter into any valid or enforceable contract with BGC. To the extent any contractual relationship between BGC and Williams ever existed or was valid or enforceable (and Tullett expressly denies that any such valid or enforceable agreement existed), Tullett's rehiring of Williams, who BGC unlawfully induced to leave Tullett prior to the expiration of his employment contract with Tullett, was justified and did not tortiously interfere with that contract.

BGC CC #4: Violation of FINRA Rule of Conduct 2010 (asserted by BGC Financial, L.P., against Tullett Prebon Financial Services LLC)

Counter-Claimants' Position: By way of its tortious interference with the binding employment contracts in effect between BGC Financial and each of Michael Farrell, Brian Hampton, and Eugene Williams, Tullett Financial (a FINRA registered member) failed to observe high standards of commercial honor and just and equitable principles of trade, as required by FINRA Rule of Conduct 2010. Accordingly, BGC Financial requests that the Panel include in its final Award in the matter a finding that Tullett Financial's conduct violated FINRA Rule 2010.

Counter-Respondents' Position: Tullett's response to the BGC Respondents' raid of Tullett, including but not limited to its efforts to rehire and retain brokers who were recruited by BGC during the BGC Respondents' raid, was entirely proper. Tullett response did not entail any misconduct; nor did it violate FINRA Rule of Conduct 2010.

BGC CC #5: Tortious Interference with Contract (asserted by BGC Financial, L.P., against Tullett Prebon Americas Corp.)

Counter-Claimants' Position: With notice that the Breaching Fixed Dates Employees (Kevin Conway, Richard Cronin, Daniel Downey, John Masse, Kevin Moore, Joseph Rotelli, Myron Mahler, and Christopher Wilkes), had signed forward contracts with BGC Capital, Tullett Prebon USA tortiously interfered with those contracts by intentionally and improperly procuring and proximately causing the Breaching Fixed Dates Employees' breaches of their BGC Capital forward contracts when they signed new contracts with, and remained at, Tullett Prebon USA. BGC Capital seeks nominal damages as a result of Tullett Prebon USA's misconduct, and such other relief as the Panel may deem appropriate.

Counter-Respondents' Position: BGC did not enter into any valid or enforceable contracts with Conway, Cronin, Downey, Mahler, Masse, Moore, Rotelli or Wilkes. To the extent any contractual relationship between BGC and those individuals ever existed or was valid or enforceable (and Tullett expressly denies that any such valid or enforceable agreement existed), Tullett not only was unaware of those contracts, but its attempts to retain those individuals as employees, each of whom BGC attempted to unlawfully induce to leave Tullett, were justified and did not tortiously interfere with those contracts.

Counterclaims Asserted by The Employee Parties

EP CC #1: Breach of Contract – Holdback Payments (asserted by the Chapdelaine Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Chapdelaine Brokers allege that Tullett breached (a) Sections 3.5(b) & (c) (which enumerated the sole reasons for which Tullett could reduce a Milestone Payment), and 6.3 (which provided that tax refunds should be returned to the Chapdelaine Equityholders) of the Chapdelaine Merger Agreement by wrongfully withholding \$218,473 from the second Milestone Payment based on its disputed view that certain tax refunds in that amount should have been submitted to Tullett, and (b) Sections 3.5(a) & (c) of the Merger Agreement by improperly invoking the "Production Impact" provision of the Agreement, deducting the departed brokers' estimated production from the third Milestone Payment, unilaterally determining that the amount of that production exceeded the amount due under the third Milestone Payment, and failing to pay the third Milestone Payment, even though Tullett's misconduct—including its breaches of the Chapdelaine Merger Agreement and the brokers' related employment agreements, set forth in the Fourth, Fifth and Eighth Chapdelaine Claims—caused the departure of brokers who had previously worked at Chapdelaine. Tullett is therefore liable to each of the Chapdelaine Brokers for no less than their percentage share (as set forth in [Stipulation Appendix A]) of (a) \$218,473 in compensatory damages (for the breaches of Sections 3.5(b) & (c) and 6.3), and (b) \$7,000,000 in compensatory damages (the amount of the third Milestone Payment) (for the breach of Sections 3.5(a) & (c)), plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: Claimants have no standing to assert this claim, because they assigned the exclusive right to assert the claim to the Equityholder Representative, as set forth in the Merger Agreement. In addition, Tullett's deductions from the Milestone Payments were either contractually authorized or reflect amounts that Claimants improperly converted from Tullett.

EP CC #2: Breach of Contract – Earn-out Payments (asserted by the Chapdelaine Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Chapdelaine Brokers allege that, in order to avoid paying a \$6,333,333.33 earn-out payment in each of 2007 and 2008 (payments that were contingent upon the Chapdelaine equity business achieving certain pre-tax profit targets) Tullett engaged in conduct intended to undermine that business's profitability, including without limitation (a) intentionally interfering with the business in 2007, and (b) improperly purporting to reverse Mr. Burke's waiver of part of his business's 2008 bonus. Tullett thereby breached Section 3.6(d) of the Chapdelaine Merger Agreement, which (1) prohibited Tullett from taking actions "for the purposes of reducing Pre-Tax Profits" of the equity business, and (2) required Tullett to conduct that business "consistently with the customs and practices employed immediately prior to [the] [c]losing of the merger," and is therefore liable to each of the Chapdelaine Brokers for no less than their percentage share (as set forth in [Stipulation Appendix A]) of

\$12,666,666.66 in compensatory damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: Claimants have no standing to assert this claim, because they assigned the exclusive right to assert the claim to the Equityholder Representative, as set forth in the Merger Agreement. In addition, Tullett was under no obligation to pay the Equity Earn Out Payments because the CIE business did not meet its target pre-tax profits.

EP CC #3: Breach of the Implied Covenant of Good Faith and Fair Dealing (asserted by the Chapdelaine Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Chapdelaine Brokers allege that Tullett breached the duty of good faith and fair dealing inherent in their employment contracts and/or in the Chapdelaine Merger Agreement by (a) intentionally interfering with the Chapdelaine equity business in 2007, and improperly purporting to reverse Mr. Burke's waiver of part of his business's 2008 bonus so that Tullett avoid paying \$6,333,333 equity earn-out payments in each of 2007 and 2008; (b) improperly seeking to condition payment of such amounts on the Chapdelaine Brokers' agreement to contract extensions; (c) unilaterally withholding, in bad faith, \$218,473 in tax refunds from the second Milestone Payment; (d) improperly withholding the third Milestone Payment; and (e) undertaking the various actions against the Chapdelaine Brokers described in the Tenth Counterclaim below, including without limitation retaining without justification approximately \$1,000,000 in commissions that had accrued to Mr. Miller and Mr. Siedem's desks. Each of the Chapdelaine Brokers is thus entitled to compensatory damages of no less than their percentage share (as set forth in [Stipulation Appendix A]) of \$19,885,139.66 (for the breaches set forth in subsections (a) to (d) above), plus pre-judgment and post-judgment interest, attorneys' fees, and costs, and in addition the Chapdelaine Brokers as a group are entitled to \$1,000,000 (for the breach set forth in subsection (e) above), plus pre-judgment and post judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: Claimants have no standing to assert this claim, because they assigned the exclusive right to assert the claim to the Equityholder Representative, as set forth in the Merger Agreement. In addition, Tullett did not interfere with the CIE business or its ability to meet its target pre-tax profits; nor did Tullett act in bad faith in calculating the Milestone Payments.

EP CC #4: Breach of Contract for Unpaid Commissions (asserted by the Chapdelaine Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Chapdelaine Brokers allege that Tullett (a) breached Section 8.5 of their employment agreements—which provided that “upon termination of your employment for any reason, Tullett shall pay you any accrued obligations and Pro-Rata Bonus”—when it failed to pay the commissions they accrued and expenses they incurred prior to their departure from Tullett, and (b) retained without justification and in

breach of the "Bonus" clause of their employment agreements approximately \$1,000,000 in commissions that had accrued to Mr. Miller and Mr. Siedem's desks and that had been allocated to certain at-will brokers that had left Tullett. Each of the Chapdelaine Brokers is thus entitled to compensatory damages of no less than their percentage share (as set forth in [Stipulation Appendix F]) of \$1,489,727.88 (for the breaches set forth in subsection (a) above), plus pre-judgment and post-judgment interest, attorneys' fees, and costs, and in addition the Chapdelaine Brokers as a group are entitled to \$1,000,000 (for the breaches set forth in subsection (b) above), plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: The Chapdelaine Brokers have no standing to assert this claim because they received the payments from BGC and assigned all claims to such payments to BGC. Further, they are seeking the payment of bonuses, not commissions, pursuant to contracts that explicitly state that the bonuses consist of a "loyalty element," are paid, in part, as "an incentive to remain in employment" with Tullett, and are not payable if the employee is "not actively employed" by Tullett "on the payment date of any such bonus" or if the employee has "committed any material breach" of the employment agreement; thus, the Chapdelaine Brokers are not entitled to any of the amounts that they claim because they did not satisfy the requirements for any of those payments.

EP CC #5: Breach of the Implied Covenant of Good Faith and Fair Dealing (asserted by the UST Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The UST Claimants allege that Tullett breached the implied covenant of good faith and fair dealing inherent in all New York contracts, by, *inter alia*, misleading them into believing an electronic Treasuries platform was forthcoming, thereby preventing the UST Claimants from obtaining valuable compensation under their contracts and making informed decisions about, for example, whether or not to exercise their contractual termination options or renew their contracts. As a result of Tullett's breaches, Tullett is liable to the UST Claimants for nominal damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as an order enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein.

Counter-Respondents' Position: Tullett acted in good faith in its efforts to implement an electronic trading platform for the UST brokers, in keeping the UST brokers apprised of its efforts, and by implementing a temporary policy banning trades with non-GSCC netting members following the collapse of Lehman Brothers. This claim, for which they have not demonstrated any factual basis or identified any damages, is a pretext concocted in an attempt to justify the UST brokers' own improper conduct.

EP CC #6: Fraud (asserted by the UST Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The UST Claimants allege that Tullett acted fraudulently by: (a) throughout 2008 and January 2009, falsely assuring the brokers that an electronic Treasuries platform was forthcoming, (b) actively concealing the fact that Tullett and its CEO Terry Smith lacked a firm commitment to build an electronic platform and had decided not to go forward with a platform, and (c) in January 2009, knowingly making false statements by causing a then-Tullett executive to tell the brokers that such platform would be available to brokers by June 2009 at the latest. The UST Claimants were thereby misled into believing that Tullett would deliver an electronic platform in that time frame, and took decisions in reliance on that false belief, including without limitation, in the case of Byrne and Rogers, deciding not to exercise a provision in their contracts allowing them to terminate their contracts in January 2009, and are therefore entitled to nominal damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as an order enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein.

Counter-Respondents' Position: After arms-length negotiation, Tullett contracted with Byrne and Rogers to either (a) install an off-the-run electronic trading platform for the UST business within a certain time frame or (b) pay each a \$500,000 bonus, and did not make representations to any other UST Brokers regarding an electronic trading platform, nor did Tullett make any false representations to anyone regarding an electronic trading platform. The UST Brokers' instant claim (that they relied on a promise by Tullett to install an *on-the-run* platform within a certain time frame), for which they have not demonstrated any factual basis or identified any damages, was concocted as a pretext in an attempt to justify their own improper conduct.

EP CC #8: Negligent Misrepresentation (asserted by the UST Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The UST Claimants allege that Tullett, which owed the brokers a duty of candor, is liable for negligent representation as a result of its repeated assurances that an electronic platform for trading U.S. Treasuries was forthcoming, when in fact there was no reasonable basis for providing such assurances. The UST Claimants, relied to their detriment on Tullett's assurances, including without limitation, in the case of Byrne and Rogers, deciding not to exercise a provision in their contracts allowing them to terminate their contracts in January 2009, and are therefore entitled to nominal damages, plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as an order enjoining Tullett from enforcing each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein.

Counter-Respondents' Position: After arms-length negotiation, Tullett contracted with Byrne and Rogers to either (a) install an *off-the-run* electronic trading platform for the UST business within a certain time frame or (b) pay each a \$500,000 bonus, and did not make representations to any other UST Brokers regarding an electronic trading platform, nor did Tullett make any false representations to anyone regarding an electronic trading platform. The UST Brokers' instant claim (that they relied on a promise by Tullett to install an *on-the-run* platform within a certain time frame), for which

they have not demonstrated any factual basis or identified any damages, was concocted as a pretext in an attempt to justify their own improper conduct.

EP CC #10: Constructive Discharge (asserted by all Employee Parties, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Employee Parties allege that prior to their resignations, Tullett failed to maintain a proper working environment by, among other things: (a) improperly retaining approximately \$1,000,000 in commissions on the basis that certain at-will brokers had exercised their right to switch employer; (b) threatening Employee Parties with lawsuits if they did not renege on their lawful forward-start contracts with BGC and sign contract extensions with Tullett, and otherwise improperly pressuring the Employee Parties to breach their BGC contracts; (c) proceeding to sue the brokers, seeking to claw back previously paid compensation, and stating that the brokers would be working for free going forward, writing that brokers would "receive their [future] performance bonuses" only "with the understanding that Tullett will seek to recoup those funds . . . in accordance with the pleadings already filed"; (d) in response to the brokers' announcement that they had signed forward-start contracts, impairing the Employee Parties' ability to generate business by unjustifiably cutting back on T&E expenses and/or improperly conditioning approval of certain expenses, and ultimately failing to pay more than \$300,000 in T&E expenses; (e) otherwise interfering with brokers' ability to conduct business after receiving notice that they had signed forward start contracts; (f) failing to provide UST and MBS brokers with the electronic trading platform that they needed; (g) prohibiting the UST desk from brokering trades involving parties that were not members of the GSCC; (h) failing to make adequate capital available to the MBS desk to conduct profitable trades; (i) pressuring fixed dates brokers to surrender 5 percent of their commissions and, contrary to their contracts, to pay for support services; (j) threatening to move to New Jersey many of the Employee Parties, who were based in—and whose customers were based in—New York; (k) otherwise failing to appropriately manage the Employee Parties; and (l) engaging in the conduct described above in the First to Sixth and Eighth Employee Party Counterclaims with respect to the Chapdelaine and UST Claimants. As a result of this conduct the Employee Parties were constructively discharged from Tullett, and seek a declaration and order that each of their Tullett employment contracts, including the contract term provision and the post-termination restrictive covenants contained therein, are unenforceable by Tullett and that Tullett is enjoined from enforcing such contracts, and in addition the Chapdelaine Brokers seek compensatory damages, including without limitation \$1,000,000 (the commissions allocated to certain departing brokers and improperly retained by Tullett), plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: Tullett did not engage in any conduct to interfere with the Employee Parties' work; nor did it create an objectionable working environment. The Employee Parties (together with BGC and the law firms hired and paid by BGC) have concocted meritless, pretextual reasons — some that were not even alleged until *after* discovery — for their defections to BGC.

EP CC #11: Breach of the Implied Covenant of Good Faith and Fair Dealing (asserted by all Employee Parties allegedly under contract except the Chapdelaine and UST Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: All Employee Parties who were allegedly under employment contracts with Tullett allege that the conduct described in the Tenth Employee Party Counterclaim above violated the implied covenant of good faith and fair dealing inherent in such contracts by depriving them of a stable work environment and the opportunity to earn valuable commissions. As a result, the aforementioned Employee Parties seek a declaration and order that each of their Tullett employment contracts, including the contract term provision and the post-termination restrictive covenants contained therein, are unenforceable by Tullett and that Tullett is enjoined from enforcing such contracts.

Counter-Respondents' Position: Tullett performed its obligation set forth in the employment agreements it entered into with the UST Brokers, the Chapdelaine Brokers, Veneziano, Pagan, Davis, Hastings, Carey, Feliciano, Schait, McCormick, McDonald, O'Hara, Palazzolo and Roberts, and at all times, conducted its business and employed those individuals in good faith. Those individuals, together with BGC and the law firms hired and paid by BGC, have concocted meritless, pretextual reasons — some that were not even alleged until *after* discovery — for their defections to BGC in an attempt to justify their own improper conduct.

EP CC #12: Anticipatory Repudiation (asserted by all Employee Parties allegedly under contract, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: In light of the conduct described in the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Tenth Employee Party Counterclaims above, all Employee Parties who were allegedly under employment contracts with Tullett allege that Tullett (a) exhibited an unqualified and clear refusal to perform with respect to their employment contracts and/or agreements intertwined with such contracts, and (b) seriously impaired the Employee Parties' ability to perform, resulting in an anticipatory breach of those contracts. These Employee Parties therefore seek a declaration and order that each of their Tullett employment contracts, including the contract term provision and the post-termination restrictive covenants contained therein, are unenforceable by Tullett and that Tullett is enjoined from enforcing such contracts.

Counter-Respondents' Position: Tullett did not engage in any conduct to interfere with the Employee Parties' work; nor did it create an objectionable working environment. The Employee Parties (together with BGC and the law firms hired and paid by BGC) have concocted meritless, pretextual reasons — some that were not even alleged until *after* discovery — for their defections to BGC.

EP CC #13: Declaratory Judgment – Tullett Is Precluded From Enforcing Non-Competition and Non-Solicitation Restrictive Covenants (asserted by all Employee Parties allegedly subject to contractual restrictions, against Tullett

Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: All Employee Parties who had employment contracts with Tullett seek a declaration that each of their Tullett employment agreements, including the contract term provision and the post-termination restrictive covenants contained therein, is unenforceable by Tullett in light of Tullett's material breaches and misconduct, including without limitation the conduct described above in the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Tenth Employee Party Counterclaims above.

Counter-Respondents' Position: The Employee Respondents are not entitled to a declaration that the restrictive covenants contained in their employment contracts are unenforceable, because Tullett did not engage in any fraud or misconduct; nor did Tullett breach any implied or express provisions of the Employee Respondents' employment agreements. To the contrary, the restrictive covenants contained in their contracts are enforceable.

EP CC #14: Right to Unpaid Commissions (asserted by Unpaid Brokers (as set forth in [Stipulation Appendix F].), against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Employee Parties allege that Tullett's failure to pay accrued commissions (sometimes known as production bonuses) and expenses constitutes (a) a breach of the employment contracts or terms of employment that existed between the unpaid brokers and Tullett; (b) a breach of the implied covenant of good faith and fair dealing inherent in any such contracts; (c) a violation of the doctrines of quantum meruit and unjust enrichment; and/or (d) a violation of New York's public policy against forfeited commissions. Accordingly, the Employee Parties seek compensatory damages in the amount of \$5,060,844.24 (as set forth in [Stipulation Appendix F]), plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Counter-Respondents' Position: The Unpaid Brokers have no standing to assert this claim because they received the payments from BGC and assigned all claims to such payments to BGC. Further, the Unpaid Brokers are seeking the payment of bonuses, not commissions, to which they have no entitlement, because: (1) the Unpaid Brokers already received the bonuses, in whole or part, from BGC; (2) the bonuses consist of a loyalty element and are intended to be paid as an incentive to remain employed by Tullett, which the Unpaid Brokers did not do; (3) Tullett's employment contracts and its custom and practice preclude the payment of bonuses to employees who are no longer employed on the date the bonuses are paid; and (4) the Unpaid Brokers left Tullett as part of an unlawful raid, in breach of the contractual and/or fiduciary duties and duties of loyalty they owed to Tullett; thus, the Unpaid Brokers are not entitled to any of the amounts that they claim because they did not satisfy the requirements for any of those payments.

EP CC #15: Violations of Article 6 of New York Labor Law (asserted by Unpaid Brokers, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Employee Parties allege that Tullett is liable, under New York Labor Law, for any unpaid commissions (sometimes known as production bonuses) they accrued prior to their departure from Tullett, because the New York Labor Law defines commissions as "wages" that must be paid to departed employees even if they were no longer employed on the date of payment. Accordingly, the Employee Parties seek compensatory damages in the amount of \$4,718,019.11 (as set forth in [Stipulation Appendix F]), plus pre-judgment and post-judgment interest, attorneys' fees, and costs, as well as additional liquidated damages in an amount equal to 25% of compensatory damages, pursuant to statute.

Counter-Respondents' Position: The Unpaid Brokers have no standing to assert this claim because they received the payments from BGC and assigned all claims to such payments to BGC. In addition, the Employee Respondents were paid a salary and bonus, but did not receive commissions, and they have no entitlement to the bonuses (paid by Tullett for continuing loyalty) that were scheduled to be paid following their departure from Tullett, particularly where the employees left Tullett as part of an unlawful raid, in breach of the contractual and/or fiduciary duties and duties of loyalty they owed to Tullett.

EP CC #16: Violation of FINRA Rule of Conduct 2010 (asserted by all Employee Parties, against Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC) and Tullett Prebon Americas Corp.)

Counter-Claimants' Position: The Employee Parties allege that Tullett's conduct described in the Employee Party Counterclaims above is contrary to FINRA Rule of Conduct 2010, which requires members to "observe high standards of commercial honor and just and equitable principles of trade." Accordingly, the Employee Parties request that the Panel make a finding, in its final Award, that Tullett's conduct violated FINRA Rule 2010.

Counter-Respondents' Position: Tullett has not engaged in any misconduct with regard to its dealings with Claimants and Tullett has not violated FINRA Rule of Conduct 2010.

**Farrell v. BGC Financial, L.P.
(FINRA Case No. 09-06377)**

Claims Asserted by Farrell

Farrell SOC Claim #1: Fraudulent Inducement – Rescission (as against BGC Financial, L.P. ("BGC"))

Claimant's Position: BGC [Stipulation Footnote 5 - All references in connection with FINRA Arb. No. 09-06377 are to BGC Financial, L.P.] and its agents misrepresented and omitted material facts to Mr. Farrell and thereby fraudulently induced him to terminate his employment with Tullett and join BGC. In addition to \$212,979 in compensatory damages, Mr. Farrell also seeks prejudgment interest, punitive damages, rescission of his employment agreement with BGC, as well as attorneys' fees following the Panel's determination on liability.

Respondent's Position: BGC did not induce Mr. Farrell to sign an employment agreement with BGC through misrepresentations – intentional or otherwise. He assumed specific facts, without making inquiry, based on generic statements concerning technology and the potential composition of the U.S. Treasury desk at BGC, on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses), and then benefitted financially from his return to Tullett.

Farrell SOC Claim #2: Unilateral Mistake – Rescission (as against BGC)

Claimant's Position: Mr. Farrell was mistaken as to facts material to his employment agreement with BGC because BGC and its agents misrepresented such facts to him. Mr. Farrell seeks rescission of his employment agreement with BGC.

Respondent's Position: Any mistaken belief by Mr. Farrell as to the state of technology or the potential composition of the U.S. Treasury desk at BGC was his own fault, since he assumed specific facts, without making inquiry, based on generic statements on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses). In addition, BGC (and anyone allegedly acting on BGC's behalf) did not know that Mr. Farrell was operating under any mistaken belief and did not intend to induce Mr. Farrell to leave Tullett and join BGC by way of any mistaken belief held by Mr. Farrell, who ultimately benefitted financially from his return to Tullett.

Farrell SOC Claim #3: Declaratory Judgment That Restrictive Covenants are Unenforceable Due to BGC Financial's Fraudulent Inducement of Claimant or Claimant's Unilateral Mistake (as against BGC)

Claimant's Position: The restrictive covenants in Mr. Farrell's employment agreement with BGC are unenforceable because BGC and its agents fraudulently induced Mr. Farrell to enter into that agreement, because Mr. Farrell was mistaken as to facts material to that agreement due to misrepresentations by BGC and its agents, and/or because BGC engaged in other misconduct in recruiting Mr. Farrell to enter into that agreement. Mr. Farrell seeks a declaration that the restrictive covenants in his employment agreement with BGC are unenforceable, as well as attorneys' fees following the Panel's determination as to declaratory relief.

Respondent's Position: The only relief Mr. Farrell seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 7, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Farrell from working at Tullett, this claim is moot, even though Mr. Farrell has failed to prove his claims for fraudulent inducement or unilateral mistake.

Farrell SOC Claim #4: Declaratory Judgment That Restrictive Covenants are Legally Invalid and Thus Unenforceable (as against BGC)

Claimant's Position: The restrictive covenants in Mr. Farrell's employment agreement with BGC are legally invalid on their face and unenforceable as a matter of law and fact because Mr. Farrell worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC and largely while working at Tullett. Mr. Farrell seeks a declaration that the restrictive covenants in his employment agreement with BGC are legally invalid and unenforceable, as well as attorneys' fees following the Panel's determination as to declaratory relief.

Respondent's Position: The only relief Mr. Farrell seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 7, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Farrell from working at Tullett, this claim is moot.

Counterclaim Asserted by BGC

BGC CC #1: Breach of Employment Contract (asserted by BGC Financial, L.P. against Michael Farrell)

Counter-Claimant's Position: Michael Farrell breached his contract with BGC by resigning on November 9, 2009 and beginning work for Tullett at or about that time in contravention of his BGC employment contract, dated August 7, 2009. BGC seeks nominal damages as a result of Mr. Farrell's breach, and such other relief as the Panel may deem appropriate.

Counter-Respondent's Position: Mr. Farrell has fully complied with the enforceable obligations in his employment agreement with BGC, whereas the post-employment restrictions contained in that agreement were unenforceable because they were not necessary to protect any legitimate interest of BGC given that Mr. Farrell worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC and largely during his many years of employment at Tullett. In addition, BGC is not entitled to enforce the employment agreement against Mr. Farrell, and cannot hold him liable for breach of that agreement, because BGC engaged in fraudulent and other misconduct in recruiting Mr. Farrell to BGC and because the liquidity and technology problems at BGC frustrated Mr. Farrell's ability to perform the agreement (Mr. Farrell seeks attorneys' fees following the Panel's determination on liability as to this counterclaim).

Hampton v. BGC Financial, L.P. (FINRA Case No. 10-00139)

Claims Asserted by Hampton

Hampton SOC Claim #1: Declaratory Judgment That Restrictive Covenants are Legally Invalid and Thus Unenforceable (as against BGC Financial, L.P. ("BGC"))

Claimant's Position: The restrictive covenants in Mr. Hampton's employment agreement with BGC [Stipulation Footnote 6 – All references to "BGC" in connection with FINRA Arb. No. 10-00139 are to BGC Financial, L.P. are legally invalid on their face and

unenforceable as a matter of law and fact because Mr. Hampton worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC. Mr. Hampton largely acquired and developed those customer relationships during his many years of employment at Tullett. Mr. Hampton seeks a declaration that the restrictive covenants in his employment agreement with BGC are legally invalid and unenforceable, as well as attorneys' fees following the Panel's determination as to declaratory relief.

Respondent's Position: The only relief Mr. Hampton seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 25, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Hampton from working at Tullett, this claim is moot.

Hampton SOC Claim #2: Fraudulent Inducement – Rescission (as against BGC)

Claimant's Position: BGC and its agents misrepresented and omitted material facts to Mr. Hampton and thereby fraudulently induced him to terminate his employment with Tullett and join BGC. In addition to \$485,570 in compensatory damages, Mr. Hampton also seeks prejudgment interest, punitive damages, rescission of his employment agreement with BGC, as well as attorneys' fees following the Panel's determination on liability.

Respondent's Position: BGC did not induce Mr. Hampton to sign an employment agreement with BGC through misrepresentations – intentional or otherwise. He assumed specific facts, without making inquiry, based on generic statements concerning technology at BGC, on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses), and then benefitted financially from his return to Tullett.

Hampton SOC Claim #3: Unilateral Mistake – Rescission (as against BGC)

Claimant's Position: Mr. Hampton was mistaken as to facts material to his employment agreement with BGC because BGC and its agents misrepresented such facts to him. Mr. Hampton seeks rescission of his employment agreement with BGC.

Respondent's Position: Any mistaken belief by Mr. Hampton as to the state of technology at BGC was his own fault, since he assumed specific facts, without making inquiry, based on generic statements on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses). In addition, BGC (and anyone allegedly acting on BGC's behalf) did not know that Mr. Hampton was operating under any mistaken belief and did not intend to induce Mr. Hampton to leave Tullett and join BGC by way of any mistaken belief held by Mr. Hampton, who ultimately benefitted financially from his return to Tullett.

Hampton SOC Claim #4: Declaratory Judgment That Restrictive Covenants are Unenforceable Due to BGC's Fraudulent Inducement of Claimant or Claimant's Unilateral Mistake (as against BGC)

Claimant's Position: The restrictive covenants in Mr. Hampton's employment agreement with BGC are unenforceable because BGC and its agents fraudulently induced Mr. Hampton to enter into that agreement, because Mr. Hampton was mistaken as to facts material to that agreement due to misrepresentations by BGC and its agents, and/or because BGC engaged in other misconduct in recruiting Mr. Hampton to enter into that agreement. Mr. Hampton seeks a declaration that the restrictive covenants in his employment agreement with BGC are unenforceable, as well as attorneys' fees following the Panel's determination as to declaratory relief.

Respondent's Position: The only relief Mr. Hampton seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 25, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Hampton from working at Tullett, this claim is moot, even though Mr. Hampton has failed to prove his claims for fraudulent inducement or unilateral mistake.

Counterclaim Asserted by BGC

BGC CC #1: Breach of Employment Contract (asserted by BGC Financial, L.P. against Brian Hampton)

Counter-Claimant's Position: Brian Hampton breached his contract with BGC by resigning on January 11, 2010 and beginning work for Tullett at or about that time in contravention of his BGC employment contract, dated August 25, 2009. BGC seeks nominal damages as a result of Mr. Hampton's breach, and such other relief as the Panel may deem appropriate.

Counter-Respondent's Position: Mr. Hampton has fully complied with the enforceable obligations in his employment agreement with BGC, whereas the post-employment restrictions contained in that agreement were unenforceable because they were not necessary to protect any legitimate interest of BGC given that Mr. Hampton worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC and largely during his many years of employment at Tullett. In addition, BGC is not entitled to enforce the employment agreement against Mr. Hampton, and cannot hold him liable for breach of that agreement, because BGC engaged in fraudulent and other misconduct in recruiting Mr. Hampton to BGC and because the technology problems at BGC frustrated Mr. Hampton's ability to perform the agreement (Mr. Hampton seeks attorneys' fees following the Panel's determination on liability as to this counterclaim).

Williams v. BGC Financial, L.P. (FINRA Case No. 10-01265)

Claims Asserted by Williams

Williams SOC Claim #1: Declaratory Judgment That Restrictive Covenants are Legally Invalid and Thus Unenforceable (as against BGC Financial, L.P. ("BGC"))

Claimant's Position: The restrictive covenants in Mr. Williams' employment agreement with BGC [Stipulation Footnote 7 – All references to "BGC" in connection with FINRA Arb. No. 01265 are to BGC Financial, L.P.] are legally invalid on their face and unenforceable as a matter of law and fact because they were not necessary to protect any legitimate interest of BGC because Mr. Williams worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC. Mr. Williams largely acquired and developed those customer relationships during his many years of employment at Tullett. Mr. Williams seeks a declaration that the restrictive covenants in his employment agreement with BGC are legally invalid and unenforceable, as well as attorneys' fees following the Panel's determination on liability.

Respondent's Position: The only relief Mr. Williams seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 6, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Williams from working at Tullett, this claim is moot.

Williams SOC Claim #2: Fraudulent Inducement – Rescission (as against BGC)

Claimant's Position: BGC and its agents misrepresented and omitted material facts to Mr. Williams and thereby fraudulently induced him to terminate his employment with Tullett and join BGC. Mr. Williams seeks rescission of his employment agreement with BGC, as well as attorneys' fees following the Panel's determination on liability.

Respondent's Position: BGC did not induce Mr. Williams to sign an employment agreement with BGC through misrepresentations – intentional or otherwise. He assumed specific facts, without making inquiry, based on generic statements concerning the potential composition of the U.S. Treasury desk at BGC, on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses), and then benefitted financially from his return to Tullett.

Williams SOC Claim #3: Unilateral Mistake – Rescission (as against BGC)

Claimant's Position: Mr. Williams was mistaken as to facts material to his employment agreement with BGC because BGC and its agents misrepresented such facts to him. Mr. Williams seeks rescission of his employment agreement with BGC.

Respondent's Position: Any mistaken belief by Mr. Williams as to the potential composition of the U.S. Treasury desk at BGC was his own fault, since he assumed specific facts, without making inquiry, based on generic statements on which he did not reasonably rely (including because of the existence in his employment contract of merger and no reliance clauses). In addition, BGC (and anyone allegedly acting on BGC's behalf) did not know that Mr. Williams was operating under any mistaken belief and did not intend to induce Mr. Williams to leave Tullett and join BGC by way of any mistaken belief held by Mr. Williams, who ultimately benefitted financially from his return to Tullett.

Williams SOC Claim #4: Declaratory Judgment That Restrictive Covenants are Unenforceable Due to BGC's Fraudulent Inducement of Claimant or Claimant's Unilateral Mistake (as against BGC)

Claimant's Position: The restrictive covenants in Mr. Williams' employment agreement with BGC are unenforceable because BGC and its agents fraudulently induced Mr. Williams to enter into that agreement, because Mr. Williams was mistaken as to facts material to that agreement due to misrepresentations by BGC and its agents, and/or because BGC engaged in other misconduct in recruiting Mr. Williams to enter into that agreement. Mr. Williams seeks a declaration that the restrictive covenants in his employment agreement with BGC are unenforceable, as well as attorneys' fees following the Panel's determination as to declaratory relief.

Respondent's Position: The only relief Mr. Williams seeks through this claim is a declaration that the restrictive covenants in his BGC employment contract dated August 6, 2009 are unenforceable so that he can work at Tullett. Because BGC has not sought and will not seek to enforce by injunction these restrictive covenants (which have long since expired) to prevent Mr. Williams from working at Tullett, this claim is moot, even though Mr. Williams has failed to prove his claims for fraudulent inducement or unilateral mistake.

Counterclaim Asserted by BGC

BGC CC #1: Breach of Employment Contract (asserted by BGC Financial, L.P. against Eugene Williams)

Counter-Claimant's Position: Eugene Williams breached his contract with BGC by resigning on March 16, 2010 and beginning work for Tullett at or about that time in contravention of his BGC employment contract, dated August 6, 2009. BGC seeks nominal damages as a result of Mr. Williams's breach, and such other relief as the Panel may deem appropriate.

Counter-Respondent's Position: Mr. Williams has fully complied with the enforceable obligations in his employment agreement with BGC, whereas the post-employment restrictions contained in that agreement are unenforceable because they were not necessary to protect any legitimate interest of BGC given that Mr. Williams worked at BGC for such a short time and acquired and developed his customer relationships before joining BGC and largely during his many years of employment at Tullett. In addition, BGC is not entitled to enforce the employment agreement against Mr. Williams, and cannot hold him liable for breach of that agreement, because BGC engaged in fraudulent and other misconduct in recruiting Mr. Williams to BGC. Mr. Williams seeks attorneys' fees following the Panel's determination on liability as to this counterclaim).

**Tullett Prebon Financial Services LLC, et al. v. Verrier, et al.
(FINRA Case No. 10-05723)**

Claims Asserted by Tullett

Tullett SOC Claim #1: Interference with Contract (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents, aware that certain brokers it recruited from Tullett had existing employment contracts with Tullett, procured breaches of those contracts (as described in No. 2 of the Claims list provided for FINRA Arb. No. 09-04973 above) by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) providing the brokers lucrative sign-on bonuses and compensation packages; (3) hiring lawyers to represent the raided brokers and coordinating attorney letters directing Tullett not to speak to the brokers, so as to set up pretextual reasons for the brokers to walk out; and (4) indemnifying the brokers from all liability resulting from their contractual breaches, all with the intent to cause harm to Tullett and gain an unfair competitive advantage. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Interference with Contract" claim fails because, among other things, Tullett has not established that the Breach of Contract Respondents breached their contracts with Tullett and/or that those contracts were not deemed unenforceable as a result of Tullett's own misconduct. In addition, Tullett has not established that Messrs. Lynn, Windeatt or Verrier intentionally and improperly procured and proximately caused breaches by the Breach of Contract Respondents of their contracts, and acted with malice.

Tullett SOC Claim #2: Interference with Prospective Economic Relationship (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents, aware of the levels of business Tullett conducted with certain customers, intentionally interfered with those business relationships by unlawfully raiding Tullett, in order to lure away Tullett's brokers and the relationships those brokers maintained with Tullett's customers. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Tortious Interference with Prospective Economic Relationships" claim fails because, among other things, Tullett has not established that Messrs. Lynn, Windeatt or Verrier unlawfully interfered with any of Tullett's relationships with its at-will brokers or its non-exclusive, non-binding relationships with the customers of the brokers hired from Tullett (which are major financial institutions that continue to do business with Tullett). In addition, Tullett has not established that Messrs. Lynn, Windeatt or Verrier engaged in any independent criminal or tortious conduct that interfered with any prospective contract or other non-exclusive, non-binding economic relationship Tullett had with any such customer; that "but for" Messrs. Lynn, Windeatt or Verrier's hiring conduct, Tullett would have retained such relationships; and that Messrs.

Lynn, Windeatt or Verrier engaged in hiring conduct solely for the purpose of inflicting intentional harm on Tullett, as opposed to for BGC's own economic advantage.

Tullett SOC Claim #5: Aiding and Abetting Breaches of Fiduciary Duty (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents, aware of the fiduciary duties Byrne, Rogers, Miller, Siedem, Molter, Veneziano, Cassidy, Pagan and Feliciano owed to Tullett, substantially assisted those individuals in breaching their duties by: (as described in No. 7 of the Claims list provided for FINRA Arb. No. 09-04973 above) by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) improperly recruiting and hiring Tullett's brokers to work at BGC; (3) hiring lawyers to represent the raided brokers and coordinating attorney letters directing Tullett not to speak to the brokers, so as to set up pretextual reasons for the brokers to walk out; and (4) encouraging and ensuring members of Tullett's North American Executive Committee – employees who owed the highest duties of loyalty to Tullett – kept secret that BGC was trying to lift out more than 140 Tullett employees. Tullett seeks: (1) compensatory damages totaling \$150,017,889 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Aiding and Abetting Breaches of Fiduciary Duty" claim fails because, among other things, Tullett has not established that the Breach of Duty Respondents breached any fiduciary duty to Tullett, and accordingly Messrs. Lynn, Windeatt and Verrier did not aid or abet any such breach. In addition, Tullett has not established that Messrs. Lynn, Windeatt or Verrier knowingly induced and proximately caused the Breach of Duty Respondents to breach any such duty, and acted with malice.

Tullett SOC Claim #6: Misappropriation of Trade Secrets/Confidential Information (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents obtained Tullett's trade secrets and confidential information (including compilations of revenue and customer data on a desk-by-desk basis, information relating to Tullett employees' contracts, compensation packages and customer relationships, Tullett's contemplated business plans, and information relating to historical and projected revenues for clients with whom Tullett's employees maintained relationships) and utilized that information to target specific areas within Tullett's business, recruit brokers from Tullett, ease the transition of Tullett's brokers from Tullett to BGC and transfer those brokers' customer relationships from Tullett to BGC. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Misappropriation of Trade Secrets and Confidential Information" claim fails because, among other things, Tullett has not established that Messrs. Lynn, Windeatt or Verrier unlawfully obtained or "stole" any confidential client

information (especially where, as in the inter-dealer brokerage industry, there are no secret client lists); unlawfully obtained any broker contact information, compensation information, or revenue information (all of which is easily available and which Tullett routinely collects concerning its competitors and obtains in the course of its own recruitment efforts and through other means); learned of any proprietary Tullett marketing strategy, business development or methods, plans, policies, research results, financial reports, current or planned transactions, details of brokerage arrangements, or suppliers and terms of business (to the extent any such information existed and/or was proprietary, which Tullett has likewise failed to prove); and/or otherwise misappropriated any trade secrets or confidential information belonging to Tullett.

Tullett SOC Claim #7: Unfair Competition (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents unfairly competed with Tullett by: (1) enlisting senior managers as "recruiting sergeants" to help orchestrate the BGC Respondents' raid of multiple desks; (2) improperly recruiting and hiring Tullett's brokers to work at BGC; and (3) misappropriating and exploiting Tullett's proprietary and confidential information, all in an effort to transfer revenues generated by Tullett to BGC. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett's "Unfair Competition" claim fails because, among other things, Tullett has not established that Messrs. Lynn, Windeatt or Verrier stole any confidential client information (especially where, as in the inter-dealer brokerage industry, there are no secret client lists); unlawfully obtained any broker contact information, compensation information, or revenue information (all of which is easily available and which Tullett routinely collects concerning its competitors and obtains in the course of its own recruitment efforts and through other means); learned of any proprietary Tullett marketing strategy, business development or methods, plans, policies, research results, financial reports, current or planned transactions, details of brokerage arrangements, or suppliers and terms of business (to the extent any such information existed and/or was proprietary, which Tullett has likewise failed to prove); unlawfully offered any Tullett broker substantial compensation (a practice common among interdealer brokers, including Tullett); intended to harm Tullett; acted with malice; induced any Employee Respondents to breach any duties to Tullett; and/or otherwise engaged in any form of unfair competition with respect to Tullett.

Tullett SOC Claim #8: Raiding (asserted by Tullett, against Verrier, Lynn and Windeatt)

Claimants' Position: The Respondents devised and participated in a plan to recruit and hire away approximately one-third of Tullett's North American broking staff in 2009, which resulted in the nearly-overnight loss of approximately 20% of Tullett's North American broking staff. Tullett seeks: (1) compensatory damages totaling \$204,176,663 from the Respondents, jointly and severally; (2) punitive damages from each individual in an amount to be determined by the Panel; and (3) attorneys' fees in an amount to be

allocated to each individual following the Panel's determination on liability.

Respondents' Position: Tullett is precluded from prosecuting its "Raiding" claim because, after it asserted in the New Jersey Action that this claim was governed by New Jersey law, the New Jersey Court held that no claim for "Raiding" exists under New Jersey law and dismissed Tullett's claim accordingly. In the alternative, Tullett's "Raiding" claim fails because, among other things, no such cause of action exists under New York law; no such cause of action exists in any jurisdiction or forum with respect to inter-dealer brokers; Tullett must establish any putative claim for "Raiding" on a desk-by-desk basis (which it has not); any putative claim for "Raiding" does not make actionable the recruitment and hiring of at-will brokers, brokers whose contracts had been breached or who were otherwise treated improperly by Tullett, or brokers who were planning to leave Tullett anyway; any putative claim for "Raiding" fails because Tullett cannot establish that Messrs. Lynn, Windeatt or Verrier hired a sufficient number of brokers and/or brokers who generated a sufficient percentage of desk revenue to constitute a "raid" of certain desks; Tullett cannot state and has not established a claim for "Raiding" against individuals; Tullett has not established that the Senior Employee Respondents breached any duties to Tullett in the course of Messrs. Lynn, Windeatt or Verrier's hiring of Tullett brokers; and Tullett has not established that Messrs. Lynn, Windeatt or Verrier's hiring of Tullett brokers was malicious or intended to injure Tullett.

**The Equityholder Representative v. Tullett Prebon Americas Corp., et al.
(FINRA Case No. 12-01013)**

Claims Asserted by The Equityholder Representative

ER SOC Claim #1: Breach of Contract (asserted by the Equityholder Representative, against Tullett Prebon Americas Corp. (f/k/a Tullett Prebon Holdings Corp.) and Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC)) [Stipulation Footnote 8 – All references to "Tullett" in connection with FINRA Arb. No. 12-01013 refer to Tullett Prebon Americas Corp. (f/k/a Tullett Prebon Holdings Corp. and Tullett Financial Services LLC (f/k/a Tullett Liberty Securities LLC), unless otherwise noted.]

Claimant's Position: The Equityholder Representative alleges that Tullett breached (a) Section 3.6(d) of the Chapdelaine Merger Agreement—which prohibited Tullett from taking actions "for the purposes of reducing Pre-Tax Profits" of the Chapdelaine equity business, and required Tullett to conduct that business "consistently with the customs and practices employed immediately prior to [the] [c]losing of the merger"—by engaging in conduct intended to undermine the business's profitability, including without limitation (i) intentionally interfering with the business in 2007, and (ii) improperly purporting to reverse Mr. Burke's waiver of part of his business's 2008 bonus, in order to avoid paying a \$6,333,333.33 earn-out payment in each of 2007 and 2008; (b) Sections 3.5(b) & (c) (which enumerated the sole reasons for which Tullett could reduce a Milestone Payment), and 6.3 (which provided that tax refunds should be returned to the Chapdelaine Equityholders) of the Merger Agreement by wrongfully withholding \$218,473 from the second Milestone Payment based on its disputed view that certain tax refunds in that amount should have been submitted to Tullett; and (c) Sections

3.5(a) & (c) of the Merger Agreement by improperly invoking the "Production Impact" provision of the Merger Agreement, deducting the departed brokers' estimated production from the third Milestone Payment, unilaterally determining that the amount of that production exceeded the amount due under the third Milestone Payment, and failing to pay the third Milestone Payment, even though Tullett's misconduct—including its breaches of the Merger Agreement and the brokers' related employment agreements, set forth in the Fourth, Fifth and Eighth Chapdelaine Claims—caused the departure of brokers who had previously worked at Chapdelaine. Tullett is therefore liable to the Equityholder Representative, on behalf of the Equityholders, for no less than each Equityholder's percentage share (as set forth in [Stipulation Appendix A]) of (a) \$12,666,666.66 in compensatory damages (for the breach of Section 3.6(d)), (b) \$218,473 in compensatory damages (for the breaches of Sections 3.5(b) & (c) and 6.3), and (c) \$7,000,000 in compensatory damages (the amount of the third Milestone Payment) (for the breach of Sections 3.5(a) & (c)), plus pre-judgment and post-judgment interest, attorneys' fees, and costs.

Respondents' Position: Tullett's deductions from the Milestone Payments were either contractually authorized or reflect amounts that Claimants improperly converted from Tullett and Tullett was under no obligation to pay the Equity Earn Out Payments because the CIE business did not meet its target pre-tax profits. Further, the Panel has no authority to adjudicate this claim as it relates to the Equity Earn Out Payments, because the Merger Agreement requires the parties to raise such disputes pursuant to a specified procedure, which the Equityholder Representative has failed to follow.

ER SOC Claim #2: Breach of Implied Covenant of Good Faith and Fair Dealing (asserted by the Equityholder Representative, against Tullett Prebon Americas Corp. (f/k/a Tullett Prebon Holdings Corp.) and Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC))

Claimant's Position: The Equityholder Representative alleges that Tullett breached the duty of good faith and fair dealing inherent in the Chapdelaine Merger Agreement by (a) intentionally interfering with the Chapdelaine equity business in 2007, and improperly purporting to reverse Mr. Burke's waiver of part of his business's 2008 bonus so that Tullett could avoid paying equity earn-out payments of \$6,333,333.33 in each of 2007 and 2008; (b) unilaterally withholding, in bad faith, \$218,473 in tax refunds from the second Milestone Payment; and (c) improperly withholding the third Milestone Payment. The Equityholder Representative, on behalf of the Equityholders, is thus entitled to compensatory damages of no less than \$19,047,872.75 (as set forth in [Stipulation Appendix A]), plus prejudgment and post-judgment interest, attorneys' fees, and costs.

Respondents' Position: Tullett's deductions from the Milestone Payments were either contractually authorized or reflect amounts that Claimants improperly converted from Tullett and Tullett was under no obligation to pay the Equity Earn Out Payments because the CIE business did not meet its target pre-tax profits. Further, the Panel has no authority to adjudicate this claim as it relates to the Equity Earn Out Payments, because the Merger Agreement requires the parties to raise such disputes pursuant to a specified procedure, which the Equityholder Representative has failed to follow.

ER SOC Claim #3: Declaratory Judgment – Tax Rebates and Refunds Are the Property of the Equityholders (asserted by the Equityholder Representative, against Tullett Prebon Americas Corp. (f/k/a Tullett Prebon Holdings Corp.) and Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC))

Claimant's Position: The Equityholder Representative seeks a declaration that the Equityholder Representative, on behalf of the Equityholders, is entitled to receive and shall be awarded \$209,275.29 (as set forth in [Stipulation Appendix A]), representing the amount that Tullett improperly deducted from the second Milestone Payment in connection with tax rebates and refunds associated with CCS's pre-acquisition activities.

Respondents' Position: Neither the tax rebates nor the refunds were ever the property of the Equityholders or the Equityholder Representative. Their possession and use of those items was unlawful.

ER SOC Claim #5: Violation of FINRA Rule of Conduct 2010 (asserted by the Equityholder Representative, against Tullett Prebon Americas Corp. (f/k/a Tullett Prebon Holdings Corp.) and Tullett Prebon Financial Services LLC (f/k/a Tullett Liberty Securities LLC))

Claimant's Position: The Equityholder Representative alleges that Tullett's conduct—including without limitation (a) its wrongful deduction of \$218,473 in tax refunds from the second Milestone Payment; (b) its intentional interference in the Chapdelaine equity business so that it could avoid paying \$6,333,333 equity earn-out payments in each of 2007 and 2008; and (c) its unjustified withholding of the \$7,000,000 third Milestone Payment—violates FINRA Rule of Conduct 2010, which requires members to "observe high standards of commercial honor and just and equitable principles of trade." Accordingly, the Equityholder Representative requests that the Panel make a finding, in its final Award, that Tullett's conduct violated FINRA Rule 2010.

Respondents' Position: Tullett has not engaged in any misconduct with regard to its dealings with Claimant and Tullett has not violated FINRA Rule of Conduct 2010.

**DAMAGES AND OTHER RELIEF BASED ON THE CLAIMS
AND COUNTERCLAIMS TO BE DECIDED**

In connection with the Claims and Counterclaims To Be Decided, each of the Parties made various submissions to the Panel, including, (i) the Stipulation of the Parties, dated September 13, 2013, (ii) post-hearing briefs, and (iii) closing argument, as part of which the Parties submitted various documents. The Parties confirmed, as part of closing argument, that none of the Parties were seeking any form of injunctive relief from the Panel.

OTHER ISSUES CONSIDERED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the Parties.

The hearing in the consolidated case has been closed by the Arbitrators as of this date.

By correspondence dated November 9, 2009, Michael Farrell withdrew his claims in Case Number 09-04807.

By correspondence dated March 16, 2010, Eugene Williams withdrew his claims in Case Number 09-04807.

Pursuant to a Stipulation dated February 28, 2010, the Parties agreed to add BGC Capital Markets, L.P. as a Respondent to Case Number 09-04973.

Pursuant to a Stipulation dated April 5, 2010, the Parties agreed to consolidate claims in Case Numbers 09-04842, 09-04973, 09-06377, 10-00139, 10-01265 with Master Case Number 09-04807.

Pursuant to a Stipulation dated December 14, 2010, the Parties agreed to consolidate Case Number 10-05723 with Master Case Number 09-04807.

Pursuant to a Stipulation dated January 12, 2011, the Parties entered into a confidentiality agreement.

Pursuant to a Stipulation dated June 1, 2012, the Parties agreed to consolidate Case Number 12-01013 with Master Case Number 09-04807.

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, stipulations between the Parties, and the post-hearing submissions, the Panel has decided in full and final resolution of all of the issues submitted for determination as follows:

1. Tullett is liable for and shall pay to the Equityholder Representative compensatory damages in the amount of \$6,066,666.67.
2. Tullett is liable for and shall pay to Paul Molter compensatory damages in the amount of \$222,886.15.
3. James Byrne is liable for and shall pay to Tullett Prebon Americas Corp. compensatory damages in the amount of \$605,676.50.
4. James Rogers is liable for and shall pay to Tullett Prebon Americas Corp. compensatory damages in the amount of \$605,676.50.
5. BGC is liable for and shall pay to Tullett Prebon Americas Corp. compensatory damages in the amount of \$32,130,000.00.

6. Of the amount set forth in Paragraph 5 above, James Byrne is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$2,500,000.00.
7. Of the amount set forth in Paragraph 5 above, James Rogers is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$2,500,000.00.
8. Of the amount set forth in Paragraph 5 above, Peter Cassidy is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$3,500,000.00.
9. Of the amount set forth in Paragraph 5 above, Robert Miller III is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$3,500,000.00.
10. Of the amount set forth in Paragraph 5 above, John Siedem is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$3,500,000.00.
11. Of the amount set forth in Paragraph 5 above, John Pagan is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$1,500,000.00.
12. Of the amount set forth in Paragraph 5 above, Alexis Feliciano is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$1,500,000.00.
13. Of the amount set forth in Paragraph 5 above, Charles Veneziano is jointly and severally liable with BGC to Tullett Prebon Americas Corp. in the amount of \$500,000.00.
14. For the avoidance of doubt, BGC is solely liable for \$13,130,000 of the total amount of the \$32,130,000.00 referenced in number 5.
15. Commencing 30 days after the date of the Award, post-award interest shall accrue on each amount awarded at the rate of 5% per annum.
16. The aforementioned amounts in items 1 to 15 encompass all awards rendered in connection with all claims and counterclaims and requests for relief. Any and all other claims and counterclaims and requests for relief, to the extent not specifically enumerated above, are hereby denied.
17. Any and all motions, not previously decided on the merits, including but not limited to Motion of Respondents BGC Financial, L.P., BGC Capital Markets, L.P., Mark Webster, Anthony Verrier, Shaun Lynn, and Sean Windeatt to Dismiss Raiding claims asserted by Claimants Tullett Prebon Financial Services, LLC (f/k/a Tullett Liberty Security LLC) and Tullett Prebon Americas Corp. against BGC Financial, L.P., BGC Capital Markets, L.P., Mark Webster, Anthony Verrier, Shaun Lynn and Sean Windeatt, James Byrne, James Rogers, Robert Miller III, John Seidem, Paul Molter, Charles Veneziano, Peter Cassidy and John Pagan, dated January 18, 2012; Motion by Tullett Prebon Financial Services, LLC. and Tullett Prebon Americas Corp. to Dismiss all claims asserted against Tullett by the Chapdelaine Brokers arising from the January 10, 2007 Agreement and Plan of Merger between Tullett and Chapdelaine, dated February 1, 2012; and Tullett's Motion seeking sanctions dated February 8, 2013; and Employee Parties' Motion for Sanctions against Tullett for discovery violations, dated July 19, 2013, are hereby denied.

18. Any and all relief not specifically addressed herein, including requests for punitive damages, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial Claim Filing Fee	= \$ 1,250.00
Counterclaim Filing Fee Case Number 09-04973	= \$ 1,250.00
Counterclaim Filing Fee Case Number 09-04973	= \$ 1,500.00
Counterclaim Filing Fee Case Number 10-00139	= \$ 1,500.00
Counterclaim Filing Fee Case Number 10-01265	= \$ 1,500.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed against each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, as parties, Tullett Prebon Financial Services LLC, Tullett Liberty Brokerage, Inc., and BGC Financial, L.P. are each assessed the following:

Tullett Prebon Financial Services LLC:	
Hearing Processing Fee	= \$ 5,500.00
Tullett Liberty Brokerage, Inc.:	
Member Surcharge	= \$ 1,500.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 5,500.00
BGC Financial, L.P.	
Hearing Processing Fee	= \$ 5,500.00

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

Sixteen (16) Decisions on discovery-related motions on the papers
with three (3) arbitrators @ \$600.00 = \$ 9,600.00

Tullett submitted four (4) discovery-related motions.
BGC Parties submitted four (4) discovery-related motions
Employee Parties submitted six (6) discovery-related motions
Farrell submitted one (1) discovery-related motion
Returning Employees submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = \$ 9,600.00

1. The Panel has assessed \$4,800.00 of the discovery-related motion fees jointly and severally against BGC Parties and Employee Parties in furtherance of prior orders issued during the course of the consolidated cases.
2. The Panel has assessed \$4,800.00 of the discovery-related motion fees jointly and severally against Tullett and Returning Employees in furtherance of prior orders issued during the course of the consolidated cases.

Contested Motion for Issuance of a Subpoena Fees

One (1) Decision on contested motion for issuance of a subpoena fees
with three (3) arbitrators @ \$600.00 = \$ 600.00

Employee Parties submitted the first contested motion for issuance of subpoena

Total Contested Motion for Issuance of Subpoenas Fees = \$ 600.00

The Panel has assessed the \$600.00 of the contested motion for issuance of subpoenas jointly and severally against Tullett and Employee Parties.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the Parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Twenty (20) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 24,000.00
Pre-hearing conferences:	
December 3, 2010	1 session
March 4, 2011	1 session
April 29, 2011	1 session
June 30, 2011	1 session
July 12, 2011	1 session
July 26, 2011	1 session
September 26, 2011	1 session
October 17, 2011	1 session
November 7, 2011	1 session
December 5, 2011	1 session
February 2, 2012	1 session
February 17, 2012	1 session
April 3, 2012	2 sessions
April 16, 2012	1 session
November 27, 2012	1 session
April 10, 2013	1 session
June 7, 2013	1 session
July 29, 2013	1 session
August 20, 2013	1 session

One Hundred Three (103) Hearing sessions @ \$1,200.00 = \$123,600.00

Hearing Dates:	April 16, 2012	2 sessions
	April 17, 2012	2 sessions
	April 19, 2012	2 sessions
	April 20, 2012	2 sessions
	May 14, 2012	2 sessions
	May 15, 2012	2 sessions
	May 17, 2012	2 sessions
	May 18, 2012	1 session
	June 4, 2012	2 sessions
	June 5, 2012	2 sessions
	June 7, 2012	2 sessions
	June 8, 2012	2 sessions
	July 16, 2012	2 sessions
	July 17, 2012	2 sessions
	July 19, 2012	2 sessions
	July 20, 2012	1 session
	August 13, 2012	2 sessions
	August 14, 2012	2 sessions
	August 16, 2012	2 sessions
	August 17, 2012	2 sessions
	September 19, 2012	2 sessions
	September 20, 2012	2 sessions
	September 21, 2012	2 sessions
	November 12, 2012	2 sessions
	November 13, 2012	2 sessions
	November 15, 2012	2 sessions
	November 16, 2012	2 sessions
	December 6, 2012	2 sessions
	December 7, 2012	2 sessions
	December 10, 2012	1 session
	December 11, 2012	2 sessions
	December 13, 2012	2 sessions
	January 14, 2013	2 sessions
	January 17, 2013	2 sessions
	January 18, 2013	2 sessions
	February 25, 2013	2 sessions
	February 26, 2013	2 sessions
	March 1, 2013	1 session
	April 22, 2013	2 sessions
	April 23, 2013	2 sessions
	April 25, 2013	1 session
	April 26, 2013	2 sessions
	May 20, 2013	2 sessions
	May 21, 2013	2 sessions
	May 23, 2013	2 sessions
	June 17, 2013	2 sessions
	June 18, 2013	2 sessions
	June 20, 2013	2 sessions

June 21, 2013	2 sessions
July 15, 2013	2 sessions
July 16, 2013	2 sessions
August 6, 2013	1 session
November 18, 2013	2 sessions
November 19, 2013	3 sessions

Total Hearing Session Fees	= \$147,600.00
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1. The Panel has assessed \$73,800.00 of the hearing session fees jointly and severally to Tullett and Returning Employees.
2. The Panel has assessed \$73,800.00 of the hearing session fees jointly and severally to BGC Parties and Employee Parties.

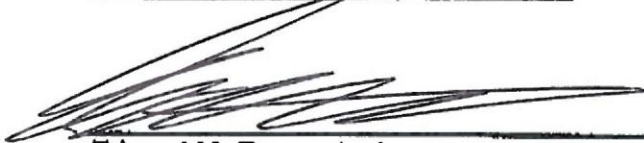
All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Edward M. Rosensteel	-	Public Arbitrator, Presiding Chairperson
Steven J. Brill	-	Public Arbitrator
Philip M. Mandel	-	Non-Public Arbitrator

I, the undersigned Arbitrator, 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.

Concurring Arbitrators' Signatures



Edward M. Rosensteel
Public Arbitrator, Presiding Chairperson

July 8, 2014

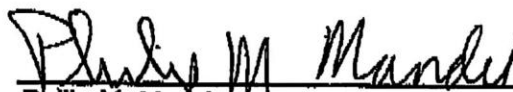
Signature Date



Steven J. Brill
Public Arbitrator

July 8, 2014

Signature Date



Philip M. Mandel
Non-Public Arbitrator

July 8, 2014

Signature Date

July 9, 2014

Date of Service (For FINRA Dispute Resolution office use only)