

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant
Frank Eder

Case Number: 15-03341

vs.

Respondents
Neuberger Berman Company Group,
Neuberger Berman Group, LLC,
Neuberger Berman Fixed Income, LLC,
Neuberger Berman Asset Management, LLC,
Neuberger Berman Investment Services, LLC,
Neuberger Berman LLC, and
Neuberger Berman Management LLC

Hearing Site: Chicago, Illinois

Nature of the Dispute: Associated Person vs. Members and Non-Members

REPRESENTATION OF PARTIES

For Claimant Frank Eder ("Claimant"): Rogge Dunn, Esq. and Josh Iacuone, Esq.,
Rogge Dunn Group, PC, Dallas, Texas.

For Respondents Neuberger Berman Group, LLC, Neuberger Berman Fixed Income, LLC, Neuberger Berman LLC, and Neuberger Berman Management LLC (collectively "Respondents"): Victor A. Machcinski, Jr., Esq. and Barry S. Gold, Esq., Murphy & McGonigle, P.C., New York, New York.

Neuberger Berman Company Group did not enter an appearance in this matter.

Neuberger Berman Asset Management, LLC did not enter an appearance in this matter.

Neuberger Berman Investment Services LLC did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: December 15, 2015.

Claimant signed the Submission Agreement: December 14, 2015.

Statement of Answer filed jointly by Respondents on or about: March 24, 2016.

Respondents signed the Submission Agreement: March 22, 2016.

Neuberger Berman Company Group did not submit a Statement of Answer nor sign the Submission Agreement.

Neuberger Berman Asset Management, LLC did not submit a Statement of Answer nor sign the Submission Agreement.

Neuberger Berman Investment Services LLC did not submit a Statement of Answer nor sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: breach of contract, violation of Illinois labor and wage laws, violation of federal labor and wage laws, breach of the duty of good faith and fair dealing, fraud and fraudulent inducement, misrepresentation, negligent misrepresentation, wrongful discharge, retaliation under Illinois law, retaliation under federal law, quantum meruit and unjust enrichment, promissory estoppel and detrimental reliance, and conversion. The causes of action relate to Claimant's allegation that he was enticed by Respondents, Neuberger Berman Company Group, Neuberger Berman Asset Management, LLC, and Neuberger Berman Investment Services, LLC to become their employee with the promise that he would receive substantial compensation and equity ownership in their business, but, after being employed for 20 months, he was not compensated for his work as had been promised and did not receive documents for his equity ownership. Claimant further alleges that, after he complained, he was wrongfully terminated.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested specific performance requiring delivery to Claimant of the promised ownership equity and damages in the amount of at least \$11,000,000.00, notwithstanding future damages, which includes compensation for the damages suffered by Claimant until delivery of the equity ownership; earned but unpaid compensation; unpaid commissions, wages, bonuses, fees, and/or other compensation; past and future lost wages/compensation due to wrongful discharge; performance and management fees and compensation paid to other employees and senior managers; statutory damages and penalties; reasonable attorneys' fees; pre-judgment and post-judgment interest at the highest rate permitted by law on all damages and/or unpaid monies; FINRA forum costs and fees; punitive/exemplary damages of at least \$1,000,000.00; consequential damages; unreimbursed business and relocation expenses; mental anguish and emotional distress damages; in the alternative, detrimental reliance damages, including but not limited to the amounts Claimant would have earned had he not become an employee; and such other or further relief, whether general or special, at law or in equity, to which the Panel determines Claimant is entitled.

In the Statement of Answer, Respondents requested that the Statement of Claim be dismissed in its entirety, that all forum fees be assessed against Claimant, and such other and further relief as the Panel deems just and proper.

On the record at the hearing, Claimant requested \$6,642,292.00 - \$9,103,878.00 in compensatory damages; \$1,162,401.00 - \$1,593,178.00 in pre-judgment interest; 10% - 12.5% of the entire carried interest (if any) and 5% - 6.25% of the management fees for the relevant funds in a declaratory judgment for the funds' potential future earnings; \$1,000,000 - \$1,700,000.00 in attorneys' fees for this FINRA arbitration; \$20,000.00 in attorneys' fees, if an appeal is necessary; \$100,000.00 - \$114,474.17 in litigation costs and expenses; punitive damages equal to Claimant's compensatory damages; and that Respondents, Neuberger Berman Company Group, Neuberger Berman Asset Management, LLC, and Neuberger Berman Investment Services, LLC be liable for all FINRA forum fees.

OTHER ISSUES CONSIDERED AND DECIDED

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

This matter was decided by an all-public panel pursuant to Rule 13802 of the Code of Arbitration Procedure ("Code").

Neuberger Berman Company Group, LLC¹, Neuberger Berman Asset Management, LLC, and Neuberger Berman Investment Services, LLC, are not members of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to Claimant's claims against these parties.

On or about June 16, 2017, Respondents filed a motion to strike Claimant's supplemental discovery request, in its entirety, or alternatively for a protective order voiding and prohibiting the discovery, and for monetary sanctions against Claimant ("Motion to Strike and for Sanctions"). On or about July 3, 2017, Claimant filed a Response to the Motion to Strike and for Sanctions. On or about July 10, 2017, Respondents filed a Reply to Claimant's Response to the Motion to Strike and for Sanctions. In an Order dated August 3, 2017, the Panel granted Respondents' request to strike Claimant's supplemental discovery request and denied Respondents' request for sanctions.

On or about March 11, 2019, Claimant voluntarily withdrew his claims for unreimbursed business and relocation expenses, including unreimbursed travel expenses, and his claim for detrimental reliance damages for the amounts Claimant would have earned had he not become an employee.

The parties present at the hearing 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 and the testimony and evidence presented at the

¹ In the Statement of Answer, Respondents asserted that Neuberger Berman Company Group was fictitious and that there was no such legal entity.

hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims, including all statutory claims, are denied in their entirety.
2. Any and all claims for relief not specifically addressed herein, including specific performance, attorneys' fees, and punitive damages, are denied.
3. Other than forum fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	= \$ 2,250.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

Claimant is assessed a \$200 filing fee in accordance with Rule 13802 of the Code. The balance of the non-refundable portion of the filing fee in the amount of \$550.00, is assessed jointly and severally to Neuberger Berman LLC and Neuberger Berman Management LLC.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Neuberger Berman, LLC and Neuberger Berman Management, LLC are each assessed the following:

Member Surcharge	= \$ 4,025.00
Member Process Fee	= \$ 7,000.00

Postponement Fees

Postponements granted during these proceedings for which fees were assessed or waived:

October 2-6, 10-13, 2017, postponement requested jointly by Claimant and Respondents	= \$ 1,500.00
April 5-6, 9-13, 2018, postponement requested jointly by Claimant and Respondents	= \$ 1,500.00

Total Postponement Fees	= \$ 3,000.00
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The Panel has assessed \$1,500.00 of the postponement fees to Claimant.

The Panel has assessed \$1,500.00 of the postponement fees jointly and severally to Respondents.

Discovery-Related Motion Fees

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

One (1) decision on a discovery-related motion on the papers
with one (1) arbitrator @ \$200.00/decision = \$ 200.00

Two (2) decisions on discovery-related motions on the papers
with three (3) arbitrators @ \$600.00 /decision = \$ 1,200.00

Claimant submitted one (1) discovery-related motion
Respondents submitted two (2) discovery-related motions

Total Discovery-Related Motion Fees = \$ 1,400.00

The Panel has assessed \$200.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$1,200.00 of the discovery-related motion fees jointly and severally to Respondents.

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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Four (4) pre-hearing sessions with the Panel @ \$1,500.00/session = \$ 6,000.00
Pre-hearing Conferences: September 19, 2016 1 session
August 3, 2017 1 session
August 29, 2017 1 session
October 27, 2017 1 session

Thirty-two (32) hearing sessions @ \$1,500.00/session = \$ 48,000.00
Hearing Dates: April 1, 2019 2 sessions
April 2, 2019 2 sessions
April 3, 2019 2 sessions
April 4, 2019 1 session
April 5, 2019 2 sessions
April 8, 2019 2 sessions
April 9, 2019 2 sessions
April 10, 2019 2 sessions
April 11, 2019 2 sessions
April 12, 2019 1 session
November 19, 2019 2 sessions
November 20, 2019 2 sessions
November 21, 2019 2 sessions
November 22, 2019 2 sessions

December 18, 2019	2 sessions
December 19, 2019	2 sessions
December 20, 2019	2 sessions

Total Hearing Session Fees	= \$ 54,000.00
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The Panel has assessed \$54,000.00 of the hearing session fees jointly and severally to Neuberger Berman LLC and Neuberger Berman Management LLC.

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

ARBITRATION PANEL

P. J. Boylan	-	Public Arbitrator, Presiding Chairperson
Theodore W. Wroblewski	-	Public Arbitrator
Susan L. Walker	-	Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Concurring Arbitrators' Signatures

P J Boylan

P. J. Boylan
Public Arbitrator, Presiding Chairperson

01/03/2020

Signature Date

Theodore W. Wroblewski

Theodore W. Wroblewski
Public Arbitrator

01/03/2020

Signature Date

Susan L. Walker

Susan L. Walker
Public Arbitrator

01/06/2020

Signature Date

January 06, 2020

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