

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

STMicroelectronics N.V. (Claimant) vs. Credit Suisse Securities (USA) LLC
(Respondent)

Case Number: 08-00512

Hearing Site: New York, New York

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Claimant STMicroelectronics N.V., hereinafter referred to as "Claimant": Andrew Weissmann, Esq., Jenner & Block LLP, New York, NY.

Respondent Credit Suisse Securities (USA) LLC hereinafter referred to as "Respondent": R. Paul Wickes, Esq., Linklaters LLP, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 22, 2008.

Amended Statement of Claim filed on or about: December 10, 2008.

Claimant signed the Uniform Submission Agreement: February 20, 2008.

Statement of Answer filed by Respondent on or about: April 15, 2008.

Amended Statement of Answer filed by Respondent on or about: January 8, 2009.

Respondent signed the Uniform Submission Agreement: April 14, 2008.

CASE SUMMARY

Claimant asserted the following causes of action: violations of Section 10(b)(5) of the Securities Exchange Act of 1934 and SEC Rule 10 b(5), common law fraud, intentional misrepresentation, fraudulent concealment, breach of contract, breach of fiduciary duty, breach of duty of good faith and fair dealing, unjust enrichment, unsuitability, and unauthorized transactions. The causes of action relate to transactions in auction rate securities. Claimant requested investments in student loan securities backed by U.S. government guarantees and allege that their funds were instead invested in collateralized debt obligations, some of which were backed by sub-prime real estate loans.

In its Amended Statement of Claim Claimant added failure to supervise as a cause of action.

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

RELIEF REQUESTED

In the Statement of Claim and Amended Statement of Claim, Claimant requested:

1. An order directing Respondent to provide Claimant with relief equivalent to rescission of the unauthorized transactions, to wit: an order directing Respondent to remit to the Claimant the full face value, plus accrued interest, of the federally-guaranteed student loan securities Claimant authorized Respondent to purchase for its account.
2. For disgorgement of commissions or other compensation received by Respondent on purchases and sales of non-student loan securities for Claimant's account, and the award of all such funds to Claimant.
3. For the costs and disbursements of prosecuting this arbitration, including the fees and expenses of counsel, and of the arbitrators and FINRA.
4. For punitive damages in an amount deemed appropriate by the Panel.
5. For appropriate pre-award interest.
6. For such other and further relief as the Panel may consider just and proper in the circumstances.

At the close of the hearing, Claimant requested compensatory damages in the amount of \$414,975,000.00, interest at 9% in the amount of \$56,452,229.00, attorneys' fees in the amount of \$4,307,304.00, which includes expert witness fees, financing fees in the amount of \$1,506,250.000, rescission, and punitive damages.

In its Answer and Response to the Amended Statement of Claim, Respondent requested that the Panel dismiss each and every claim for relief sought, together with the costs and disbursements of this proceeding, award of reasonable attorneys' fees and costs, with interest, associated with the defense of this arbitration, and such other, further and different relief as the Panel may deem just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

On or about December 10, 2008 Claimant filed a Motion to Amend its Statement of Claim to add a claim for failure to supervise; Respondent submitted its opposition on or about December 22, 2008. The Panel heard oral arguments from the parties on this motion at the hearings resuming December 16, 2008. After considering the parties' submissions and arguments and, after due deliberation, the Panel granted the Claimant's Motion to Amend to add the claim of inadequate supervision.

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

1. Respondent is liable for and shall pay to Claimant compensatory damages in the amount of \$400,000,000.00.
 - a. This award shall be paid immediately in exchange for Claimant's entire portfolio with Respondent.
 - b. Claimant shall transfer ownership of its portfolio with Respondent upon receipt of this Award.
2. Respondent is liable for and shall pay to Claimant \$1,500,000.00 in financing fees.
3. Respondent is liable for and shall pay to Claimant interest in the amount of \$27,296,376.00 less \$25,167,757.00 (interest in the portfolio) plus interest at the rate of 4.64% on the par value of the portfolio from December 31, 2008 until the Award is paid in full.
4. Respondent is liable for and shall pay to Claimant \$3,000,000.00 in attorneys' fees and expert witness fees. The Panel awarded attorneys' fees based upon the parties' mutual requests for attorneys' fees in their pleadings and at the hearings.
5. Any and all relief not specifically addressed herein, including punitive damages, is 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

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

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Credit Suisse Securities (USA) LLC is a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,200.00

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:

Four (4) Pre-hearing sessions with Panel @ \$1,000.00 = \$ 4,000.00

Pre-hearing conferences:	September 9, 2008	1 session
	September 23, 2008	1 session
	November 12, 2008	1 session
	November 24, 2008	1 session

Twenty-eight (28) Hearing sessions @ \$1,000.00 = \$28,000.00

Hearing Dates:	December 1, 2008	2 sessions
	December 2, 2008	2 sessions
	December 3, 2008	2 sessions
	December 4, 2008	2 sessions
	December 5, 2008	1 session
	December 16, 2008	2 sessions
	December 17, 2008	2 sessions
	December 19, 2008	1 session
	January 8, 2009	2 sessions
	January 9, 2009	2 sessions
	January 20, 2009	2 sessions
	January 21, 2009	2 sessions
	January 22, 2009	2 sessions
	January 29, 2009	2 sessions
	January 30, 2009	2 sessions

Total Hearing Session Fees = \$32,000.00

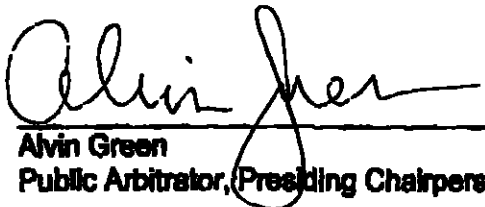
The Panel has assessed \$32,000.00 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Alvin Green	-	Public Arbitrator, Presiding Chairperson
Charles Titterton	-	Public Arbitrator
John Duval	-	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.



Alvin Green
Public Arbitrator, Presiding Chairperson

2/11/2009

Signature Date

Charles Titterton
Public Arbitrator

Signature Date

John Duval
Non-Public Arbitrator

Signature Date

February 12, 2009

Date of Service (For FINRA Dispute Resolution use only)

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Public Arbitrator, Presiding Chairperson

Signature Date



Charles Titterton
Public Arbitrator

2/12/09

Signature Date

John Duval
Non-Public Arbitrator

Signature Date

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Signature Date

Charles Titterton
Public Arbitrator

Signature Date



John Duval
Non-Public Arbitrator

2-10-09

Signature Date

February 12, 2009

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