

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

Ronald Biscaro, Michael Boyd, James DeFrancisco, Raymond Laney, Eugene Rexwinkle, Steven Doyle, Richard Zagardo, Kenneth Ingram, Michael Boyd, Bruce Hink, Ronald LaFrance, Robert OKeefe, Alan Sacks, Thomas Zajac, Nicholas Cortazzo, Rodney L. Edmonds, David Hoffman, Ralph E. Kendrick, Jr, Stephen and Linda Knopp, Alton R. Killon, Martin A. Lieberman, Kent Caudle, Walter Parkes, James A. Schwartz, Alan R. Smith, Rick L. Stanley, John Tocco, Harry D. Simon, Wayne VanBoven, Robert J. VanHyfte, Fred Wolf, J. Michael Burns, Rick Koenig and Doug Carson

and

00-05095
Chicago, Illinois

Names of Respondents

Bear Stearns Securities Corporation
Richard Harriton

Received by
JAN 11 1991
JAN 11 1991

Nature of the Dispute: Customers vs. Member and Associated Person.

REPRESENTATION OF PARTIES

Ronald Biscaro, Michael Boyd, James DeFrancisco, Raymond Laney, Eugene Rexwinlke, Steven Doyle, Richard Zagardo, Kenneth Ingram, Michael Boyd, Bruce Hink, Ronald LaFrance, Robert OKeefe, Alan Sacks, Thomas Zajac, Nicholas Cortazzo, Kent Caudle, Rodney L. Edmonds, David Hoffman, Ralph E. Kendrick Jr., Stephen and Linda Knopp, Alton R. Killon, Martin A. Lieberman, Walter Parkes, James A. Schwartz, Alan R. Smith, Rick L. Stanley, John Tocco, Harry D. Simon, Wayne VanBoven, Robert J. VanHyfte, Fred Wolf, J. Michael Burns, Rick Koenig and Doug Carson ("Claimants") were represented by Jacob Pollock of Securities Receivable Arbitration, Inc., located in Washington D.C.

Bear Stearns Securities Corporation ("BSS") and Richard Harriton ("Harriton"), collectively referred to as ("Respondents") were represented by Philip A. Irwin, Esq., of Covington & Burling, located in New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about November 28, 2000.

Claimants filed a first Amended Statement of Claim on or about January 28, 2002.

Claimant Raymond Laney executed a Uniform Submission Agreement on September 1, 2000; Claimant Eugene Rexwinkle executed a Uniform Submission Agreement on June 27, 2000; Claimant Steven Doyle executed a Uniform Submission Agreement on September 28, 2000; Claimants Linda Knopp and Steven Knopp executed Uniform Submission Agreements on July 27, 2000; Claimant Richard Zagardo executed a Uniform Submission Agreement on July 12, 2000; Claimant Kenneth Ingram executed Uniform Submission Agreements on June 27, 2000; Claimant James Defrancisco executed Uniform Submission Agreements on June 29, 2000; Michael Boyd executed a Uniform Submission Agreement on June 29, 2000; Claimant Bruce Hink executed a Uniform Submission Agreement on June 30, 2000; Claimant Ronald LaFrance executed a Uniform Submission Agreement on August 15, 2000; Claimant Ronald Biscaro executed a Uniform Submission Agreement on June 11, 2000; Claimant Robert O'Keefe executed a Uniform Submission Agreement on May 4, 2000; Claimant Alan Sacks executed a Uniform Submission Agreement on April 28, 2000; Claimant Thomas Zajac executed a Uniform Submission Agreement on January 1, 2000; Claimant Martin Lieberman executed a Uniform Submission Agreement on March 5, 2000; Claimant Walter Parkes executed a Uniform Submission Agreement on February 4, 2001; Claimant James Schwartz executed a Uniform Submission Agreement on January 30, 2002; Claimant Alan Smith executed a Uniform Submission Agreement on January 30, 2002; Claimant Rick L. Stanley executed a Uniform Submission on January 30, 2002; Claimant John Tocco executed a Uniform Submission Agreement on January 30, 2002; Claimant Harry Simon executed a Uniform Submission Agreement on December 12, 2001; Claimant Wayne VanBoven executed a Uniform Submission Agreement on February 3, 2001; Claimant Robert VanHyfte executed a Uniform Submission Agreement on February 4, 2001; Claimant Fred Wolf executed a Uniform Submission Agreement on January 1, 2001; Claimant J. Michael Burns executed a Uniform Submission Agreement on January 30, 2002; Claimant Rick Koenig did not file an executed Uniform Submission Agreement; Doug Carson did not file an executed Uniform Submission Agreement; Claimant Kent Caudle executed a Uniform Submission Agreement on January 30, 2002; Claimant Nicholas Cortazzo executed a Uniform Submission Agreement on January 30, 2002; Claimant Rodney Edmonds executed a Uniform Submission Agreement on January 30, 2002; Claimant David Hoffman executed a Uniform Submission Agreement on September 22, 2000; Claimant Ralph Kendrick executed a Uniform Submission Agreement on April 3, 2001; Claimant Alton Killon executed a Uniform Submission Agreement on May 12, 2000; Claimant Walter Parkes executed a Uniform Submission Agreement on February 4, 2001.

Respondents filed a Joint Statement of Answer on April 12, 2002. Respondents did not file executed Uniform Submission Agreements.

Respondents filed an Answer to Claimants First Amended Statement of Claim on March 25, 2002.

Respondents filed a Motion to Sever on March 25, 2002.

Claimant filed an Opposition to the Motion to Sever on or about April 8, 2002.

CASE SUMMARY

Claimants alleged sales- practice fraud and market manipulation in connection with transactions involving IPO stock. In their First Amended Statement of Claim, Claimants alleged as follows:

1. Respondents had an intimate relationship with Sterling Foster and were aware of and party to fraudulent activities involving stock trades;
2. Respondents directly facilitated wide spread fraudulent activities. BSS's status as a clearing broker does not immunize it from the consequences of participating in a fraud.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically requested that all claims against them be dismissed in their entirety.

RELIEF REQUESTED

Claimant requested an award in the amount of \$5,953,945.68 in compensatory damages and \$50,000,000.00 in punitive damages.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On December 24, 2002 the Panel denied the Respondents Motion to Sever and Motion to Dismiss.

Respondents Bear Sterns Securities Corporation and Richard Harriton did not file with the NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted.

Claimant Rick Koenig did not file a properly executed Uniform Submission Agreement is required to submit to arbitration pursuant to the terms of his account agreement and having filed the Statement of Claim is bound by the determination of the arbitration panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that

a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants Ronald Biscaro, Michael Boyd, James DeFrancisco, Raymond Laney, Eugene Rexwinkle, Steven Doyle, Richard Zagardo, Kenneth Ingram, Bruce Hink, Ronald LaFrance, Robert OKeefe, Alan Sacks and Thomas Zajac, Kent Caudle, Nicholas E. Cortazzo, Rodney L. Edmonds, David Hoffman, Ralph E. Kendrick Jr., Alton R. Killon, Martin A. Lieberman, Walter Parkes, James A. Schwartz, Alan R. Smith, Rick L. Stanley, John Tocco, Harry D. Simon, Wayne VanBoven, Robert J. VanHyfte, Fred Wolf, J. Michael Burns, Rick Koenig, and Doug Carson, claims against Respondents Bear Stearns Securities Corporation and Richard Harriton are dismissed in their entirety with prejudice;
2. Any and all relief not specifically addressed herein shall be denied; and,
3. Any and all costs not enumerated herein shall be borne by the party who incurred them:

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$600.00

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 person at the time of the events giving rise to the dispute. In this matter, the member firm is Bear Stearns Securities Corporation.

Member surcharge	\$	3,600.00
Pre-hearing process fee	\$	600.00
Hearing process fee	\$	5,000.00
Total Member Fees	\$	9,200.00

Adjournment Fees

Adjournments requested during these proceedings:
June 16-20, 2003, adjournment by Claimants and Respondents. = \$1,2000
(Fees to be 50% to Claimant and 50% to Respondents jointly and severally)

Forum Fees and Assessments

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

One [1] Pre-hearing session with a single arbitrator x \$450.00 = \$450.00
Pre-hearing conference: April 14, 2003 1 session

Two [2] Pre-hearing sessions with Panel x \$1,200.00 = \$2,400.00
Pre-hearing conference(s): September 5, 2002 1 session
December 23, 2002 1 session

Eight [8] Hearing sessions x \$1,200.00 = \$9,600.00
Hearing Dates: September 29, 2003 2 sessions
September 30, 2003 2 sessions
October 1, 2003 2 sessions
October 2, 2003 2 sessions

Total Forum Fees = \$12,450.00

The Panel has assessed \$6,225.00 of the forum fees to Claimants jointly and severally
The Panel has assessed \$6,225.00 of the forum fees to Respondents jointly and severally.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$	600.00
Adjournment Fee	= \$	600.00
<u>Forum Fees</u>	= \$	<u>6,225.00</u>
Total Fees	= \$	7,425.00
<u>Less payments</u>	= \$	<u>-1,800.00</u>
Balance Due NASD Dispute Resolution	= \$	5,625.00

Respondents, shall be and hereby are jointly and severally liable for:

Adjournment Fee	= \$	600.00
<u>Forum Fees</u>	= \$	<u>6,225.00</u>
Total Fees	= \$	6,825.00
<u>Less payments or credits</u>	= \$	<u>-2,800.00</u>
Balance Due NASD Dispute Resolution	= \$	4,025.00

Respondent Bear Stearns Securities Corporation is liable for:

Member Fees	= \$	<u>9,200.00</u>
Total Fees	= \$	<u>9,200.00</u>
<u>Less payments</u>	= \$	<u>-12,000.00</u>
Balance applied to fees above	= \$	-2,800.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Robert Keno, Esq. - Public Arbitrator, Presiding Chair
Jonathan Gilbert - Public Arbitrator
Ronald A. Skirt - Non-Public Arbitrator

Concurring Arbitrators:

Robert A. Keno, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Jonathan Gilbert, Esq.
Public Arbitrator

Signature Date

Ronald A. Skirt
Non-Public Arbitrator

Signature Date

NASD

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Arbitration No. 00-05095
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Jonathan Gilbert - Public Arbitrator
Ronald A. Skirt - Non-Public Arbitrator

Concurring Arbitrators:

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Public Arbitrator, Presiding Chair

Jonathan Gilbert, Esq.
Public Arbitrator

Ronald A. Skirt
Non-Public Arbitrator

Signature Date

10/30/03
Signature Date

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-075095
Award Page 6 of 6

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Jonathan Gilbert - Public Arbitrator
Ronald A. Skirt - Non-Public Arbitrator

Concurring Arbitrators:

Robert P. Keno
Robert P. Keno, Esq.
Public Arbitrator, Presiding Chair

10/30/2003
Signature Date

Jonathan Gilbert, Esq.
Jonathan Gilbert, Esq.
Public Arbitrator

Signature Date

Ronald A. Skirt
Ronald A. Skirt
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 00-05095
Award Page 6 of 6

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Jonathan Gilbert - Public Arbitrator
Ronald A. Skirt - Non-Public Arbitrator

Concurring Arbitrators:

Robert A. Keno, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Jonathan Gilbert, Esq.
Public Arbitrator

Signature Date

Ronald A. Skirt
Non-Public Arbitrator

10/31/03
Signature Date