

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 03-02492

Robert S. Grajewki
Sigmund Investments, LLC
Sigmund Investments, LLC, No. 1
Sigmund Investments, LLC, No. 2
Sigmund Investments, LLC, No. 3

Names of the Respondents

Hearing Site: Charlotte, North Carolina

Bear Stearns & Co., Inc.
Bear Stearns Securities Corp.
The Bear Stearns Companies, Inc.

Nature of the Dispute: Customers vs. Members and Non-Member.

REPRESENTATION OF PARTIES

Claimants, Robert S. Grajewki, Sigmund Investments, LLC, Sigmund Investments, LLC, No. 1, Sigmund Investments, LLC, No. 2, and Sigmund Investments, LLC, No. 3, hereinafter collectively referred to as "Claimants", were represented by Steven J. Gard, Esq. and Sandra L. Malkin, Esq., Gard Smiley Bishop & Dovin LLP, Atlanta, Georgia.

Respondents, Bear Stearns & Co., Inc., Bear Stearns Securities Corp., and The Bear Stearns Companies, Inc., hereinafter collectively referred to as "Respondents", were represented by J. Anthony Penry, Esq., and Michael L. Weisel, Esq., Taylor Penry Rash & Reimann, PLLC, Raleigh, North Carolina.

CASE INFORMATION

Statement of Claim filed on April 3, 2003.

Claimant Robert S. Grajewki signed Uniform Submission Agreements on behalf of himself and as managing director of Sigmund Investments, LLC, Sigmund Investments, LLC, No. 1, Sigmund Investments, LLC, No. 2, and Sigmund Investments, LLC, No. 3 on March 15, 2003.

Statement of Answer filed by Respondents on May 29, 2003.

A representative of Respondent Bear Stearns & Co., Inc. executed the Uniform Submission Agreement on April 24, 2003.

A representative of Respondent Bear Stearns Securities Corp. executed the Uniform Submission Agreement on June 17, 2003.

Respondent The Bear Stearns Companies, Inc. did not file a signed Uniform Submission

Agreement.

Respondents filed a Motion for Summary Award on March 9, 2004.

Claimants' Response to Respondents' Motion for Summary Award was filed on March 18, 2004.

Claimants' Motion for Sanctions was filed on June 11, 2004.

Respondents' Response to Claimants' Motion for Sanctions was filed on June 18, 2004.

CASE SUMMARY

Claimants asserted the following causes of action, among others: breach of fiduciary duty, breach of contract and breach of duty, negligence, and violation of North Carolina's Investment Advisor's Act. The causes of action relate to options trading.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: contributory negligence, intervening and superseding negligence, waiver, assumption of risk, ratification, estoppel, statute of limitations, economic loss rule, and Respondents performed all duties owed to Claimants.

RELIEF REQUESTED

Claimants in their Statement of Claim requested:

Compensatory Damages	\$4,000,000.00
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Statement of Answer requested that the Statement of Claim be dismissed and that Respondents recover their costs incurred in the defense of this matter.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimants, the undersigned Panel determined that Respondent The Bear Stearns Companies, Inc. has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent The Bear Stearns Companies, Inc. did not file with NASD Dispute Resolution, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having answered the claim, appeared at the hearing, is bound by the determination of the Panel on all issues submitted.

By Order dated March 31, 2004, the Panel denied the Respondents' Motion for Summary Award.

By Order dated June 22, 2004, the Panel denied the Motion for Sanctions.

AWARD

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

1. All claims against Respondents are denied in their entirety;
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein is denied in its entirety.

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 firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, Respondents Bear Stearns & Co., Inc. and Bear Stearns Securities Corp. are parties.

Respondents Bear Stearns & Co., Inc.'s Member Fees:

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00
Total Member Fees	= \$ 8,550.00

Respondents Bear Stearns Securities Corp.'s Member Fees:

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00
Total Member Fees	= \$ 8,550.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

April 27-April 30, 2004 adjournment requested by Respondent = \$ 1,200.00

1. The Panel has assessed \$600.00 of the adjournment fees jointly and severally to Claimants.
2. The Panel has assessed \$600.00 of the adjournment fees jointly and severally to Respondents.

Forum Fees and Assessments

The Panel has assessed forum 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:

One (1) Pre-hearing session with Panel @ \$1,200 = \$ 1,200.00
Pre-hearing conference: November 3, 2003 1 session

Nine (9) Hearing sessions @ \$1,200.00 = \$10,800.00

Hearing Dates:	June 28, 2004	2 sessions
	June 29, 2004	2 sessions
	June 30, 2004	3 sessions
	July 1, 2004	2 sessions

Total Forum Fees = \$12,000.00

1. The Panel has assessed \$6,000.00 of the forum fees jointly and severally to Claimants.
2. The Panel has assessed \$6,000.00 of the forum fees jointly and severally to Respondents.

FEE SUMMARY

1. Claimants are jointly and severally assessed and shall pay the following fees:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 600.00
Forum Fees	= \$ 6,000.00
Total Fees	= \$ 7,200.00
Less payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$ 5,400.00

2. Respondent Bear Stearns & Co., Inc. is assessed and shall pay the following fees:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Bear Stearns Securities Corp. is assessed and shall pay the following fees:

Member Fees	= \$ 8,550.00
Total Fees	= \$ 8,550.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

4. Respondents are jointly and severally assessed and shall pay the following fees:

Adjournment Fee	= \$ 600.00
Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,600.00
Less payments	= \$ 500.00
Balance Due NASD Dispute Resolution	= \$ 6,100.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Thomas W. Steed, Jr., Esq.	-	Public Arbitrator, Presiding Chairperson
Bernadette F. Rasmussen	-	Public Arbitrator, Panelist
Jack C. Aycock	-	Non-Public Arbitrator, Panelist

Concurring Arbitrators' Signatures

Thomas W. Steed, Jr.
Thomas W. Steed, Jr., Esq.
Public Arbitrator, Presiding Chairperson

July 14 2004
Signature Date

Bernadette F. Rasmussen
Bernadette F. Rasmussen
Public Arbitrator, Panelist

Signature Date

Jack C. Aynock
Jack C. Aynock
Non-Public Arbitrator, Panelist

Signature Date

July 16, 2004
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

Thomas W. Steed, Jr., Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Bernadette F. Rasmussen

Bernadette F. Rasmussen
Public Arbitrator, Panelist

7-16-04

Signature Date

Jack C. Aycuek
Non-Public Arbitrator, Panelist

Signature Date

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Thomas W. Steed, Jr., Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Bernadette F. Rasmussen
Public Arbitrator, Panelist

Signature Date


Jack C. Aycock
Non-Public Arbitrator, Panelist

7-14-04
Signature Date

July 16, 2004
Date of Service (For NASD Dispute Resolution office use only)