

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Among

Wilhelm Rindner and
Eva Rindner,

Claimants

vs.

Bear Stearns & Co., Inc. and
Max G. Ansbacher,

Respondents

Case #88-01487

Award

CASE SUMMARY

Claimant alleges that respondent brokerage firm and its registered representative who had been given discretionary authority, improperly handled naked index options trading program developed over several years between the parties. The Claimants further alleges that the issuance of an internal brokerage memorandum (October 23, 1987) preventing all registered representatives from selling short naked puts on opening orders unless part of a balanced spread, breached an alleged duty to Claimant resulting in losses. Claimants also alleges that unauthorized trades were made by the Respondents.

Respondents admit that the memoranda was issued because of volatile market conditions, deny the remaining allegations, allege five affirmative defenses and counterclaim for damages consisting of the debit balance in the joint account the latter denied by Claimants.

RELIEF REQUESTED

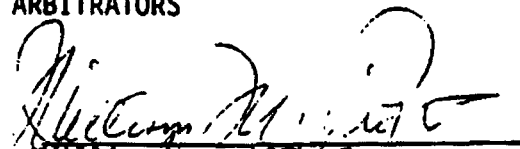
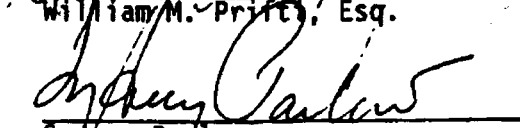
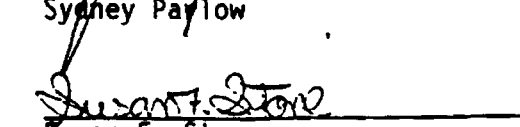
Claimants seek damages of \$1,103,325, reimbursement of premium overcharge on October 19, 1987 of \$60,000, punitive damages, interest costs and reasonable attorneys fees. Respondents seek the \$1,540.68 debit balance plus interest, counsel fees, expenses and NASD fees and expenses.

AWARD

On August 2, 3, 23 & 24, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in a submission to arbitration signed by Claimants, Wilhelm Rindner and Eva Rindner, on May 6, 1988 and by Respondents, Bear Stearns & Co., Inc. and Max G. Ansbacher, on August 2, 1988. The hearing was conducted in Boston, Massachusetts and consisted of seven sessions. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents, Bear Stearns & Co., Inc. and Max G. Ansbacher, are hereby jointly and severally liable to Claimants in the amount of Sixty-Two Thousand Three Hundred and Twenty-Seven Dollars and Zero Cents (\$62,327.00), plus interest at a rate of 9% from October 23, 1987, to August 24, 1989.
2. The counterclaim is denied.
3. The parties shall each bear their respective costs including attorneys' fees;
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1000.00 filing fee previously deposited by the Claimant and Claimant is further assessed \$2,500.00 in forum costs. Bear Stearns & Co., Inc. is assessed \$3,500.00 in forum costs. All costs shall be made payable to the NASD through its staff counsel.

CONCURRING ARBITRATORS


William M. Pratt, Esq.

Sydney Paylow

Susan F. Stone

Dated: September 27, 1989