

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Christian W. Klein

Claimant

vs.

Bear Stearns and Company, Inc.

Respondent

vs.

Joseph Lugo

Third Party Respondent

AWARD

Case #88-03695

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 30, 1988 Claimant Christian W. Klein alleged the Respondent Bear Stearns and Company, Inc. executed unauthorized trades in his account, wrongfully used the proceeds of authorized sales to pay for these trades and refused to cancel the trades. Respondent Bear Stearns and Company, Inc. maintained it is not the responsible party as it is merely a clearing agent for Rooney Pace Inc. and Rooney Pace Inc. as Claimant's broker had full responsibility for the execution or non-execution of orders in his account. Respondent Bear Stearns and Company, Inc. further maintained Rooney Pace Inc. entered and executed all trades and reported those trades to Bear Stearns and Company, Inc. and it has no legal liability for transactions made by Rooney Pace, Inc. and denied that it acted in collusion with Rooney Pace, Inc. to conduct an unauthorized trade. Respondent Bear Stearns and Company, Inc. further maintained because the Claimant waited eight months to liquidate his position, Bear Stearns and Company, Inc. should not be held responsible for any difference in price between the time of purchase and time of sale. Respondent Bear Stearns and Company, Inc. asserted a third party claim against Joseph Lugo alleging that if there is any proof by Claimant of unauthorized trading, it is Mr. Lugo who should be responsible. Third Party Respondent Joseph Lugo maintained he has no knowledge of the transactions in the account of the Claimant and that he is in bankruptcy in the Southern District of New York.

RELIEF REQUESTED

Claimant requested damages of \$15,680.75.

Respondent Bear Stearns and Company, Inc. requested dismissal of claim and that any losses be assessed against the Third Party Respondent Joseph Lugo.

Third Party Respondent Joseph Lugo requested dismissal of all claims against him.

AWARD

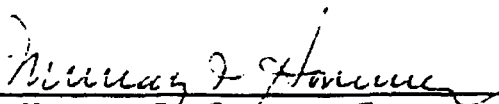
The undersigned being the Arbitrators selected to review and determine a matter in controversy between the above mentioned parties as set forth in submissions to Arbitration signed by Claimant Christian W. Klein on October 31, 1988 and by Respondent Bear Stearns and Company, Inc. on June 20, 1989 and not signed by Third Party Respondent Joseph Lugo as required pursuant to Section 8 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure;

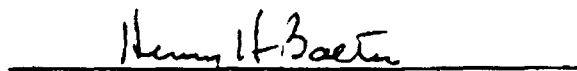
And, that having reviewed and considered the proofs of the Parties, has decided and determined in full and final settlement of the above-captioned matter that the Respondent Bear Stearns and Company, Inc. be and hereby is liable and shall pay to the Claimant Christian W. Klein the sum of \$15,374.50; interest specifically excluded and the Third Party Respondent Joseph Lugo be and hereby is liable and shall pay to the Respondent Bear Stearns and Company, Inc. the sum of \$15,374.50 interest specifically excluded to reimburse the Respondent Bear Stearns and Company Inc.;

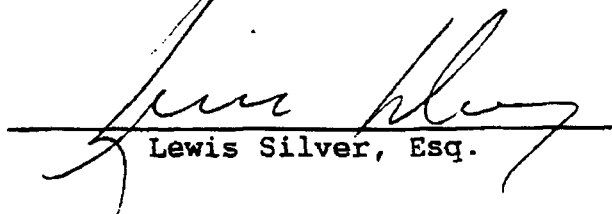
And, each party shall bear its own costs including attorneys' fees;

And, pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant.

ARBITRATORS CONCURRING


Murray I. Sommer, Esq.


Henry H. Balter


Lewis Silver, Esq.

Dated: January 10, 1991