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NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

DVC-JFW Investors

Claimant

and

89-01313

Bear Stearns & Co., Inc. vs. Joanne Abendroth

Respondents

REPRESENTATION OF PARTIES

Claimant DVC-JFW Investors appeared and was represented by Randy Gullickson, Esq. of Lindquist & Vennum, Minneapolis, Minnesota.

Respondent Bear Stearns & Co., Inc. appeared and was represented by Mark Reed, Esq. of Drake & Rogosheske, Minneapolis, Minnesota. Respondent Joanne Abendroth appeared pro se. Respondent Norman Gershman was represented by Charles Weinberg, Esq. of Livingston, New Jersey. Charles Weinberg, Esq. and Norman Gershman did not appear at the hearing.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about May 3, 1989, Claimant DVC-JFW Investors ("DVC-JFW") alleged that Respondent Bear, Stearns & Company ("Bear Stearns") improperly liquidated 12,000 shares of stock of Zondervan Corporation in response to a margin call. DVC-JFW alleged negligence, breach of contract, breach of fiduciary duty, and conversion in connection with the improper liquidation of Zondervan stock.

Respondent Bear Stearns filed a Statement of Answer with the NASD on or about August 28, 1989 and alleged that DVC-JFW opened an account with Professional Brokerage Services, Inc. ("PBS"), a broker-dealer that cleared its business through Bear Stearns. Bear Stearns alleged that they received instructions to liquidate the 12,000 shares of the stock from PBS, through its representative, Respondent Joanne Abendroth. Bear Stearns' answer contained a third-party claim against PBS and Joanne Abendroth in the event Bear Stearns should be found liable.

Joanne Abendroth filed a Statement of Answer with the NASD to the Statement of Third Party Claim submitted by Bear Stearns and denied instructing Bear Stearns or PBS to liquidate any shares to meet margin requirements.

DVC-JFW filed its Amended Statement of Claim with the NASD on or about August 28, 1990 and alleged that Respondent Norman Gershan ("Gershan"), a principal of PBS, directed Bear Stearns to sell the 12,000 shares of Zondervan Corporation stock and therefore is jointly and severally liable. Respondent Bear Stearns filed an Amended Answer and asserted lack of standing as its affirmative defense.

Respondent Norman Gershan did not file an Answer, but his attorney, Charles Weinberg, Esq. participated in the Pre-Hearing Conference and also filed a postponement request of the hearing date.

RELIEF REQUESTED

Claimant DVC-JFW, in its Amended Statement of Claim, requested actual damages in the amount of \$50,004.00 plus interest, costs, disbursement, and reasonable attorney's fees, and other relief as the arbitrators deem appropriate.

Respondent Bear Stearns, in its Amended Statement of Answer, requested that the claim be dismissed, and that they be awarded attorney's fees, expenses, and further relief as may be appropriate.

Respondent Joanne Abendroth requested that she be dismissed as a Third Party Defendant.

OTHER ISSUES

Claimant DVC-JFW filed a Motion to Amend the Statement of Claim and Respondent Bear Stearns filed its opposition to the motion. Claimant's motion was granted. Claimant filed a Motion To Add Norman Gershan as a Respondent. The motion was granted. Respondent Bear Stearns filed a Motion To Dismiss which was denied. Respondent Joanne Abendroth filed a Motion To Dismiss herself as a party. The Motion was denied.

PROCEDURAL MATTERS

On August 16, 1990, October 22, 1991, and October 23, 1991 in Minneapolis, Minnesota, during a hearing lasting a total of six (6) sessions, the undersigned arbitrators heard the controversy between the

parties as set forth in submissions to arbitration signed on May 1, 1989 by Dennis Carlson and Jeffrey Wendel on behalf of Claimant DVC-JPW Investors, and on October 6, 1989 by Mark Lehman on behalf of Respondent Bear Stearns and Co.

Respondent Joanne Abendroth did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and having answered the third party claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

Respondent Norman Gershman did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure. The panel determined that Respondent Norman Gershman had proper notice of the claim.

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 originals remain on file with the NASD.

AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

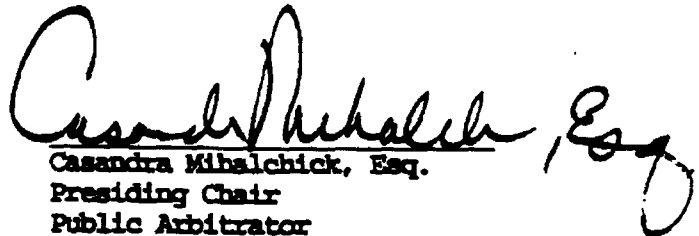
1. The claim against Respondent Bears Stearns shall be and hereby is dismissed in its entirety;
2. The claim against Respondent Joanne Abendroth shall be and hereby is dismissed in its entirety;
3. Respondent Norman Gershman shall be and hereby is liable for and shall pay to the Claimant DVC-JPW actual damages in the amount of \$50,004.00 plus interest in the amount of \$15,460;
4. Each party shall bear their own costs and expenses, including attorney's fees, other than those specifically enumerated for herein;
5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing

session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. Claimant shall pay to the NASD additional forum fees in the amount of \$1175.00. Respondent Norman Gershman shall pay to the NASD additional forum fees in the amount of \$1575.00.

Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

1-3-92


Cassandra Mihalchick, Esq.
Presiding Chair
Public Arbitrator

James H. Colburn
Public Arbitrator

James Bruce Pearson
Industry Arbitrator

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Dated:

Cassandra Mihalchick, Esq.
Presiding Chair
Public Arbitrator

3 January 1992

James H. Colburn
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Public Arbitrator

James Bruce Pearson
Industry Arbitrator