

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
Gerald Scher,	x
Claimant,	x
vs.	x CASE NO.
Bear Stearns & Co., Inc., and	x 90-00269
Lawrence Friedlander,	x
Respondents.	x AWARD
	x
	x

CASE SUMMARY

Claimant, Gerald Scher ("Scher"), alleged that the Respondents, Lawrence Friedlander ("Friedlander") and Bear Stearns & Co., Inc. ("Bear Stearns"), churned, executed unauthorized transactions, and otherwise mismanaged his account. In addition, Scher alleged that the Respondents failed to disclose the risks inherent in the type of trading that took place in his account, and overcharged him on the bonds he purchased.

Bear Stearns and Friedlander denied the allegations made against them, and contended that Scher was a sophisticated and experienced investor who actively traded in municipal securities. The Respondents also contended that Scher fully comprehended the risks inherent in his account and expressly ratified and approved all of the transactions in his account.

RELIEF REQUESTED

Scher requested actual damages of at least \$2,750,000.00, plus interest from July 1, 1987, costs and attorneys' fees. Bears Stearns and Friedlander requested dismissal of the Statement of Claim in its entirety, plus costs and attorneys' fees.

AWARD

On November 8 & 9, 1990, February 8, March 11 & 12, April 11, 12, 25 & 26, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to

arbitration signed by the Claimant Gerald Scher on October 30, 1989, and by Respondents Bear Stearns & Co., Inc. and Lawrence Friedlander on April 19, 1990. The initial claim was filed on January 24, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in New York City, NY, and consisted of nineteen (19) hearing sessions, which includes a one (1) session prehearing conference conducted on October 10, 1990. 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. The Respondents Bear Stearns & Co., Inc. and Lawrence Friedlander be and hereby are jointly and severally liable and shall pay to the Claimant Gerald Scher the sum of One Hundred Eighty Six Thousand Two Hundred Eighty Dollars And Sixty Six Cents (\$186,280.66), inclusive of interest.
2. The parties each shall bear their respective costs, including attorneys' fees.

Forum Fees:

3. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$7,500.00 previously deposited by the Claimant, and the \$7,500.00 jointly deposited by the Respondents as costs of the fifteen (15) hearing sessions conducted through April 12, 1991. In addition, the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of TWO THOUSAND DOLLARS AND NO CENTS (\$2,000.00), and Respondents Bear Stearns & Co., Inc. and Lawrence Friedlander be and hereby are jointly and severally liable the National Association of Securities Dealers, Inc. the sum of TWO THOUSAND DOLLARS AND NO CENTS (\$2,000.00), as costs of the four (4) hearing sessions conducted on April 25 & 26, 1991.

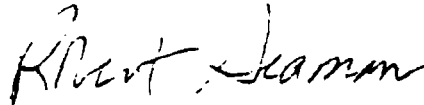
ADDENDUM

REPRESENTATION

Claimant was represented by Neal Schwartzfeld, Esq. of Schwartzfeld, Ganfer & Shore. Respondents were represented by Melvin A. Brosterman, Esq. and Nancy Hirschmann, Esq. of Stroock, Stroock & Lavan.

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CONCURRING ARBITRATORS

A handwritten signature in cursive script, appearing to read "Robert Seaman".

Robert Seaman

Richard A. Lordon

Ronald T. Dilks

Dated: ,1991

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Robert Seaman



Richard A. Lordon

Ronald T. Dilks

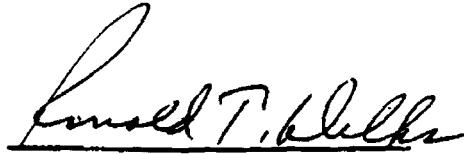
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Robert Seaman

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Ronald T. Dilks

Dated:

, 1991