

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

---

In the Matter of Arbitration Between

CRC QUAIL RUN PARTNERSHIP

Claimant

and

NASD No. 90-01295

BEAR STEARNS & CO., INC.

Respondent

---

PARTIES REPRESENTATION

Claimant was represented by Arthur E. Rosenson, Esq. of Much, Shelist, Freed, Dennenberg, Ament & Eiger, P.C., Chicago, Illinois.

Respondent was represented by Nicholas P. Iavarone, Esq., of Bellows & Bellows Chicago, Illinois.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about May 7, 1990, Claimant CRC Quail Run Partnership ("Quail Run") alleged that (1) Respondent Bear Stearns & Company ("Bear Stearns") through its agent Arthur Curry executed unauthorized trades in Quail Run's securities account maintained at Bear Stearns in breach of the account agreement, which was non discretionary, (2) violated the oral agreement that Curry would hold Quail Run's investments until 1989 and (3) violated fiduciary duties to Quail Run. Additionally, it was alleged that Curry committed fraud by misrepresenting the quality of certain Eskey Corporate Bonds.

In a Statement of Answer filed with the NASD on or about July 12, 1990, Bear Stearns alleged that none of the transactions involving the purchase or sale of corporate bonds for Quail Run were unauthorized and even if they were, that Forloine on behalf of Quail Run, ratified and adopted the transactions. Bear Stearns denied all allegations of the claim and further asserted that the claims were time barred.

### RELIEF REQUESTED

Quail Run requested damages of \$114,447.22 plus costs and expenses. Bear Stearns requested dismissal of the claim in its entirety and that costs and attorney's fees be assessed against Quail Run.

### OTHER ISSUES

Quail Run asserted an amended claim which alleged violations of Section 10b of the Securities Exchange Act of 1934, rule 10b5 thereunder and certain NASD Rules of Fair Practice. These allegations were also considered by the panel.

### PROCEDURAL MATTERS

On May 7, 1991, May 13, 1991 and May 14, 1991 in Chicago, Illinois 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 16, 1990 by Robert W. Forloine on behalf of Claimant CRC Quail Run Partnership and on July 12, 1990 by Raymond L. Aronson on behalf of Respondent Bear Stearns & Co., Inc.

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 original(s) 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 claims asserted against Bear Stearns by Quail Run shall be and hereby are denied and dismissed in their entirety;
2. The parties shall each bear their own costs, expenses and attorneys fees incurred in this matter; and
3. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing sessions deposit in the amount of


\$550.00 previously deposited with the NASD by the Claimant. Claimant shall pay to the NASD the sum of \$1,700.00 and Respondent shall pay to the NASD the sum of \$2,250.00 as forum fees.


Dated:

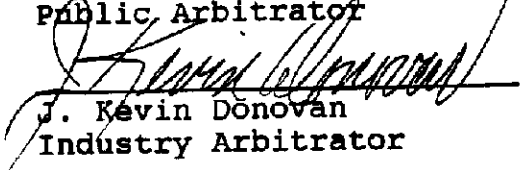
5/14/91

5/14/91

5/14/1991

  
Henry X. Dietch  
Presiding Chair  
Public Arbitrator

  
Alan Farnell  
Public Arbitrator

  
J. Kevin Donovan  
Industry Arbitrator

Date Served by NASD: 5-17-91