

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

William P. Bruno

92-01529

Name of Respondent(s)

Bear Stearns & Company

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**REPRESENTATION**

For Claimant: The Claimant appeared pro se.

For Respondent: Christopher P. Litterio of the law firm of Shapiro, Israel & Weiner, P.C.

**CASE INFORMATION**

Statement of Claim filed: May 1, 1992.

Claimant's Submission Agreement signed on: April 29, 1990.

Respondent Bear Stearns & Co., Inc.'s Submission Agreement signed on: June 17, 1992.

Statement of Answer filed on: June 22, 1992.

**HEARING INFORMATION**

Hearing Date/Sessions: January 5, 1993, 2 Sessions.

Hearing Location: NASD offices located in Boston, MA.

**CASE SUMMARY**

Claimant seeks to be made whole for losses he incurred as a result of the Respondent's mishandling of his individual and IRA brokerage accounts. Specifically, Bear Stearns & Co.,

Inc., through its broker induced the purchase of unsuitably risky common stock and long call options by misrepresenting the risks and likely returns of the securities; induced the retention of the securities through misleading statements regarding their suitability and likely return; and, effected the unsuitable use of margin.

Claimant further alleged Respondent breached its contract with the Claimant; its actions were negligent and Bear Stearns & Co., Inc. is liable for its employees' acts and omissions under "controlling person" provisions of the 1933 and 1934 Securities Acts and the Massachusetts Securities Act and under the principle of respondeat superior.

Respondent Bear Stearns & Co., Inc. maintained the Statement of Claim presents an extremely inaccurate and distorted picture of the true facts concerning Claimant's objectives and trading history at Bear Stearns & Co., Inc.; Claimant presented himself to Mr. Black (the broker) as a sophisticated investor, who understood leverage and wanted to purchase takeover stocks in pursuit of trading profits; very few of the securities and none of the options purchased in the account were recommended by Mr. Black; Mr. Black never encouraged Claimant to utilize margin in his account, as, in fact, few of Mr. Black's customers were margin traders; Claimant's own ideas, coupled with his repeated refusal to listen to Mr. Black, produced most of the losses of which he now complains.

### **RELIEF REQUESTED**

Claimant alleged he incurred an out-of-pocket loss of \$94,952.00 net of distributions, in his individual account, an out-of-pocket loss of \$5,835, net of distributions, in his IRA account. (The loss of securities transferred into the regular account are excluded from the loss figure.) In addition, Claimant alleged he lost the return that would have resulted from suitable investments and this element of damages, often referred to as opportunity cost, was at least \$27,065 in his individual account and is calculated at \$2,567 in his IRA account. Mr. Bruno also seeks interest, costs and attorney's fees.

Respondent requested that the Statement of Claim be dismissed and the costs of the proceeding be assessed against Claimant.

### **AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The various claims and causes of action asserted by the Claimant, William P. Bruno, are dismissed in all respects.

2. Each party shall bear their respective costs including attorneys' fees.

**FORUM FEES**

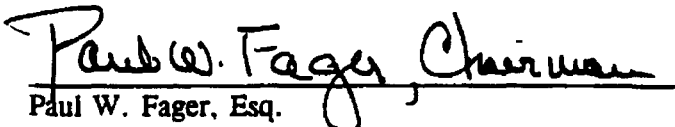
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fee(s) are assessed:

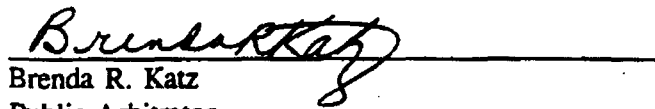
2 sessions X \$750.00 = \$1,500.00 less Claimant's hearing session  
deposit (\$750.00) = \$750.00 due.


The Respondent be and hereby is liable and shall pay to the NASD the sum of \$750.00 to represent forum fees.

The NASD shall retain the \$200.00 claim filing fee previously deposited by the Claimant.

**ARBITRATOR SIGNATURES**

  
Paul W. Fager, Esq.  
Public Arbitrator

  
Brenda R. Katz  
Public Arbitrator

  
Matthew J. McHugh  
Industry Arbitrator