

PUBLIC

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Mark B. Epstein and Angela Epstein

93-01856

Name of Respondent(s)

Bear Stearns & Company, Inc.
Lawrence Spaulding Rule

REPRESENTATION

For Claimants Mark B. Epstein and Angela Epstein: William Paul Mason, Esq.
of the law firm of Weiner & Associates, Atlanta, GA.

For Respondents Bear Stearns & Company, Inc. and Lawrence Rule: James M.
Hubbert, Esq., in-house counsel.

CASE INFORMATION

Statement of Claim filed: May 6, 1993.

Claimant Mark B. Epstein's Submission Agreement signed on: May 3, 1993.

Claimant Angela Epstein's Submission Agreement signed on: May 3, 1993.

Joint Statement of Answer filed by Respondents Bear Stearns & Co., Inc. and
Lawrence Rule on: July 30, 1993.

Respondent Lawrence Spaulding Rule's Submission Agreement signed on: June
22, 1993.

Respondent Bear Stearns & Co., Inc.'s Submission Agreement signed on: August
2, 1993.

HEARING INFORMATION

Hearing Date/Sessions: April 26, 1994 / Two Sessions
April 27, 1994 / One Session

Hearing Location: NASD offices located in Atlanta, GA.

CASE SUMMARY

Claimants alleged that Respondents knowingly made false and material misrepresentations to Claimants to induce them to trade with Respondents and invest in the Starter Company and Claimants relied on Respondent Rule's misrepresentations and invested in the Starter Company stock and suffered damage and financial injury as a direct and proximate result of Respondents' misrepresentations. Claimants further alleged Respondents breached the fiduciary duty owed to Claimants by not investing all of Claimants' funds as Claimants instructed and selling all of Claimants' interest as instructed. Claimants further alleged Respondent Bear Stearns & Co., Inc. is liable for the acts and omissions of its employee and agent Rule and Respondents have acted in bad faith and in a stubbornly litigious manner warranting an award of Claimants' attorneys fees, costs, filing fees and expenses associated with the arbitration.

Respondents maintained they made no representations, promises or assurances that the Claimant would receive any specific number of shares of the Starter Company and based on the total allocation of shares to customers of Respondent Rule, it was impossible for Respondents to fully satisfy the Claimants' indication of interest in the purchase of the shares of the Starter Company. Respondents further maintained the Claimants have sustained no loss whatsoever as a result of the facts alleged in the Statement of Claim and, in fact, that the Claimants made a profit of more than \$3.00 per share on each of the Starter shares purchased in their account. Respondents further maintained the Claimants' contention that they were entitled to more shares and thus, a larger profit, on a position which was held for a mere three days is evidence of their blatant greed and avarice, and their bold and baseless allegations of material misrepresentation and breach of fiduciary duty are entirely unsupported by even the allegations in the Statement of Claim. Respondents further maintained any loss allegedly sustained by the Claimants is the sole and proximate result of their own conduct and/or negligence and Claimants are precluded from any recovery of attorneys fees, costs or expenses in connection with the commencement of this baseless, meritless and spurious action.

Respondents asserted a counterclaim alleging that the entirely unsupported allegations of the Claimants against respondent, Lawrence Rule in this proceeding have resulted in Mr. Rule's being obligated to report the mere existence of this claim to the Central Registration Depository of the NASD which results in a permanent mar on his record. Respondents further maintained as a result, Mr. Rule's professional reputation, in an industry in which one's reputation is the most prized and carefully guarded commodity, has been and will continue to be irreparably tarnished.

In response to the counterclaim, Claimants maintained their claims are well grounded in law and in fact and Claimants and their counsel have investigated this matter. Claimants further maintained Respondent Rule has not presented any evidence of his damages or a method to quantify those alleged damages.

RELIEF REQUESTED

Claimants requested damages of \$27,498.50 plus interest at the lawful rate, Claimants' actual attorneys' fees, filing fees, costs and expenses associated with the matter and such other and further relief as the arbitration panel deems just and proper. In addition, Claimants requested a dismissal of the counterclaim.

Respondents requested that all of the claims asserted by each of the Claimants in this proceeding be dismissed in their entirety and that the costs incurred by the Respondents be assessed against the Claimants and that Respondent Lawrence Rule receive an award against each of the Claimants, jointly and severally, in an amount no less than \$50,000.00.

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 claims of the Claimants against both Respondents be and hereby are denied.
2. The counterclaim of the Respondents against both Claimants be and hereby is denied.
3. 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 Fees are assessed.

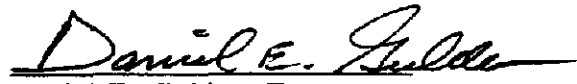
3 sessions (\$400.00 x 3) = \$1,200.00 less Claimant's hearing session deposit (\$400.00) less Respondent Bear Stearns & Co., Inc.'s hearing session deposit (\$600.00) = \$200.00 net due.

The Claimants be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$200.00 representing forum fees.

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

Concurring Arbitrators' Signatures
Name

Public/Industry


Daniel E. Gulden, Esq.

Public


Stuart Meyers

Public


Morris R. Copeland, Jr.

Industry

Date of Decision: June 27, 1994