

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Claimants

Dr. Marc T. Edwards and Cynthia Edwards

vs.

Case # 93-02530

Respondents

Scott Landow and Bear Stearns & Co.

REPRESENTATION

For Claimant: Edward W. Russey, III, Esq. of Investors Arbitration Services, Inc. located in Woodland Hills, California.

For Respondent: James M. Hubbert, Esq. of Bear Stearns and Company, New York, New York.

CASE INFORMATION

Statement of Claim filed: June 11, 1993

Claimant's Submission Agreement signed on: June 11, 1993

Statement of Answer filed by Respondents, Bear Stearns & Company and Scott D. Landow, on: September 10, 1993.

Respondent, Scott D. Landow's, Submission Agreement signed on: September 10, 1993.

Respondent, Bear Stearns & Company's, Submission Agreement signed on: September 10, 1993.

HEARING INFORMATION

Hearing Dates/Sessions: March 17, 1994 (2 Sessions)
 March 18, 1994 (2 Sessions)

Hearing Location: NASD Inc. 33 Whitehall Street, New York, NY.

CASE SUMMARY

Claimants allege that Claimant, Marc Edwards ("Mr. Edwards") was first introduced to Respondent, Scott Landow ("Landow") of Bear Stearns (Respondent) by his wife in the summer of 1989 at a meeting to discuss possible investment of Claimants' funds by the Landow. Claimant, Cynthia Edwards, ("Mrs. Edwards") had previously met Landow when he served as her mentor while she was studying for her masters degree at SMU. As a result of this meeting, the Claimants opened an account at Bear Stearns in September 1989 and deposited \$68,000.00.

Claimants allege that Landow employed fraud, deceit, misrepresentation and omission of material fact, in that he knowingly made false statements to induce Claimants to invest in common stock. Specifically, the Claimants allege that the Landow stated at a meeting in the summer of 1989 that he would limit the Claimants' losses to 10 percent of any capital invested; and Claimants further allege that Landow failed to recommend suitable investments in relation to the Claimants' investment objectives.

Claimants also allege that Respondent, Bear, Stearns & Co. had a duty to supervise its registered representatives in handling client accounts and failed to exercise this duty. Claimants allege further that a fiduciary relationship existed between the Claimants and Respondents and that Respondents breached the duty owed to the Claimants. Claimant allege that: Respondents failed to inform Claimants of the high risk associated with the Claimants' account, and that an implied covenant of good faith and fair dealings existed between Respondents since the opening of the account and that Respondents breached this duty by means of their false misrepresentations, material omissions, breach of fiduciary duty and negligence.

Respondents deny all claims and Respondent Landow, specifically denies making any claims that he would limit the loss of invested capital and Respondents request to all claims filed by Claimant be dropped.

RELIEF REQUESTED

Claimants requested damages in the amount of \$ 20,000 with interest and for cost of arbitration and expenses including reasonable consulting fees, expert witness fees and any other costs deemed reasonable.

Respondents requested that all claims asserted by Claimants be dismissed and that costs, forum fees, expenses and reasonable attorney's fees incurred by Respondent be assessed against Claimants.

OTHER ISSUES CONSIDERED & DECIDED

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.

Respondent, Bear Stearns & Co. admit that Landow was employed as a registered representative of Bear Stearns and that the Claimant established an account which was serviced by Landow as account executive.

Respondents admit that Landow met with Claimants during the summer of 1989 and discussed the possibility of establishing an account with Bear Stearns. Landow alleges at this meeting the Claimants expressed a willingness to assume a greater degree of risk in return for a higher yield on investment.

Landow denies that he ever agreed in any way to limit the potential losses of the Claimants. Specifically, Landow denies that he ever agreed to limit Claimants' losses to 10 percent of the amount invested. Landow denies having made false statements or omitting any material facts relating to Claimants investment.

Respondents deny that any of the securities purchased by the Claimants were inappropriate, unsuitable or inconsistent with their investment objectives and Bear Stearns denies it failed to adequately monitor and supervise the activities of Landow in handling of the Claimants' account.

Respondents deny that there existed any fiduciary duty that was owed to the Claimants and deny their conduct in the handling of the account of the Claimants breached any implied covenant of good faith and fair dealings.

Respondents further deny that their conduct in the handling of the Claimants' account was in any way negligent or that their conduct contributed to the loss allegedly sustained by the Claimants.

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:

- a) All claims asserted are hereby dismissed in their entirety

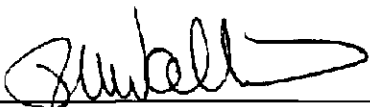
FORUM FEES

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

\$ 100.00 Non-refundable filing fee
\$1600.00 Hearing session fees (4 Sessions x \$400)

- 1) Total filing fees in the amount of \$1700.00 are hereby assessed equally between the Claimants and the Respondents.
- 2) Accordingly, Claimants are hereby assessed the amount of \$850. Claimants are entitled to offset this amount with the \$500 previously paid to the NASD. The Claimants are directed to pay the balance of \$350 to, NASD Inc.
- 3) Respondents are assessed the amount of \$850, and shall remit that amount to the NASD Inc.

Concurring Arbitrator's Signature


Richard W. Vallario, Esq.

Public Chairperson

Date of Decision: May 12, 1994

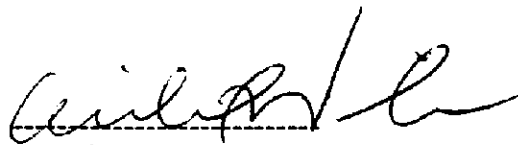
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STATE OF NEW ~~YORK~~ JERSEY S.S.:
COUNTY OF ESSEX

MAY

On this 10 day of ~~April~~, 1994, before me personally appeared **RICHARD W. VALLARIO, ESQ.**, known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledge to me that he executed the same.



MICHAEL J. VIOLA
ATTORNEY AT LAW
STATE OF NEW JERSEY

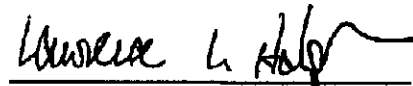
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Concurring Arbitrator's Signature



Lawrence L. Halpern

Industry Panelist

Date of Decision: May 12, 1994

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STATE OF NEW YORK
COUNTY OF *Richmond*

S.S.:

On this day of April, 1994, before me personally appeared **LAWRENCE L. HALPERN**-----
known to me to be the individual described in and who executed the foregoing instrument and
be duly acknowledge to me that he executed the same.

Marjorie LaMantia

MARJORIE LaMANTIA
Notary Public, State of New York
No. 01-LA4972091
Qualified in Richmond County
Commission Expires Sept. 17, 1994

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Concurring Arbitrator's Signature


Edward T. Hill

Public Panelist

Date of Decision: May 12, 1994

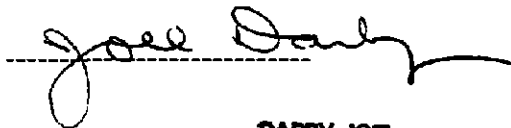
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STATE OF NEW YORK
COUNTY OF Westchester

S.S.:

On this 23 day of April, 1994, before me personally appeared **EDWARD T. HILL** known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledge to me that he executed the same.



DARBY JOEL
Notary Public, State of New York
No. 5918676
Qualified in Nassau County
Commission Expires Dec 31, 1994