

**AWARD**

**NASD REGULATION, INC., OFFICE OF DISPUTE RESOLUTION**

In the matter of the Arbitration Between

**Name of Claimant**

Fred Kayne

v.

Arbitration No.  
96-01926

**Name of Respondent**

Bear Stearns, Inc.

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**REPRESENTATION**

For Claimant:

Fred Kayne  
In pro per  
Los Angeles, California

For Respondent:

Robert H. Logan, Esq.  
Richard W. Smirl, Esq.  
Keesal, Young & Logan  
Long Beach, California

**CASE INFORMATION**

Statement of Claim filed:

July 3, 1996

Claimant's Submission Agreement signed:

May 3, 1996

Statement of Answer filed by Respondent:

September 9, 1996

Respondent's Submission Agreement signed:

September 9, 1996

### **HEARING INFORMATION**

Pre-Hearing Conferences/Sessions:	March 12, 1997 (1 session) July 17, 1997 (1 session)
Hearing Dates/Sessions:	November 11, 1997 (2 sessions) November 12, 1997 (2 sessions) February 9, 1998 (2 sessions)
Hearing Location:	Los Angeles, California

### **CASE SUMMARY**

Claimant alleged that Respondent improperly recommended and sold Claimant municipal securities which Respondent represented were exempt from Federal and State taxes. The IRS and the State of California later denied the tax-free status of the bonds, causing Claimant to pay substantial taxes and interest.

### **RELIEF REQUESTED**

Claimant sought \$96,632.00 in compensatory damages.

Respondent sought the dismissal of Claimant's Statement of Claim in its entirety.

### **OTHER ISSUES CONSIDERED AND DECIDED**

The parties have agreed that the Award in this matter may be executed in either 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 remains on file with the NASD Regulation, Inc., Office of Dispute Resolution.

### **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. Claimant's claims are denied in their entirety.

### **FORUM FEES**

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed against Respondent Bear Stearns, Inc.:

Two (2) Pre-Hearing Conferences @ \$500.00/Session	= \$1,000.00
Six (6) Hearing Sessions @ \$500.00/Session	= \$3,000.00
<u>Claimant's Filing Fee of \$150.00</u>	<u>= \$150.00</u>
Total Forum Fees Assessed	= \$4,150.00
 Respondent's Amount Due	 = \$4,150.00

Claimant's Hearing Session Deposit of \$500.00 shall be refunded by NASD Regulation, Inc.

Fees are payable to NASD Regulation, Inc.

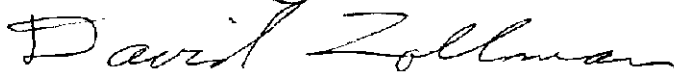
**ARBITRATORS**

<u>Name</u> .....	<u>Public/Industry</u>
Wendy L. Kohn, Esq.	Public Arbitrator
David Zollman	Public Arbitrator
John Alen DeRosa	Industry Arbitrator

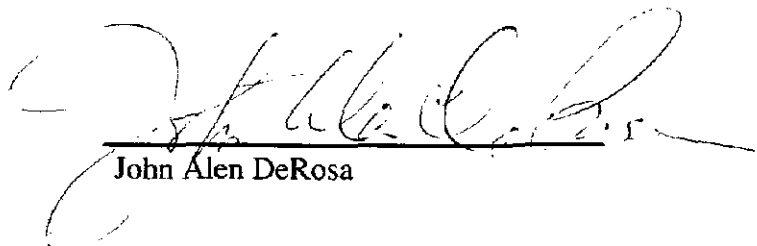
**Concurring Arbitrators' Signatures**



Wendy L. Kohn, Esq.



David Zollman



John Alen DeRosa

Date of Service: 10 February 1998