

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
Racetrac Petroleum, Inc.

Case Number: 07-03561

Names of the Respondents
Bear Stearns & Co., Inc.
Bear Stearns Securities Corp.
Bear Stearns Asset Management, Inc.
Ralph Cioffi
Richard Marin
Ray McGarrigal
Matthew Tannin

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Customer vs. Member, Non-Member and Associated Person.

REPRESENTATION OF PARTIES

For Racetrac Petroleum, Inc., hereinafter referred to as "Claimant": Ross B. Intelisano, Esq. and John Rich, Esq., Rich & Intelisano, LLP, New York, New York.

For Respondents Bear Stearns & Co., Inc. ("BS&C"), Bear Stearns Securities Corp. ("BSSC") and Bear Stearns Asset Management, Inc. ("BSAM"): Marshall Fishman, Esq., and Gabrielle Gould, Esq., Kramer Levin Naftalis & Frankel, LLP, New York, New York.

For Respondent Ralph Cioffi ("Cioffi"): Marc A. Weinstein, Esq., Hughes Hubbard & Reed LLP, New York, New York.

For Respondent Richard Marin ("Marin"): Andrew J. Levander, Esq., Dechert LLP, New York, New York.

For Respondent Ray McGarrigal ("McGarrigal"): Cori Browne, Esq., Driscoll & Redlich, New York, New York.

For Respondent Matthew Tannin ("Tannin"): Nina M. Beattie, Esq., Brune & Richard LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: December 19, 2007.

Claimant signed the Submission Agreement: November 6, 2007.

Statement of Answer filed by Respondents BS&C, BSSC and BSAC on or about: April 2, 2008.

Respondents BS&C and BSSC signed the Submission Agreement: April 1, 2008.

Respondent BSAM signed the Submission Agreement: April 4, 2008.

Statement of Answer filed by Respondent Marin on or about: April 9, 2008.
Respondent Marin signed the Submission Agreement: January 23, 2008.
Respondents Cioffi, McGarrigal and Tannin did not file Statements of Answer or signed Submission Agreements.

CASE SUMMARY

Claimant asserted the following causes of action: 1) fraud under the Securities Exchange Act of 1934; Title 10, Chapter 5 of the Georgia Code; and other applicable statutes; 2) common law fraud; 3) misrepresentation and material omission; 4) breach of fiduciary duty; 5) breach of contract; 6) unsuitability; 7) aiding and abetting; 8) gross negligence; 9) negligence; 10) failure to supervise; 11) control person liability; and, 12) respondeat superior. The causes of action relate to the investment in Bear Stearns High Grade Structured Credit Strategies L.P. Fund in Claimant's account.

Unless specifically admitted in their Answers, Respondents BS&C, BSSC, BSAM and Marin denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested compensatory damages in the amount of \$5,000,000.00, attorneys' fees and treble damages pursuant to Section 10-5-14 of the Georgia Code, O.C.G.A §10-5-14 (2007), rescission, pre- and post-award interest, costs, expenses, expert fees, FINRA fees, punitive damages and such other relief available by applicable statute or law.

In their Statement of Answer, Respondents BS&C, BSSC and BSAM requested that the Panel dismiss Claimant's claim in its entirety and award attorneys' fees, costs, fees, expenses and such other relief as this Panel deemed just and proper.

In his Statement of Answer, Respondent Marin joined in the Statement of Answer of Respondents BS&C, BSSC and BSAM.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel acknowledges that they have each read the pleadings and other materials filed by the parties.

Respondent BSAM is not a member or associated person of FINRA, however Respondent BSAM voluntarily submitted to arbitration and is therefore bound by the determination of the Panel on all issues submitted.

Respondents Cioffi, McGarrigal and Tannin did not file with FINRA Dispute Resolution properly executed Submission Agreements but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

On or about April 23, 2008, Claimant notified FINRA Dispute Resolution that it was

dismissing its claim, without prejudice, against Respondents Cioffi, Marin, McGarrigal and Tannin. Respondent Marin agreed to the dismissal, without prejudice. Pursuant to Claimant's dismissal, the Panel made no further determination as to these Respondents.

During the final hearings, Claimant made an ore tenus Motion for Judgment of all Claims. The Panel denied the motion. In addition, Respondents BS&C, BSSC and BSAM made an ore tenus Motion to Dismiss. The Panel granted the motion as to Claimant's claims of fraud, breach of fiduciary duty, breach of contract, unsuitability, aiding and abetting, gross negligence and control person liability. The Panel denied the motion as to Claimant's claims of misrepresentation and material omission, negligence, failure to supervise and respondeat superior.

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.

AWARD

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

Claimant's claims of fraud, breach of fiduciary duty, breach of contract, unsuitability, aiding and abetting, gross negligence and control person liability are dismissed, with prejudice.

Respondents BS&C, BSSC and BSAM are found jointly and severally liable for misrepresentation and material omission, negligence, failure to supervise and respondeat superior and shall pay to Claimant compensatory damages in the amount of \$3,431,889.00, pre-judgment interest specifically denied.

Any and all claims for relief not specifically addressed herein, including Claimant's requests for punitive and treble damages and the parties' requests for attorneys' fees, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee = \$1,800.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s)

giving rise to the dispute. Accordingly, Respondent BS&C is a party and was a member firm.

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Respondent BSSC is a party and was a member firm

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

March 17- 20, 2009, requested by Claimant and Respondents BS&C, BSSC and BSAM. = \$1,200.00

The Panel has assessed \$600.00 of the adjournment fee to Claimant.

The Panel has assessed \$600.00 of the adjournment fee jointly and severally to Respondents BS&C, BSSC and BSAM.

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) Decision on discovery-related motions on the papers with (3) three arbitrators @ \$600.00 = \$600.00

Claimant submitted one discovery-related motion

Total Discovery-Related Motion Fees = \$600.00

The Panel has assessed \$300.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$300.00 of the discovery-related motion fees jointly and severally to Respondents BS&C, BSSC and BSAM.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Seven (7) Pre-hearing sessions with the Panel @ \$1,200.00/session	= \$8,400.00
Pre-hearing conferences: June 23, 2008	1 session
October 30, 2008	2 sessions
October 31, 2008	1 session
February 18, 2009	1 session
July 22, 2009	1 session

November 11, 2009 1 session

Thirty-two (32) Hearing sessions @ \$1,200.00/session = \$38,400.00

Hearing Dates:	April 14, 2009	2 sessions
	April 15, 2009	2 sessions
	April 16, 2009	2 sessions
	April 21, 2009	2 sessions
	April 22, 2009	2 sessions
	April 23, 2009	2 sessions
	April 24, 2009	2 sessions
	August 4, 2009	2 sessions
	August 5, 2009	2 sessions
	August 6, 2009	2 sessions
	August 11, 2009	2 sessions
	August 12, 2009	2 sessions
	August 13, 2009	2 sessions
	December 15, 2009	2 sessions
	December 16, 2009	2 sessions
	December 17, 2009	2 sessions

Total Hearing Session Fees = \$46,800.00

The Panel has assessed \$23,400.00 of the hearing session fees to Claimant.

The Panel has assessed \$23,400.00 of the hearing session fees jointly and severally to Respondents BS&C, BSSC and BSAM.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

<i>Anne H. Orr</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Jerome Jack Shure</i>	-	<i>Public Arbitrator</i>
<i>Kenneth Alexander Campbell</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

/s/
Anne H. Orr
Public Arbitrator, Presiding Chairperson

12/23/09
Signature Date

/s/
Jerome Jack Shure
Public Arbitrator

12/23/09
Signature Date

/s/
Kenneth Alexander Campbell
Non-Public Arbitrator

12/22/09
Signature Date

 12/23/09
Date of Service (For FINRA Dispute Resolution use only)

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Signature Date




Jerome Jack Shure
Public Arbitrator

12-23-09

Signature Date

FINRA Dispute Resolution
Arbitration No. 07-03561
Award Page 6 of 6


Kenneth Alexander Campbell
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