



Financial Industry Regulatory Authority

VIA FACSIMILE AND U.S. MAIL

December 23, 2009

Ross B. Intelisano
Rich & Intelisano, LLP
1 Trinity Centre
111 Broadway, Suite 1303
New York, NY 10006

FAXED
212 433-1481

Subject: FINRA Dispute Resolution Arbitration Number 07-03561
Racetrac Petroleum, Inc. v. Bear Stearns & Co. Inc., Bear Stearns Securities Corp.,
et al.

Dear Mr. Intelisano:

In accordance with the Code of Arbitration Procedure I enclose the decision reached by the arbitrators in the above-referenced matter.

Responsibility to Pay Monetary Award

Pursuant to the Code of Arbitration Procedure¹ the responsible party must pay any monetary awards within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. If an award is not paid within 30 days, the responsible party must pay post-judgment interest at the legal rate or as provided in the award by the arbitrators.

Tracking Payment of Award

FINRA Dispute Resolution has implemented a system of monitoring and tracking compliance with arbitration awards by members and associated persons. We request prevailing claimants to notify us in writing when their awards have not been paid within 30 days of receipt of the award, and require member firms to certify in writing that they have complied with awards against them or their associated persons.

Written notification concerning award compliance or lack thereof must be directed to:

Avichal Badash
FINRA Dispute Resolution
One Liberty Plaza
165 Broadway, 52nd Floor

¹Customer Code Rule 12904
Industry Code Rule 13904
Old Code Rule 10330(h)

Investor protection. Market integrity.

Dispute Resolution
Southeast Regional Office

Boca Center Tower 1
5200 Town Center Circle
Suite 200
Boca Raton, FL
33486-1015

t 561 416 0277
f 301 527 4868
www.finra.org

New York, NY 10006
212-858-4325 (tel) 301-527-4739 (fax)

Expedited Suspension Proceedings for Non-Payment of Awards

Members and associated persons who do not comply with an award in a timely manner are subject to expedited suspension proceedings as set forth in Rule 9554.

Right to File Motion to Vacate Award

All awards are **final** and are not subject to review or appeal by the arbitration panel or by FINRA Dispute Resolution. Any party wishing to challenge the award must make a motion to vacate the award in a federal or state court of appropriate jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 10, or applicable state statute. There are limited grounds for vacating an arbitration award, and a party must bring a motion to vacate within the time period specified by the applicable statute. Parties and counsel should consult federal and state statutes and case law to determine the appropriate court, standards, and time limitations in their individual circumstances. FINRA Dispute Resolution is not authorized to provide legal advice concerning a motion to vacate.

A motion to vacate, confirm, or modify an arbitration award is a matter only between the parties to the arbitration. FINRA Dispute Resolution is not a proper party to post-award motions and should not be named as a party to any post-award motion. However, for cases filed on or after April 12, 2004, if the award contains expungement relief, or if a party seeks expungement relief in court, there may be a duty to name FINRA as a party as provided in Rule 2080.

Questions Concerning Award

Please direct any questions regarding this award to me. **The parties must not contact the arbitrators directly.**

Forum Fees

You will receive under separate cover an invoice that reflects the fees assessed and any outstanding balance or refund due. **Fees are due and payable to FINRA Dispute Resolution upon receipt of the invoice and remitted to the address specified on the invoice.**

Any applicable refunds will also be sent under separate cover approximately 45 days after the case closes. Pursuant to the Code of Arbitration Procedure, "Any refunds of fees or costs incurred under the Code will be paid directly to the named parties, even if a non-party made payment on behalf of the named parties."²

All questions regarding payment of fees and refunds should be directed to FINRA Finance at (240) 386-5910.

Arbitration Evaluation

As a service organization, the primary goals of FINRA Dispute Resolution are the integrity of its process and the satisfaction of its clients. To ensure that we are meeting your needs and

² Customer Code Rule 12902(e)
Industry Code Rule 13902(e)

satisfying our commitment to you, **we need to hear from you.** If you have not already done so, please take the time to complete an evaluation of our services, the process, and the arbitrators assigned to your case. For your convenience, we have now made it possible for you to evaluate our services using the Internet. Please direct your Web browser to <http://www.finra.org/arbevaluation>.

If you do not have Internet access, or have difficulty completing the evaluation form online, we will send a hard copy evaluation form to you. The completed evaluation form should be mailed in to the address indicated below. If you need a hard copy of the evaluation form, please contact the undersigned. Whenever possible, however, we encourage you to use the new online version, as it will help us to review your feedback in a more expeditious manner. Your feedback is a valuable and necessary component in our efforts to serve you better.

Very truly yours,

/S/

Bonnie R. Simon
Senior Case Administrator
Phone: 561-416-0277
Fax: 301-527-4868
FL-Main@finra.org

BRS:grc:LC09A
idr: 08/25/2009

RECIPIENTS:

Gabrielle Gould, J.P. Morgan Clearing Corp.
Kramer Levin Naftalis & Frankel, LLP, 1177 Avenue of the Americas, New York, NY
10036-2714

Gabrielle Gould, Bear Stearns Asset Management, Inc.
Kramer Levin Naftalis & Frankel, LLP, 1177 Avenue of the Americas, New York, NY
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Gabrielle Gould, J.P. Morgan Securities, Inc.
Kramer Levin Naftalis & Frankel, LLP, 1177 Avenue of the Americas, New York, NY
10036-2714

Ross B. Intellisano, Racetrac Petroleum, Inc.
Rich & Intellisano, LLP, 1 Trinity Centre, 111 Broadway, Suite 1303, New York, NY
10006

**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

/s/
Kenneth Alexander Campbell
Non-Public Arbitrator

12/22/09
Signature Date

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

