

Bear Stearns Hedge Fund Losses Lead to Arbitration Claims, According to Law Firms Representing Investors – BSC

December 05, 2007: 09:00 AM EST

NEW YORK, Dec. 5, 2007 (PRIME NEWSWIRE) – A four-law firm legal team, with nationally recognized securities law experience, has filed investor claims against two subsidiaries of Bear Stearns Companies, Inc. (NYSE:BSC) -- Bear Stearns & Co., Inc. and Bear Stearns Securities Corp. -- over the recent collapse of a Bear Stearns hedge fund.

Arbitration claims were filed this week with Financial Industry Regulatory Authority (FINRA) by the law firms of Maddox, Hargett & Caruso, P.C., of New York, New York and Indianapolis, Ind.; Aidikoff, Uhl & Bakhtiari, of Beverly Hills, Calif.; Page Perry, LLC, of Atlanta, Ga.; and David P. Meyer & Associates Co., LPA, of Columbus, Ohio.

The Bear Stearns hedge fund at issue in the FINRA claims is the Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage (Overseas) Fund.

Three weeks ago, Massachusetts Secretary of State William Galvin charged Bear Stearns with improper trading in the failed hedge fund as well as the Bear Stearns High-Grade Structured Credit Strategies hedge fund. In late July, both funds filed for bankruptcy protection in the Southern District of New York, wiping out nearly all investor capital.

According to Steven B. Caruso of Maddox Hargett & Caruso's office in New York City, "Bear Stearns did not properly disclose related party transactions, the true nature of the risk of the illiquid securities in the investment portfolio and failed to protect the interests of their clients. Our investigation indicates that officials at Bear Stearns engaged in a concerted effort to conceal the true state of affairs at both of these hedge funds for an extended period of time before they imploded."

Added Ryan Bakhtiari, of Aidikoff, Uhl & Bakhtiari, "Given Bear Stearns' dominance in the mortgage-backed securities underwriting market, they knew or should have known how much subprime exposure both of these hedge funds faced. We're finding, in our investigation of these funds, that many investors in

these funds simply were unaware of what was being held in their portfolios because it was not adequately disclosed."

The legal team pursuing the arbitration claims includes the immediate past president and several current and former directors of the Public Investors Arbitration Bar Association (PIABA), the co-chairman of the American Bar Association Securities Arbitration Subcommittee, the current chair and past members of the FINRA National Arbitration and Mediation Committee (NAMC), a former general counsel of a national brokerage company, a former state securities commissioner, and a past member of the NASD Securities Arbitration Policy Task Force.

For more information, please visit www.subprimelosses.com.

More information on this and other class actions can be found on the Class Action Newswire at www.primenewswire.com/ca.