Hedge Fund Losses Lead to Filing of Arbitration Claims Against Bear Stearns, Ralph Cioffi and Matthew Tannin, According to Maddox Hargett & Caruso, P.C. and Other Law Firms Representing Investors

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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. -- and the portfolio managers for the Bear Stearns High Grade Structured Credit Strategies Fund - Ralph R. Cioffi Jr. and Matthew M. Tannin -- over the collapse last year of the Bear Stearns hedge fund.

Arbitration claims were filed with the Financial Industry Regulatory Authority (FINRA) by the law firms of Maddox, Hargett & Caruso, P.C., of New York City and Indianapolis, Indiana; Aidikoff, Uhl & Bakhtiari, of Beverly Hills, California.; 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 Fund, which imploded last summer and caused investors to have all of their capital wiped out.

Bear Stearns recently disclosed that the events leading up to the demise of the Bear Stearns High Grade Structured Credit Strategies Fund -- and the management of the fund by portfolio managers Cioffi and Tannin -- are the subject of a number of criminal and civil regulatory investigations by the Office of the United States Attorney for the Eastern District of New York, the United States Securities & Exchange Commission and others.

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 adequately 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 this hedge fund for an extended period of time before it 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 this hedge fund faced. We're finding, in our investigation of this fund, that many investors were simply 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.

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