

Law Firms Extend Bear Hedge Fund Arbitration Case

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FINalternatives – A group of law firms suing Bear Stearns over one of its collapsed credit hedge funds has added to its arbitration case against the firm—now part of JPMorgan Chase—and a former fund manager.

The four firms filed additional arbitration claims against Bear with the Financial Industry Regulatory Authority. The firms filed their initial claims, regarding the High-Grade Structured Credit Strategies Fund, in December.

“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 and that the victims of this nefarious scheme included both individual investors and professional money managers from around the world,” Steven Caruso of law firm Maddox Hargett & Caruso, said.

The original claims dealt with the High-Grade Structured fund’s riskier sibling, the High-Grade Structured Credit Strategies Enhanced Leverage (Overseas) Fund.

Last summer, both hedge funds filed for bankruptcy after being battered by the subprime credit crisis. Investors in the funds were left with little, if any, of their investments.