

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimants

Kimberly A. Riddlesperger  
and Clay L. Riddlesperger

Case Number: 01-00525

Name of the Respondents

Schneider Securities, Inc.; and  
Bradford D. Lingle

Hearing Site: St. Louis, Missouri

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**REPRESENTATION OF PARTIES**

Claimants Kimberly A. Riddlesperger and Clay L. Riddlesperger ("Claimants") were represented by Charles A. Seigel, III, Esq., of Siegel & Wolff, P.C. with offices are located in St. Louis, Missouri.

Respondents Schneider Securities, Inc. ("Schneider") and Bradford D. Lingle ("Lingle") were represented by Dennis A. Graham, Esq., of the firm of Kryz Boyle Freedman Graham Sawyer Terry & Moore, P.C., located in Denver, Colorado.

**CASE INFORMATION**

Statement of Claim filed: January 31, 2001.

Claimants signed the Uniform Submission Agreement: January 20, 2001.

Statement of Answer filed by Respondents on or about: April 11, 2001.

Respondent Schneider signed the Uniform Submission Agreement: April 18, 2001.

Respondent Lingle signed the Uniform Submission Agreement: April 23, 2001.

**CASE SUMMARY**

Claimants asserted the following causes of action: negligence and breach of fiduciary duty in several transactions involving stocks and warrants.. These causes of action resulted from the following actions taken by Respondents:

1. Recommending and executing trades which were inconsistent with stated investment objectives;
2. Failing to ensure that investment objects were suitable for the Claimants;
3. Recommending and engaging in the excessive use of margin which was unsuitable for the Claimants;
4. Charging excessive margin interest and commissions;

5. Engaging in misrepresentations and omissions of material fact in conveying trading information to the Claimants; and,
6. Schneider's failure to supervise Lingle's handling of the Claimants' accounts.

Unless specifically admitted in its Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Claimants failed to act promptly to mitigate damages and, therefore, Claimants are barred from recovering such damages caused by their own failure to take reasonable steps to avoid them;
2. Respondents asserted the affirmative defenses of contributory and comparative negligence, ratification, acquiescence, assumption of risk, accord and satisfaction, breach of contract, lack of reliance upon any action or inaction of Respondents, laches, waiver, estoppel and some of the claims are barred by the applicable statute of limitations;
3. The damages, if any, suffered by Claimants were caused by unforeseeable market factors and conditions affecting the value of the securities transactions complained of in Claimants' Claim for which neither Respondent are liable or responsible;
4. Claimants' causes of action fail to state a claim for which relief may be granted and therefore must be dismissed;
5. Claimants' damages were caused, if at all, by the negligence of third parties not a party to this proceeding over whom Respondents had no control;
6. Any alleged reliance by Claimants was neither reasonable nor justified;
7. Any action or inaction on the part of Respondents is not the cause in fact of Claimants' injury;
8. As a matter of law, Claimants' claims are barred by the delay between the transactions complained of and their complaint;
9. Respondent Schneider acted in good faith and did not directly or indirectly induce the act or acts constituting any alleged violations of the securities laws;
10. At all relevant times, Respondent Schneider had in place a supervisory system which was reasonably designed to supervise the activities of its agents, and implemented the system in a manner which would reasonably prevent the detected unlawful activities of its agents;
11. Some of the investments complained of are ineligible for submission to arbitration pursuant to Rule 10304 of the NASD Code of Arbitration procedure; and,
12. Claimants did not rely upon either Respondent, but upon the investment advice and analysis of persons who are not parties to this proceeding, including their neighbor, a former stockbroker and promoter of two of the stocks at issue.

**RELIEF REQUESTED**

Claimants Kimberly A. Riddlesperger and Clay L. Riddlesperger requested:

Compensatory Damages  
Punitive Damages

In excess of \$600,000.00;  
At least \$600,000.00;

Interest	Unspecified Sum;
Attorneys' Fees	Unspecified Sum;
Other Costs	Unspecified Sum; and
Other Monetary Relief, if any.	

Respondents requested that all claims be dismissed with prejudice, that any reference to this claim be expunged from Respondents' CRDs, and the Claimants be ordered to pay all costs and expenses, including attorneys' fees, incurred by the Respondents.

### **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:

1. Respondents Schneider Securities, Inc. and Bradford D. Lingle are jointly and severally liable for and shall pay to the Claimants, Kimberly A. Riddlesperger and Clay L. Riddlesperger, the sum of \$25,703.00 as compensatory damages;
2. In addition, Respondents Schneider Securities, Inc. and Bradford D. Lingle are jointly and severally liable for and shall pay to the Claimants, Kimberly A. Riddlesperger and Clay L. Riddlesperger, the sum of \$7,000.00 as attorneys' fees. In deciding to award attorneys' fees, the panel considered the arguments of counsel, as well as Missouri Revised Statutes, §409.4-11(j) and corresponding provision of Colorado Uniform Securities Act, and determined that authority existed for an award of attorneys' fees to the Claimants;
3. The parties shall bear their own costs of arbitration, including any additional attorneys' fees incurred, except for those sums specifically enumerated in this award; and,
4. Any and all relief not specifically addressed herein, including punitive damages, is denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 500.00
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#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Respondent Schneider Securities, Inc. is a party and the following member fees are assessed:

Member surcharge	= \$ 2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$ 4,500.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed: None.

#### **Forum Fees and Assessments**

The Panel has assessed forum 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:

One (1) Pre-hearing session with Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: December 10, 2001 1 session	
Six (#) Hearing sessions @ \$1,200.00	= \$ 7,200.00
Hearing Date2: July 9, 2002 2 sessions	
July 10, 2002 2 sessions	
July 11, 2002 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$ 8,400.00

The Panel has assessed \$4,200.00 of the forum fees, jointly and severally, to the Claimants, Kimberly A. Riddlesperger and Clay L. Riddlesperger, and assessed \$4,200.00 of the forum fees to Respondent Schneider Securities, Inc.

#### **EEE SUMMARY**

Claimants Kimberly A. Riddlesperger and Clay L. Riddlesperger are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 4,200.00
Total Fees	= \$ 4,700.00
Less payments	= \$ 1,700.00
Balance Due NASD Dispute Resolution	= \$ 3,000.00

Respondent Schneider Securities, Inc. is solely liable for:

Member Fees	= \$ 7,600.00
Forum Fees	= \$ 4,200.00
Total Fees	= \$11,800.00
Less payments	= \$ 7,600.00
Balance Due NASD Dispute Resolution	= \$ 4,200.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule

10330(g) of the Code.

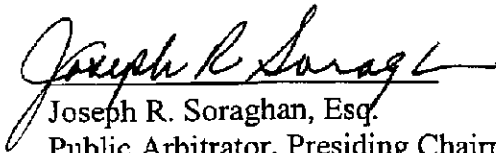
ARBITRATION PANEL

Joseph R. Soraghan, Esq. - Public Arbitrator, Presiding Chairperson

John E. Hoffman - Public Arbitrator

Glenda S. Bone - Non-Public Arbitrator

Concurring Arbitrators' Signatures

  
Joseph R. Soraghan, Esq.  
Public Arbitrator, Presiding Chairperson

August 5, 2002  
Signature Date

\_\_\_\_\_  
John E. Hoffman  
Public Arbitrator

\_\_\_\_\_  
Signature Date

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Glenda S. Bone  
Non-Public Arbitrator

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Signature Date

8/9/02 mhm  
Date of Service (For NASD Dispute Resolution office use only)

10330(g) of the Code.

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Signature Date

John E. Hoffman  
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Public Arbitrator

8/2/02  
Signature Date

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Glenda S. Bone  
Non-Public Arbitrator

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John E. Hoffman - Public Arbitrator  
Glenda S. Bone - Non-Public Arbitrator

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Public Arbitrator, Presiding Chairperson

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Signature Date

\_\_\_\_\_  
John E. Hoffman  
Public Arbitrator

\_\_\_\_\_  
Signature Date

Glenda Bone  
Glenda S. Bone  
Non-Public Arbitrator

8-6-02  
Signature Date

8/9/02 new  
Date of Service (For NASD Dispute Resolution office use only)