

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.,

In the Matter of Arbitration Between

HAROLD H. DENSFORD

Claimant

v.

ROBINSON HUMPHREY CO., INC.

Respondent

NASD NO. 88-01190

CASE SUMMARY

In a claim filed with the NASD on April 14, 1988, Claimant Harold Densford ("Densford") alleged that on October 20, 1987 his entire securities portfolio was liquidated causing a loss in his account. Densford alleged this action was taken without affording him the opportunity to meet a margin call. Densford also alleged that unsuitable trades were made in his account, that unauthorized discretion was taken in his account, that his account was churned and a breach of fiduciary duty because Respondent Robinson Humphrey & Co., Inc. ("Robinson Humphrey") failed to properly supervise its employee.

Robinson Humphrey maintained that all trades in Densford's account were authorized and suitable and that he was in fact an experienced options trader. Robinson Humphrey therefore denied any liability and submitted that Densford was, with the benefit of hindsight, seeking to recover market losses which were not caused by Robinson Humphrey.

Robinson Humphrey counterclaimed for the debit balance amount in Densford's account. Densford maintained that the losses were directly caused by the inept handling of Densford's account by Robinson Humphrey's account executive and, therefore, Robinson Humphrey was estopped to claim damages as the result of its own negligence.

7/10/89

RELIEF REQUESTED

Densford requested damages in the amount of \$48,490.00, assessment of arbitration costs to Respondent, forgiveness of the debit balance in his account, revocation or suspension of his broker's license and censure of Robinson Humphrey.

Robinson Humphrey requested dismissal of the claim in its entirety, judgment on its counterclaim and costs of this proceeding.

OTHER ISSUES

Prior to opening statements, Densford, through counsel, withdrew his request for revocation and suspension of his broker and censure of Robinson Humphrey as being beyond the power of the panel. The Panel acknowledged the withdrawal of these claims. Densford also moved pursuant to Section 25(b)(2)(iii) of the NASD Code of Arbitration Procedure to bar Robinson Humphrey from presenting any facts or defenses to the claim and to strike Robinson Humphrey's counterclaim on the basis that Robinson Humphrey's pleadings were not timely filed. The panel granted the motion in part and denied it in part. The panel allowed Robinson Humphrey to answer the claim and struck the counterclaim.

AWARD

On Friday, June 23, 1988 in Nashville, Tennessee, during a hearing lasting two sessions, the undersigned arbitrators heard the controversy as set forth in submissions to arbitration signed on April 12, 1988 by Claimant Harold H. Densford and on October 13, 1988 by William Hohausser, Assistant Vice President on behalf of Respondent Robinson Humphrey.

The arbitration panel having considered the pleadings, the testimony, and the evidence presented at the hearing has decided in full and final determination of all issues submitted as follows:

1. The debit balance which remained in Densford's securities account with Robinson Humphrey shall be forgiven by Robinson Humphrey;
2. The rest of Densford's claim shall be and is hereby dismissed in its entirety;
3. The parties shall each bear their respective costs and expenses including any attorney's fees incurred in this matter;

4. Pursuant to Section 30(b) of the NASD Code of Arbitration Procedure, the NASD shall be paid \$100 by Robinson Humphrey as costs in order to receive a postponement of a previous hearing date in this matter; and

5. Pursuant to Section 43(b) of the NASD Code of Arbitration Procedure, the NASD shall refund the \$500.00 filing fee deposited with the NASD by Densford and Robinson Humphrey is assessed and shall pay to the NASD, as forum fees, the sum of \$1,000.00

BY THE PANEL

Robert C. Hendon, Jr., Esq.
Presiding Chair

Mr. W. A. Westlake

Loren Kirkpatrick, Esq.