

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Barbara Gayle Watson Schmitte
Frederick A. Schmitte

91-01389

Name of Respondent(s)

J.C. Bradford & Co.
Robert J. Tinsley
The Robinson-Humphrey Company Inc.

REPRESENTATION

For Claimant: James R. Gilreath, Esq. of Greenville, South Carolina.

For Respondent J.C. Bradford & Co.: Jay S. Bowen, Esq. of Bass, Berry & Sims in Nashville, Tennessee.

For Respondent The Robinson-Humphrey Co., Inc.: G. Wayne Hillis, Jr., Esq. of Parker, Hudson, Rainer & Dobbs in Atlanta, Georgia.

Respondent Robert J. Tinsley appeared pro se.

CASE INFORMATION

Statement of Claim filed: May 3, 1991.

Claimants' Submission Agreement signed on: April 17, 1991.

Respondent The Robinson-Humphrey Co., Inc.'s Submission Agreement signed on: June 26, 1991.

Respondent Robert J. Tinsley's Submission Agreement signed on: July 20, 1991.

Respondent J.C. Bradford & Co. did not file a signed Submission Agreement as required by Sections 12 and 25 of the Code of Arbitration Procedure despite due notice being given.

Statement of Answer filed by Respondent The Robinson-Humphrey Co., Inc. on: June 26, 1991.

Statement of Answer filed by Respondent J.C. Bradford & Co. on: June 25, 1991.

Statement of Answer filed by Robert J. Tinsley on: July 24, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: January 21, 1992/two sessions
February 12, 1991/four sessions

Hearing Location: Atlanta, Georgia.

CASE SUMMARY

Claimants Barbara Gayle Watson Schmitte and Frederick A. Schmitte alleged that Respondents placed them in speculative, unsuitable securities such as Florida Express bonds, made use of a margin trading account, excessively churned their account, and misled the Claimants to believe they were earning a return on their account. Respondent The Robinson-Humphrey Co., Inc. maintained that the Claimants were aware of and approved the transactions in their account, that the Claimants continued to remove funds from their account, allowing losses and margin interest to accumulate, and that the Claimants failed to complain about the handling of their account in a timely manner. Respondent J.C. Bradford & Co. maintained that when trading losses occurred in the account at J.C. Bradford & Co., the Claimants failed to complain in a timely manner. J.C. Bradford asserted that it was only after waiting from April 1989 until October 1990 that the Claimants decided that the losses in their account were attributable to the improper actions of their broker. Respondent Robert J. Tinsley maintained that all investments in Claimants' account were agreed to and done by confirmation of the Claimants, that Claimants exaggerated the amount invested in the account and underestimated the amount withdrawn, and that the risk of performance of the invested securities was borne exclusively by the Claimants.

RELIEF REQUESTED

Claimants requested compensatory damages of at least \$179,000.00, unspecified punitive damages, and attorneys' fees. Respondent The Robinson-Humphrey Co., Inc. requested that the claims of the Claimants be dismissed. Respondent J.C. Bradford & Co., Inc. requested that the claims of the Claimants be dismissed. Respondent Robert J. Tinsley requested that the claims of the Claimants be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

(1) Respondents The Robinson-Humphrey Co., Inc. and Robert J. Tinsley are jointly and severally liable and shall pay to the Claimants the sum of Twenty Eight Thousand Three Hundred Thirty Three Dollars and Thirty Four Cents (\$28,333.34).

(2) Respondents J.C. Bradford & Co. and Robert J. Tinsley are jointly and severally liable and shall pay to the Claimants the sum of Fourteen Thousand One Hundred Sixty Six Dollars and Sixty Six Cents (\$14,166.66).

(3) The Claimants' claim for punitive damages is denied.

OTHER COSTS

(1) The parties shall each bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

(1) The NASD, Inc. shall refund the \$750.00 hearing session deposit previously deposited by the Claimants.

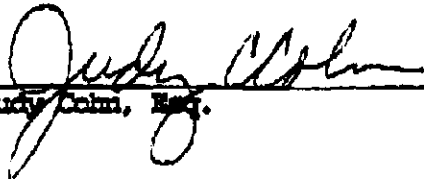
(2) Respondent Robert J. Tinsley is assessed \$4,500.00 in forum fees (6 sessions x \$750.00 = \$4,500.00).

Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures

Robert N. Leitch, Esq. (chairperson)

Public Arbitrator



Judy Cohn, Esq.

Public Arbitrator

Earle Dodd

Industry Arbitrator

Date of Award: MARCH 26, 1992

Concurring Arbitrators' Signatures

Robert N. Leitch
Robert N. Leitch, Esq. (chairperson)

Public Arbitrator

Judy Cohn, Esq.

Public Arbitrator

Earle Dodd

Industry Arbitrator

Date of Award: MARCH 26, 1992

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Concurring Arbitrators' Signatures

Robert N. Leitch, Esq. (chairperson)

Public Arbitrator

Judy Cohn, Esq.

Public Arbitrator


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Industry Arbitrator

Date of Award: MARCH 26, 1992