

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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**In the Matter of the Arbitration Between**

**Name of Claimants**

**Claude L. Huey**

**94-01386**

**Name of Respondents**

**Chatfield Dean & Co., Inc.**

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on April 12, 1994, Claimant Claude L. Huey, who appeared Pro Se, alleged that he was coerced into an investment in Microenergy, Inc. without regard to risk potential or personal investment objectives "because of the excessive sales credit" Respondent Chatfield Dean & Co., Inc. made on his purchases. Claimant further alleged that Respondent made a sales commission that was in excess of that allowed under NASD guidelines. Claimant contended that his financial advisor with Respondent, a Ms. Compton, provided misleading information on the return potential of MicroEnergy, Inc. ("MicroEnergy") Claimant further contended that Ms. Compton did not have an established customer base on which to draw commissions, and that Respondent has underpaid its brokers "draw salaries", and that these factors contributed to his capital being placed in "an excessively risky stock investment for their own financial gain on the excess sales credit" by Ms. Compton and Respondent. In a reply, Claimant alleged that Ms. Compton "filled in and estimated my annual salary and net worth" on his new account card, and that a better estimate would have been an annual salary of \$40,000.00 and a net worth of \$100,000.00. As a result of the above, Claimant alleged that he has suffered damages for which Respondent should be held liable.

Respondent Chatfield Dean & Co., Inc., through its representative Christa D. Taylor, Esq., Greenwood Village, CO, contended that Claimant's new account card indicated that he had an annual salary of \$50,000.00, a net worth of \$300,000.00, and his listed investment objective was "speculation". Respondent

further contended that Claimant could not have been unaware of the risk inherent in investing in MicroEnergy stock, since it was "selling for 22 or 26 cents in the fall of 1991". Respondent denied that it predicted that MicroEnergy's price would rise to 60 cents per share. Respondent maintained that if it overcharged Claimant, Claimant has been made whole. Respondent further maintained that it has not profited "above the 5% markup" after it had made restitution to the Claimant. Respondent contended that from monthly statements, Claimant knew that the price of MicroEnergy was steadily declining, yet he did nothing to mitigate his damages. As a result of the above, Respondent maintained that it should not be held liable in this matter.

#### **RELIEF REQUESTED**

Claimant Claude L. Huey, III requested \$6743.86 in actual damages, \$2,515.42 in interest, and \$150.00 in costs.

Respondent Chatfield Dean & Co., Inc. requested that the claims of the Claimant be dismissed.

#### **AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single public arbitrator, Judy C. Cohn, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on April 4, and by the Respondent on May 17, 1994.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of Claimant Claude L. Huey, III against Respondent Chatfield Dean & Co., Inc. are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

**Affirmation**

**STATE OF**

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**COUNTY OF**

I, Judy C. Cohn, do hereby affirm upon my oath  
as arbitrator that I am the individual described in and who executed this instrument,  
which is my oath and award.

Judy C. Cohn  
Signature of Arbitrator

DATE OF DECISION: September 29, 1995