

**NASD AWARD**

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between

Name of Claimant

Roy Harvey Longuet

and

95-01551

Name of Respondent

Kim Bradford

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**REPRESENTATION OF PARTIES**

Roy Harvey Longuet ("Claimant") appeared Pro Se'.

Kim Bradford ("Respondent") was represented by John R. Loftus, Esq. of Keesal, Young & Logan located in Long Beach, CA.

**CASE INFORMATION**

The Statement of Claim was filed on or about March 28, 1995.

The Submission Agreement of the Claimant was signed on May 4, 1995.

The Statement of Answer was filed on or about June 28, 1995.

The Submission Agreement of the Respondent was signed on July 13, 1995.

**HEARING INFORMATION**

The hearing was held on March 13, 1996 in Houston, TX for one (1) hearing session.

CASE SUMMARY

In the Statement of Claim, Roy Harvey Longuet ("Longuet") alleged among other things that Kim Bradford ("Bradford") made unauthorized transactions, failed to execute trades, misquoted stock prices, bought stocks at incorrect prices and had a general lack of concern with respect to Claimant's IRA-SEP account at Torrey Pines Securities, Inc. Claimant contended that his account was speculative in nature, primarily investing in stocks of relatively small capitalized companies with earnings, producers of precious metals and oil/gas and other natural resources. Longuet made various complaints about transactions involving Cornucopia Resources Ltd. stock during 1992 and 1993 including the following - he did not care for the stock, Torrey Pines was the underwriter for the stock and he would make a better profit on BMG calls. Longuet alleged that a purchase of 2000 shares of Kenrich Mining Corp on April 14, 1993 was unauthorized although the confirmation slip indicated that it was an unsolicited order. The Claimant contended that the purchase of Consolidated Pine Channel Gold Corporation of 5000 shares of stock on July 21 and 22, 1993 was pure speculation. Longuet claimed that the sale of 1500 shares of Diamond Offshore Partners on June 7, 1993 was not what he wanted and that the price of the stock continued to rise until about July, 1994. With regard to sales of shares of Equinox stock on July 15, 1993 and August 12, 1993, Longuet complained about the timing of the sale as well as that the commission was high and that he was not informed it was underwritten by Torrey Pines. The Claimant made similar allegations of wrongdoing for other miscellaneous transactions.

In his Answer, Kim Bradford denied the allegations set forth in the Statement of Claim. Respondent specifically stated that Longuet was fully advised about the securities he purchased and sold and about the profits and losses generated. Respondent maintained that not only were the investments consistent with the Claimant's strategy but that the equity in the account was doubled from the initial deposit of \$130,000.00 to over \$260,000.00. Bradford asserted many affirmative defenses including, but not limited to, the following:

1. Longuet expressly ordered, authorized, participated in and ratified the acts and transactions complained of. He was, therefore, precluded from recovery based on the principles of ratification, estoppel and waiver.
2. Longuet failed to mitigate his damages.
3. The Statement of Claim failed to state a claim upon which relief may be granted.
4. All losses that incurred in the account were the result to market conditions and not misfeasance or malfeasance on the part of Bradford.
5. Longuet failed to use the requisite due diligence in monitoring, managing and handling his account. Any losses suffered by him were the result of his own conduct or negligence or the conduct or negligence of a third party.
6. The claim was barred in whole or in part by the applicable statute of limitation including, but not limited to, the Code of Civil Procedure.

**RELIEF REQUESTED**

Roy Harvey Longuet requested an award in the approximate amount of \$90,000.00 in actual damages and \$370,000.00 in exemplary damages.

Kim Bradford requested that the Statement of Claim be dismissed and that an award be rendered in favor of the Respondent.

**OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that a handwritten, signed Award may be entered. The parties have agreed to receive conformed copies of the award while the original remains 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. The Statement of Claim is hereby dismissed and denied in its entirety;
2. The panel of arbitrators orders the expungement of this arbitration case from the Central Registry Depository (a.k.a. CRD) of the National Association of Securities Dealers, Inc. ("NASD") for the record of Respondent, Kim Bradford; and
3. The parties shall bear their own costs including attorneys' fees except for those specifically enumerated herein.

**FORUM FEES**

Forum fees are calculated at the rate of \$750.00 per hearing session. There was one (1) hearing session x \$750.00 = \$750.00 in forum fees. Pursuant to Section 43(b) of the Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to Section 43(c) of the Code, the National Association of Securities Dealers, Inc. shall retain the non-refundable filing fee in the amount of \$200.00 and shall retain as forum fees the

hearing session deposit in the amount of \$750.00 previously deposited with the NASD by the Claimant, Roy Harvey Longuet.

Signatures:

Dated:

A. Ross Rommel, Jr., Esq.  
A. Ross Rommel, Jr., Esq.  
Public Arbitrator, Presiding Chair

May 2, 1996

James P. Hoefling  
James P. Hoefling  
Public Arbitrator

May 2, 1996

Gil A. Baumgarten  
Gil A. Baumgarten  
Industry Arbitrator

May 2, 1996

Date served by the NASD: May 8, 1996