

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

Monte Land G'Sell, Individually,
Monte Land G'Sell Revocable Living Trust, and
Monte Land G'Sell, TTEE

Case Number: 19-01232

vs.

Respondents

AOS, Inc. d/b/a TradingBlock d/b/a Moneyblock
and Thomas Wyman Badgett

Hearing Site: Houston, Texas

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Customers vs. Member and Associated Person

This case was decided by a majority-public panel.

REPRESENTATION OF PARTIES

For Claimants Monte Land G'Sell (G'Sell), Individually, Monte Land G'Sell Revocable Living Trust, and Monte Land G'Sell, TTEE (collectively "Claimants"): Nelson S. Ebaugh, Esq., Nelson S. Ebaugh, P.C., Houston, Texas.

For Respondents AOS, Inc. d/b/a TradingBlock d/b/a Moneyblock ("TradingBlock") and Thomas Wyman Badgett ("Badgett") (collectively, "Respondents"): Martin S. Schexnayder, Esq. and R. Turner Johnston, Esq., Winget Spadafora Schwartzberg LLP, Houston, Texas.

CASE INFORMATION

Statement of Claim filed on or about: May 3, 2019.

Claimants signed the Submission Agreement: May 2, 2019.

Statement of Answer filed on or about: June 14, 2019.

TradingBlock signed the Submission Agreement: June 17, 2019.

Badgett signed the Submission Agreement: June 14, 2019.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action: suitability and churning; violations of §33(A)(2) of the Texas Securities Act; breach of fiduciary duty;

negligence; negligent misrepresentation; violations of the Texas Deceptive Trade Practices Act; breach of the duty of good faith and fair dealing; statutory fraud under Tex. Bus. & Com. Code §27.0; common-law fraud; fraud by non-disclosure; promissory estoppel; and joint and several, vicarious, and control person liability. The causes of action relate to Claimants' allegations that Respondents unsuitably invested and churned G'Sell's accounts and inappropriately placed her accounts on margin, including unsuitable ConocoPhillips (COP), Twitter, Inc. (TWTR), Exxon Mobile (XOM), and Chevron (CVX) transactions. Claimants further allege that Respondents failed to warn G'Sell of the high degree of risk involved in investing on margin and option investing and, instead, assured her that her investments were being conservatively managed.

Unless specifically admitted in the Statement of Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested that an award be entered ordering Respondents to pay to Claimants as follows:

- a. All sums lost on any or all transactions made or not made in the amount of \$1,000,000.01 to \$2,000,000.00; plus, additionally or alternatively,
- b. All lost opportunities incurred as a result of acts and/or omissions; plus, additionally or alternatively,
- c. Rescission of any or all transactions as sought; plus, additionally or alternatively,
- d. Any and all transaction fees, including, but not limited to commissions; plus, additionally or alternatively,
- e. Statutory damages as provided by applicable law; plus, additionally or alternatively,
- f. Punitive damages; plus,
- g. Pre-award and pre-judgment interest on all sums invested from the date deposited until the date of the award and/or judgment and until such sums are paid, all at the highest rate allowed by law; plus, additionally or alternatively,
- h. All costs of these proceedings and for recovery of damages incurred, including legal fees, including while on appeal, if any, and for collection; plus, additionally or alternatively,
- i. Any and all other relief available to Claimants, in law or equity or otherwise, which may be granted to Claimants by the Panel.

In the Statement of Answer, Respondents requested that the Panel dismiss all of the claims and causes of actions asserted in the Statement of Claim, award their reasonable attorneys' fees and costs incurred in defending this case, and award such other and further relief, whether in law or in equity, to which they may be justly entitled.

At the hearing, Claimants requested \$407,671.69 in market-adjusted damages, \$101,064.39 in pre-award interest, \$36,042.50 as reasonable and necessary attorneys' fees, and \$815,343.38 in exemplary damages.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On September 30, 2020, Claimants filed a Motion for Zoom Hearing. On October 5, 2020, Respondents filed a Response to Claimant's Motion to Conduct Final Hearing Via Zoom. On October 9, 2020, Claimants filed a Reply in Support of Motion for Zoom Hearing. On October 27, 2020, the Panel heard oral arguments on the Motion for Zoom Hearing. In an Order dated the same day, the Panel ruled that the hearing would be held in-person but with some participants appearing via Zoom.

The Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and any post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. TradingBlock is liable for and shall pay to Monte Land G'Sell Revocable Living Trust the sum of \$106,000.00 in compensatory damages.
2. Badgett is liable for and shall pay to Monte Land G'Sell Revocable Living Trust the sum of \$5,000.00 in compensatory damages.
3. Respondents are jointly and severally liable for and shall pay to Monte Land G'Sell Revocable Living Trust interest on the above-stated sum at the rate of 3.5% per annum from thirty days after the award is served through and including the date the award is paid in full.
4. TradingBlock is liable for and shall pay to Monte Land G'Sell Revocable Living Trust the sum of \$36,042.50 in attorneys' fees pursuant to the Texas Securities Law and the Texas Deceptive Trade Practices Act.
5. Respondents are jointly and severally liable for and shall pay to Claimants \$600.00 to reimburse Claimants for the non-refundable portion of the filing fee previously paid to FINRA Dispute Resolution Services.
6. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages and treble damages, are denied.

FEES

Pursuant to the Code of Arbitration Procedure ("Code"), the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services assessed a filing fee* for each claim:

Initial Claim Filing Fee = \$ 2,000.00

**The filing fee is made up of a non-refundable and a refundable portion.*

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 person at the time of the events giving rise to the dispute. Accordingly, as a party, TradingBlock is assessed the following:

Member Surcharge = \$ 3,025.00
Member Process Fee = \$ 6,175.00

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator(s), including a pre-hearing conference with the Arbitrator(s), which lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) pre-hearing sessions with the Panel @ \$1,400.00/session	= \$	4,200.00
Pre-Hearing Conferences: August 29, 2019	1 session	
May 4, 2020	1 session	
October 27, 2020	1 session	
Three (3) hearing sessions @ \$1,400.00/session	= \$	4,200.00
Hearings: January 26, 2021	2 sessions	
January 27, 2021	1 session	
<hr/>		
Total Hearing Session Fees	= \$	8,400.00

The Panel has assessed \$2,100.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$2,100.00 of the hearing session fees jointly and severally to Respondents.

The Panel has assessed \$4,200.00 of the hearing session fees to TradingBlock.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATION PANEL

Maryanne M. Esser	-	Public Arbitrator, Presiding Chairperson
Sherry R. Wetsch	-	Public Arbitrator
Thomas Deon Warner	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Concurring Arbitrators' Signatures

Maryanne M. Esser

Maryanne M. Esser
Public Arbitrator, Presiding Chairperson

02/02/2021

Signature Date

Sherry R. Wetsch

Sherry R. Wetsch
Public Arbitrator

02/02/2021

Signature Date

Thomas Deon Warner

Thomas Deon Warner
Non-Public Arbitrator

02/02/2021

Signature Date

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

February 02, 2021

Date of Service (For FINRA Dispute Resolution Services use only)