

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant

Susan Beth Gordon Neal

Case Number: 19-01892

vs.

Respondents

Principal Securities, Inc.
David Lee Reynolds
Steven Jay Wright

Hearing Site: San Francisco, California

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: Customer vs. Member and Associated Persons

This case was decided by a majority-public panel.

REPRESENTATION OF PARTIES

For Claimant Susan Beth Gordon Neal (“Claimant”): Adam J. Stewart, Esq., Adam Stewart, Inc., Modesto, California.*

For Respondents Principal Securities, Inc. (“Principal Securities”) and Steven Jay Wright (“Wright”): Kathryn Roe Eldridge, Esq., Maynard Cooper and Gale, PC, Birmingham, Alabama.

Respondent David Lee Reynolds (“Reynolds”) appeared pro se.

Hereinafter, Principal Securities, Wright, and Reynolds are collectively referred to as “Respondents”.

*FINRA recorded the appearance of Claimant’s counsel at the time of filing of the Statement of Claim. Counsel’s representation of Claimant may have ended with the parties’ settlement. Please see the Other Issues Considered and Decided section of this Award for information on whether Claimant’s counsel appeared at the expungement hearing.

CASE INFORMATION

Statement of Claim filed on or about: July 8, 2019.

Claimant signed the Submission Agreement: July 8, 2019.

Statement of Answer filed by Principal Securities and Wright on or about: September 30, 2019.
Statement of Answer filed by Reynolds on or about September 24, 2019.
Principal Securities signed the Submission Agreement: August 15, 2019.
Wright signed the Submission Agreement: August 21, 2019.
Reynolds signed the Submission Agreement: September 24, 2019.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: breach of fiduciary duty; failure to supervise; fraud; financial elder abuse; violation of FINRA Rules; churning; and suitability. The causes of action relate to unspecified securities in investments accounts held at Principal Securities.

In their respective Statements of Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested \$125,000.00 in compensatory damages.

In the Statement of Answer, Principal Securities and Wright requested:

1. Denial of Claimant's Statement of Claim in its entirety; and
2. Expungement of this matter from Wright's Central Registration Depository ("CRD") records.

In the Statement of Answer, Reynolds requested:

1. Dismissal of Claimant's claims; and
2. Costs.

OTHER ISSUES CONSIDERED AND DECIDED

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

On June 26, 2020, Principal Securities and Wright filed a Motion for Sanctions and Motion to Compel ("Motion"). On July 5, 2020, Claimant filed her opposition. On July 13, 2020, Principal Securities and Wright filed their reply. By Order dated July 22, 2020, the Panel granted the Motion.

On October 16, 2020, Wright filed a Motion to Dismiss pursuant to Rule 12504 of the Code of Arbitration Procedure ("Code"). On November 3, 2020, Claimant filed a response opposing the Motion to Dismiss. On November 16, 2020, Wright filed his reply. On January 15, 2021, the Panel denied the Motion to Dismiss.

On March 26, 2021, Claimant filed a notice of voluntary dismissal with prejudice against Respondents. Therefore, the Panel made no determination with respect to any of the relief requests contained in the Statement of Claim.

On April 12, 2021, Wright filed a Motion for Expungement, to which no response was filed.

The Panel conducted a recorded telephonic hearing on May 18, 2021, so the parties could present oral argument and evidence on Wright's request for expungement.

Claimant did not participate in the expungement hearing.

The Panel reviewed Wright's BrokerCheck® Report. The Panel noted that a prior arbitration panel or court has not previously ruled on expungement of the same occurrences in the CRD.

The Panel also reviewed the settlement documentation, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Panel noted that the settlement was not conditioned on any party to the settlement not opposing the request for expungement and that Wright did not contribute to the settlement amount.

In recommending expungement, the Panel relied upon the following documentary or other evidence: Claimant's Statement of Claim; Wright's motion for expungement; Wright's BrokerCheck® Report; Wright's testimony; and the settlement agreement.

AWARD

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

The Panel recommends the expungement of all references to the above-captioned arbitration (Occurrence Number 2045159) from registration records maintained by the CRD for Respondent Steven Jay Wright (CRD Number 2093028) with the understanding that, pursuant to Notice to Members 04-16, Respondent Steven Jay Wright must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by FINRA, parties seeking judicial confirmation of an arbitration award containing expungement relief must name FINRA as an additional party and serve FINRA with all appropriate documents.

Pursuant to Rule 12805 of the Code, the Panel has made the following Rule 2080 affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

The claim, allegation, or information is false.

The Panel has made the above Rule 2080 findings based on the following reasons:

Pursuant to FINRA Rule 2080 and Rule 12805 of the Code, Wright's Motion for Expungement of Claimant's customer dispute from his CRD records is granted.

Through mediation, Claimant settled all claims. Wright did not enter into the settlement or pay any part of the settlement against Principal Securities. Claimant also filed a notice with FINRA dismissing all claims against Wright with prejudice.

Wright has been in the broker industry for over 33 years and has served as Regional Managing Director in his firm since 2008. During his career, he has never had a customer complaint other than this complaint.

Based on the facts set forth in Wright's Answer to Claimant's Statement of Claim and those facts further described through Wright's testimony at the telephonic hearing, this matter should be expunged from Wright's CRD records.

Wright was not involved in the alleged theft and Wright was not Reynolds' supervisor. Accordingly, Claimant's claim as it related to Wright is factually impossible and/or false as well. Thus, all three provisions of the Rule 2080 grounds are satisfied in this case.

Wright was not involved in the alleged theft in Claimant's claim and was not responsible for supervising Reynolds. This expungement will have no material adverse effect on investor protection the integrity of the CRD system or regulatory requirements.

In this case, there is no legitimate regulatory purpose supporting the continued disclosure of this arbitration on Wright's CRD records and publicly available BrokerCheck® Report. On the other hand, Wright's legitimate interest in protecting his reputation and livelihood calls for recommending expungement relief.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	= \$	1,425.00
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**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Principal Securities is assessed the following:

Member Surcharge	= \$	1,700.00
Member Process Fee	= \$	3,250.00

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) decision on a discovery-related motion on the papers with one (1) Arbitrator @ \$200.00/decision	= \$	200.00
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One (1) decision on a discovery-related motion on the papers with the Panel @ \$600.00/decision = \$ 600.00

Principal Securities and Wright submitted two (2) discovery-related motions

Total Discovery-Related Motion Fees = \$ 800.00

The Panel has assessed \$700.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$100.00 of the discovery-related motion fees jointly and severally to Principal Securities and Wright.

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 Arbitrators, including a pre-hearing conference with the Arbitrators, which lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) pre-hearing sessions with the Panel @ \$1,125.00/session = \$ 3,375.00
Pre-Hearing Conferences: November 18, 2019 1 session
June 9, 2020 1 session
November 13, 2020 1 session

One (1) hearing session on expungement request @ \$1,125.00/session = \$ 1,125.00
Hearing: May 18, 2021 1 session

Total Hearing Session Fees = \$ 4,500.00

The Panel has assessed \$1,575.00 of the hearing session fees to Claimant.

The Panel has assessed \$1,125.00 of the hearing session fees jointly and severally to Respondents.

The Panel has assessed \$225.00 of the hearing session fees to Principal Securities.

The Panel has assessed \$225.00 of the hearing session fees to Reynolds.

The Panel has assessed \$1,350.00 of the hearing session fees to Wright.

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

ARBITRATION PANEL

Ralph A. Cotton	-	Public Arbitrator, Presiding Chairperson
Stanley Data, Jr.	-	Public Arbitrator
Juleanne (Julie) A. Thiebaut	-	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

Ralph A. Cotton

Ralph A. Cotton
Public Arbitrator, Presiding Chairperson

07/12/2021

Signature Date

Stanley Data, Jr.

Stanley Data, Jr.
Public Arbitrator

07/12/2021

Signature Date

Juleanne (Julie) A. Thiebaut

Juleanne (Julie) A. Thiebaut
Non-Public Arbitrator

07/12/2021

Signature Date

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July 13, 2021

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