

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Ronald Joseph Large

Case Number: 20-01572

vs.

Respondent
National Securities Corporation

Hearing Site: New York, New York

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: Associated Person vs. Member

This case was administered under the Special Proceeding option for simplified cases.

REPRESENTATION OF PARTIES

For Claimant Ronald Joseph Large: Tosh Grebenik, Esq., Judex Law LLC, Broomfield, Colorado.

For Respondent National Securities Corporation: Fred N. Knopf, Esq. and Emily Hayes, Esq., National Securities Corporation, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: May 18, 2020.

Ronald Joseph Large signed the Submission Agreement: May 18, 2020.

Statement of Answer filed by Respondent on or about: August 10, 2020.

National Securities Corporation signed the Submission Agreement: August 11, 2020.

CASE SUMMARY

In the Statement of Claim, Claimant asserted a claim seeking expungement of customer dispute information from registration records maintained by the Central Registration Depository (“CRD”).

In the Statement of Answer, Respondent took no position on Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested: expungement of Occurrence Number 1544038 and compensatory damages in the amount of \$1.00 from Respondent.

In the Statement of Answer, Respondent requested that Claimant pay all forum fees and costs, including member surcharges, incurred in this proceeding.

At the hearing, Claimant withdrew the request for \$1.00 in damages.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

On February 9, 2021, Claimant advised that the customer in Occurrence Number 1544038 was served with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded, telephonic hearing on March 2, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent participated in the expungement hearing and supported the claim for expungement.

The customer in Occurrence Number 1544038 did not participate in the expungement hearing. The Arbitrator found that the customer had notice of the expungement request and hearing.

The Arbitrator reviewed Claimant's BrokerCheck® Report. The Arbitrator noted that a prior arbitration panel or court did not previously rule on expungement of the same occurrence in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Number 1544038, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Arbitrator noted that Claimant did not contribute to the settlement amount. The Arbitrator also noted that the settlement was conditioned on the customer in the underlying dispute not opposing the expungement request of another Associated Person but was silent as it relates to Claimant. The Arbitrator further noted that Rule 2081 prohibits such conditional settlements; however, the settlement was dated March 7, 2012, prior to the effective date of Rule 2081 on July 30, 2014.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: the pleadings; Claimant's testimony; Claimant's BrokerCheck® Report; and the exhibits.

AWARD

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

1. The Arbitrator recommends the expungement of all references to Occurrence Number 1544038 from registration records maintained by the CRD for Claimant Ronald Joseph Large (CRD Number 2913371) with the understanding that, pursuant to Notice to Members 04-16, Claimant Ronald Joseph Large 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 13805 of the Code of Arbitration Procedure (“Code”), the Arbitrator has made the following Rule 2080 affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous; and the claim, allegation, or information is false.

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

In 2007, while employed by National Securities Corporation (“NSC”), Claimant contacted the investor by a cold call. He told the investor that he worked with a group specializing in solid companies with long-term growth prospects and that Cray Supercomputers was one such company. It was underfunded. It was suitable for the investor risk tolerance, which the investor described as wanting long-term growth with solid companies.

The investor made a purchase of Cray Supercomputers stock. A purchaser was required to become a customer of NSC. The customer opened a non-discretionary account in which he made all trading decisions. After the customer opened an account with NSC, another Associated Person took over his account and all further trades by the customer was with the other Associated Person. Claimant told the customer that following the first transaction, another Associated Person would handle the customer account.

Until the end of 2007, the stock was fine, but it fell, as did everything, in the 2008 recession. Claimant knew that the other Associated Person advised the customer to hold on to the stock and it would rebound but the customer transferred it out of his account. Claimant and the other Associated Person bought the same stock for their personal portfolios and did hang on to it and it did rebound. It is now worth more than in 2007.

While the group Claimant worked with was not at the time mandated to act as fiduciaries, it did so act. Its guide was whether they would make the same trades for their parents. It was the Group’s practice to encourage investors to do their own research, and to provide them with rating reports. The customer never claimed to Claimant that any trade NSC carried for him was unauthorized.

The customer brought a claim against NSC and another firm dated December 13, 2010. The Claimant had left NSC by then. The customer’s claim was settled on March 7, 2012. In the settlement agreement, there is no mention of Claimant, but the other Associated Person is mentioned as the registered representative on the customer’s account. Claimant did not contribute to the settlement. Claimant remained on good terms with

NSC and returned there in 2013 and worked as an independent contractor with NSC until eight months ago.

2. Any and all claims for relief not specifically addressed herein are denied.

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 = \$ 50.00

**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 event giving rise to the dispute. Accordingly, as a party, Respondent National Securities Corporation is assessed the following:

Member Surcharge = \$ 150.00

Hearing Session Fees and Assessments

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

One (1) pre-hearing session with a single Arbitrator @ \$50.00/session = \$ 50.00
Pre-Hearing Conference: October 12, 2020 1 session

One (1) hearing session on expungement request @ \$50.00/session = \$ 50.00
Hearing: March 2, 2021 1 session

Total Hearing Session Fees = \$ 100.00

The Arbitrator has assessed the total hearing session fees to Claimant.

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

ARBITRATOR

Clive I. Morricks

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

Clive I. Morricks

Clive I. Morricks
Sole Public Arbitrator

03/10/2021

Signature Date

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March 11, 2021

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