

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Kelley Susan Slaughter

Case Number: 20-02090

vs.

Respondent
Centaurus Financial, Inc.

Hearing Site: Los Angeles, 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: Associated Person vs. Member

REPRESENTATION OF PARTIES

For Claimant Kelley Susan Slaughter (“Claimant”): Audette Paul Morales, Esq., Gordon Rees Scully Mansukhani, LLP, Irvine, California.

For Respondent Centaurus Financial, Inc. (“Respondent”): Paul King, Esq. and Michael West, Esq., Centaurus Financial, Inc., Anaheim, California.

CASE INFORMATION

Statement of Claim filed on or about: July 1, 2020.
Amended Statement of Claim filed on or about December 22, 2020.
Claimant signed the Submission Agreement: June 29, 2020.

Statement of Answer filed on or about: July 14, 2020.
Respondent signed the Submission Agreement: July 14, 2020.

CASE SUMMARY

In the Amended 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 did not oppose Claimant’s expungement request.

RELIEF REQUESTED

In the Amended Statement of Claim, Claimant requested expungement of Occurrence Numbers

1996096, 2035787, and 2080385 and compensatory damages in the amount of \$1.00.

In the Statement of Answer, Respondent requested denial of Claimant's request for \$1.00 in compensatory damages and that forum fees be assessed against Claimant.

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 October 23, 2020, Claimant advised that the customers in Occurrence Numbers 1996096 and 2035787 were served with the Statement of Claim and notice of the date and time of the expungement hearing ("Initial Notices"). Claimant also filed a copy of the FedEx tracking information available online for the Initial Notices.

On December 22, 2020, Claimant filed a Stipulated Motion to Amend Statement of Claim and Application for Expungement Recommendation and Continue Telephonic Hearing, if Necessary ("Motion to Amend"). In an Order dated December 23, 2020, the Arbitrator granted the Motion to Amend.

On January 7, 2021, the customer in Occurrence Number 2035787 submitted correspondence opposing Claimant's request for expungement.

On March 23, 2021, Claimant advised that the customers in Occurrence Numbers 1996096, 2035787, and 2080385 ("Customers") were served with the Amended Statement of Claim and notice of the date and time of the rescheduled expungement hearing ("2nd Notices"). Claimant also filed a copy of the FedEx tracking information available online for the 2nd Notices. On April 18, 2020, the customer in Occurrence Number 1996096 submitted correspondence which provided her current address.

On April 19, 2021, the customer in Occurrence Number 2035787 submitted additional correspondence opposing Claimant's request for expungement. The same day, the customer in 2080385 also submitted correspondence opposing Claimant's request for expungement.

The Arbitrator conducted a recorded, telephonic hearing on April 22, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent participated in the expungement hearing and, as stated in the Statement of Answer, did not oppose the request for expungement.

The customers in Occurrence Numbers 2035787 and 2080385 also participated in the expungement hearing and opposed the expungement request.

The customer in Occurrence Number 1996096 did not participate in the expungement hearing.

In an Order dated April 22, 2021, the Arbitrator directed Claimant to notify the customer in Occurrence Number 1996096 that she could provide written testimony regarding her support or objection to Claimant's request for expungement within 20 days. On April 22, 2021, Claimant

advised that the customer in Occurrence Number 1996096 was served with notice that she could provide written testimony in support of or opposition to the Amended Statement of Claim (“3rd Notice”). On April 23, 2021, Claimant filed a copy of the FedEx delivery confirmation email for the 3rd Notice.

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 occurrences in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Number 2035787, 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 the settlement was not conditioned on any party to the settlement not opposing the expungement request and that Claimant did not contribute to the settlement amount.

The Arbitrator noted that the disputes related to Occurrence Numbers 1996096 and 2080385 were not settled and, therefore, there were no settlement documentation to review.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Amended Statement of Claim, Statement of Answer, Claimant’s exhibits, Initial and 2nd Notices and related FedEx information, submissions by the Customers, Claimant’s testimony, testimony of the customers in Occurrence Numbers 2035787 and 2080385, and the settlement agreement in Occurrence Number 2035787.

AWARD

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

The Arbitrator recommends the expungement of all references to Occurrence Numbers 1996096, 2035787, and 2080385 from registration records maintained by the CRD for Claimant Kelley Susan Slaughter (CRD Number 1126586) with the understanding that, pursuant to Notice to Members 04-16, Claimant Kelley Susan Slaughter 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:

Occurrence Number 1996096

The customer's complaint involved her husband's retirement IRA account and the customer was not listed on the account, although she participated in several meetings with her husband (now deceased) regarding how to invest a portion of their assets. The customer's husband wanted additional income with moderate risk and did not want to invest in the stock market. The real estate investment trust (REIT) and other alternative investments were in line with these goals. Claimant was not involved in additional investments with the customer after her husband died. It is the Arbitrator's conclusion that the allegation is false and erroneous. No evidence or specific information has been provided by the customer indicating that Claimant did not follow instructions. The customer made a submission just prior to the evidentiary hearing. Claimant notified the customer that she had an additional 20 days after the evidentiary hearing to provide written testimony in favor or in opposition to the expungement request. However, no further correspondence was provided by the customer.

Occurrence Number 2035787

The customer's investment profile indicates that she wanted growth and was willing to take moderate risks. In her testimony, she indicated that Claimant was untruthful at times and that she lost approximately one-third of her investments. Her investments with Claimant were primarily concentrated in alternative investments, such as non-traded REITs. The testimony and information reviewed by the Arbitrator, including new account documents and investment approval documents, indicated that the customer was aware and advised of the potential risks involved with the various alternative investments she purchased. Testimony provided at the hearing indicated that the customer was involved in evaluating the various investments recommended by Claimant and rejected some recommendations. The Arbitrator concluded that the customer was aware of the potential risks involved with the various investments recommended by Claimant and that the investments were suitable for her investment objectives.

Occurrence Number 2080385

Based upon the written and oral testimony, it is the Arbitrator's finding that the customer, a CPA by her own acknowledgment, reviewed and signed all the subscription agreements, which include information regarding fees. In addition, testimony indicated that the customer attended seminars where these alternative investment products were discussed, including charges and associated fees.

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
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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, Respondent is assessed the following:

Member Surcharge = \$ 150.00

Postponement Fees

Postponements granted during these proceedings for which fees were assessed or waived:

January 20, 2021, postponement requested by parties = \$ Waived

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 @ 50.00/session = \$ 50.00
Pre-Hearing Conference: October 2, 2020 1 session

One (1) hearing session on expungement request @ \$50.00/session = \$ 50.00
Hearing: April 22, 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

George L. Tindall

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Sole 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.

Arbitrator's Signature

George L. Tindall

George L. Tindall
Sole Public Arbitrator

05/20/2021

Signature Date

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May 20, 2021

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