

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Alan Walton Sharpe

Case Number: 20-02391

vs.

Respondent
Prudential Equity Group, LLC

Hearing Site: Boston, Massachusetts

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 Alan Walton Sharpe: Daniel D'Costa, Esq., D'Costa Law P.C., Hicksville, New York.

For Respondent Prudential Equity Group, LLC: Jennifer E. Novoselsky, Esq., Reyes Kurson, LTD., Chicago, Illinois.

CASE INFORMATION

Statement of Claim filed on or about: July 28, 2020.

Alan Walton Sharpe signed the Submission Agreement: July 16, 2020.

Statement of Answer filed by Respondent on or about: October 14, 2020.

Prudential Equity Group, LLC signed the Submission Agreement: August 31, 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, denied various allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested: expungement of Occurrence Numbers 1079675 and 1081645; compensatory damages in the amount of \$1.00 from Respondent; and any and all

other relief that the Arbitrator deemed just and equitable.

In the Statement of Answer, Respondent requested: denial of Claimant's request for compensatory damages in the amount of \$1.00 and any potential request for attorneys' fees, costs and any other relief against Respondent; and an assessment against Claimant for all forum fees for hearing sessions in this matter.

At the beginning of 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 or about April 8, 2021, Claimant advised that the customers in Occurrence Numbers 1079675 and 1081645 ("Customer A and Customer B") were served with a copy of the Statement of Claim, notice of the date and time of the expungement hearing and of their right to participate therein. On or about April 8, 2021, Claimant filed with FINRA Dispute Resolution Services proof of service via United States Postal Service ("USPS") upon the underlying Customers, advising that the Customers were served on or about April 12, 2021, with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded, telephonic hearing on May 3, 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, took no position on Claimant's request for expungement.

The Customers did not participate in the expungement hearing. The Arbitrator found that the Customers 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 occurrences in the CRD.

The Arbitrator noted that the disputes related to Occurrence Numbers 1079675 and 1081645 were not settled and, therefore, there were no settlement documents to review.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's Statement of Claim; Claimant's Exhibits; and documents received by Claimant from Morgan Stanley Smith Barney LLC ("Morgan Stanley") Legal and Compliance Division in response to the Arbitrator's signed Order for Production of Documents.

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:

1. The Arbitrator recommends the expungement of all references to Occurrence Numbers 1079675 and 1081645 from registration records maintained by the CRD for Claimant Alan Walton Sharpe (CRD Number 2011593) with the understanding that, pursuant to Notice to Members 04-16, Claimant Alan Walton Sharpe 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.

The claim, allegation, or information is false.

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

There was evidence introduced with respect to Occurrence Numbers 1079675 and 1081645, for which Claimant seeks expungement. With regard to Occurrence Number 1079675, on May 9, 2002, Customer A alleged that Claimant was responsible for losses to the value of Customer A's accounts. With regard to Occurrence Number 1081645, Customer B alleged damages caused by alleged unauthorized trading in the acquisition of a Travelers Variable Annuity and the trading of Zoren stock. Claimant testified that he inherited the accounts of both customers from a departing Morgan Stanley broker in 1999. Claimant left Morgan Stanley in 2001 to move to Respondent.

Claimant became responsible for Customer A's account on December 14, 1999. Claimant testified that the value of the portfolio increased in 2000, and he advised Customer A to diversify the holding. Customer A is an attorney and told Claimant that he had held the portfolio for many years, was familiar with the positions and wanted to hold them. Claimant testified that Customer A told him that Customer A knew what Customer A was doing. Between 2000 and 2001, the account value fell. Claimant testified that this loss was incurred as a result of the tech bubble burst and that Claimant had warned Customer A of the risks involved in maintaining the positions and not diversifying the portfolio. Although not identified in Customer A's complaint letter, Claimant testified that it was his belief that the alleged loss included both the loss in value of the portfolio and lost opportunity damages. Claimant denied any responsibility for the losses based on the contention that the claim was false and clearly erroneous. Morgan Stanley denied the customer complaint on September 1, 2001. Customer A did not file any request for arbitration or otherwise pursue the complaint since the letter of May 9, 2002.

Customer B's complaint involved two claims that Claimant purchased an annuity without authorization and sold shares in Zoren without his authorization. Claimant testified that he acquired the account of Customer B on December 14, 1999. Claimant spoke with Customer B approximately once a week and knew that Customer B was knowledgeable about the stock market, was particularly interested in Zoren and understood his need to diversify the holdings. The acquisition of the Travelers Variable Annuity was discussed

with Customer B at length. Customer B was required to review and execute numerous documents in connection with the acquisition of the annuity, and Claimant testified that he could not have acquired the annuity without Customer B's knowledge and approval. With respect to the claim of unauthorized trading of Zoren stock, Claimant testified that he spoke with Customer B frequently and any trades had to be made with his consent and approval as this was a non-discretionary account. Customer B expressed an interest in acquiring mutual funds that were viewed by him as safer and would provide a long-term benefit for Customer B's daughter. Claimant testified that the particular Zoren trade that was disputed involved a telephonic request by Customer B to purchase Zoren stock before the opening of the market. Claimant purchased the shares at the opening of the market and later, Customer B asked to have the trade rescinded. Claimant told Customer B that the purchase had closed, and he could sell the shares, which had fallen in value, but not rescind the purchase. Customer B asked that it not be sold. Customer B filed a written complaint with Morgan Stanley alleging a loss attributable to Claimant's failure to rescind the Zoren stock purchase. Morgan Stanley denied the claim and no further action was taken by Customer B to recover the alleged loss after the customer dispute letter was delivered and the claim was denied by Morgan Stanley.

Claimant testified that upon his departure from Morgan Stanley, the account representative who acquired both accounts, as well as others, lost money in the accounts of the customers, and in order to avoid responsibility, recommended that the customers attempt to recover losses from Claimant. Claimant introduced a letter he had received from a former customer in which the subsequent broker recommended action by customers to recover losses from Claimant. While the Arbitrator noted that the letter is suggestive of involvement by the subsequent broker in the pursuit of claims against Claimant, it draws no conclusion with respect to this assertion, and the Arbitrator's decision is based solely on the testimony adduced at the hearings.

Based on that testimony and the exhibits introduced at the hearings, the Arbitrator concludes that Occurrence Numbers 1079675 and 1081645 are clearly erroneous and false within the meaning of FINRA Rule 2080.

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(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

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:

Two (2) pre-hearing sessions with a single Arbitrator @ \$50.00/session	= \$	100.00
Pre-Hearing Conferences: December 15, 2020	1 session	
June 28, 2021	1 session	
One (1) hearing session on expungement request @ \$50.00/session	= \$	50.00
Hearing: May 3, 2021	1 session	
Total Hearing Session Fees	= \$	150.00

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

Richard J. Grahn

-

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

Richard J. Grahn

Richard J. Grahn
Sole Public Arbitrator

07/08/2021

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.

July 08, 2021

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