

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Levant Miguel Bishop

Case Number: 20-02404

vs.

Respondent
Dalton Kent Securities Group, Inc.

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

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimant Levant Miguel Bishop: Jennifer P. Farrar, Esq., Farrar Law PLLC, Tomball, Texas.

Respondent Dalton Kent Securities Group, Inc. (“Dalton Kent”) did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: August 17, 2020.

Amended Statement of Claim filed on or about: May 21, 2021.

Corrected Amended Statement of Claim filed on or about: June 8, 2021.

Levant Miguel Bishop signed the Submission Agreement: July 23, 2020.

Dalton Kent did not submit a Statement of Answer or sign the Submission Agreement.

CASE SUMMARY

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Numbers 1010787, 364592, 364576, 364584, and 364579; compensatory damages in the amount of \$1.00 from Respondent; and any and all other relief that the Arbitrator deems just and equitable.

In the Amended Statement of Claim and Corrected Amended Statement of Claim, Claimant requested expungement of Occurrence Numbers 1010787, 364592, 364576, 364584, 364579, and 364573; compensatory damages in the amount of \$1.00 from Respondent; and any and all other relief that the Arbitrator deems just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondent did not file a Statement of Answer or properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and is bound by the determination of the Arbitrator on all issues submitted.

The Statement of Claim filed on July 28, 2020 was not served and not considered by the Arbitrator. The Corrected Amended Statement of Claim was filed to correct a scrivener's error.

On March 25, 2021, Claimant advised that the customers in Occurrence Numbers 1010787, 364592, and 364584 are deceased and that the customers in Occurrence Numbers 364576 and 364579 ("customers") were served with the Statement of Claim and notice of the date and time of the April 21, 2021 expungement hearing.

On May 21, 2021, Claimant filed a Motion to Amend the Statement of Claim and to keep the record open in this matter for an additional 30 days to hold a second hearing session. The Amended Statement of Claim sought to add a request for expungement of Occurrence Number 364573. By Order dated June 2, 2021, the Arbitrator granted Claimant's Motion.

On July 22, 2021, Claimant advised that the customers in Occurrence Numbers 364576, 364579, and 364573 were served with the Corrected Amended Statement of Claim and notice of the date and time of the July 23, 2021 expungement hearing.

The Arbitrator conducted recorded hearings by videoconference on April 21, 2021 and July 23, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent Dalton Kent did not participate in the expungement hearings.

The customers relating to Occurrence Numbers 364576, 364579, and 364573 also did not participate in the expungement hearings. The Arbitrator found that the customers relating to Occurrence Numbers 364576, 364579, and 364573 had notice of the expungement request and hearings.

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 settlement documentation related to Occurrence Numbers 364592, 364576, 364584, and 364573 were not available for review due to the age of the settlements. Based on Claimant's testimony, the Arbitrator noted that the settlements were not conditioned on any party to the settlements not opposing the expungement request and that Claimant did not contribute to the settlement amounts.

The Arbitrator noted that the disputes related to Occurrence Numbers 1010787 and 364579 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: pleadings, exhibits, Claimant's testimony, and Claimant's BrokerCheck® Report .

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. Claimant's request for \$1.00 in compensatory damages is denied.
2. The Arbitrator recommends the expungement of all references to Occurrence Number 1010787 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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 finding(s) of fact:

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and the claim, allegation, or information is false.

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

In April 2001, the customer submitted a written complaint to Dalton Kent regarding alleged losses in his account due to an alleged failure to place a stop loss order. Although the customer alleged to have recordings of phone conversations to support his allegations, he failed to provide the recordings or any other evidence to substantiate his allegations. Therefore, the firm closed the matter and reported it as "Closed No Action." The Claimant testified that the customer was an accredited investor, college graduate,

and self-described “risk-taker.” He was a motorcycle racer by profession and had a net worth of well over \$1.8 million with an income of approximately \$200,000 per year. In addition, the customer had several businesses as well as real estate, and investment accounts at other brokerage firms totaling more than \$350,000. The customer entrusted a comparatively small amount of funds to Dalton Kent and the Claimant, which he intended for aggressive and speculative investing. The customer’s account was opened, coded, and handled consistent with this risk tolerance and objective. In late 1999, the customer and Claimant discussed the pros and cons of stop loss orders. The customer never placed a stop loss order. To do so, the customer must give a direct order regarding the specific price and amount of shares for the stop loss. There were no further discussion about stop loss orders. The customer had a nondiscretionary account. Thus, the applicable regulatory rules and the firm’s policies and procedures required a direct order from the customer for Claimant to place a stop loss order. Claimant attempted to speak to the customer numerous times throughout 2000, without success. The customer travelled often and was unreachable by phone. In early 2001, the customer complained for the first time about an alleged failure to place a stop loss order on a stock purchase, HSAC, from November 1999. The firm thoroughly investigated the matter but found nothing to substantiate the customer’s allegations that he had directed Claimant to place a stop loss order and that Claimant failed to do so. Although the customer alleged to have recordings of phone conversations to support his allegations, he failed to provide the recordings or any other evidence to substantiate his allegations. Therefore, the firm closed the matter and reported it as “Closed No Action.”

3. The Arbitrator recommends the expungement of all references to Occurrence Number 364592 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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:

The complaint arose out of the purchase of shares in E-Trade on April 14, 1999, at a time when the share price of E-Trade dropped precipitously on April 14, 1999 and for days thereafter. The drop in E-Trade’s share price was part of a historical market-wide event in which the market fell suddenly and sharply. The underlying customer made the purchase of E-Trade securities using margin (approved by management and compliance). The sharp decline in share price triggered margin calls. The customer failed (or refused) to pay his margin call and thus locked in his losses. Ultimately, the firm settled with the

customer for defense cost. The customer was an aggressive, speculative investor who was willing to take additional risk for the sake of obtaining greater rewards. The customer used margin in his account, to which he agreed and signed disclosures. The use of margin was approved by firm compliance and management. The customer was a knowledgeable, experienced investor who purchased E-Trade on April 14, 1999. He had profited from the same stock days earlier and was seeking another short-term gain. The share price of E-Trade dropped precipitously on April 14, 1999, triggering margin calls during the following days, which the customer failed to meet. This drastic drop in share price was part of a historic, market-wide event and NASDAQ sell off. The customer made a complaint to the firm. The firm settled his complaint for the cost of defense. Claimant neither contributed to the settlement, nor did he receive any benefit, financial or otherwise, from the resolution of the complaint. FINRA considered the customer's complaint for which it issued No Action letters.

4. The Arbitrator recommends the expungement of all references to Occurrence Number 364576 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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 registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and the claim, allegation, or information is false.

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

The complaint arose out of the purchase of shares in E-Trade on April 14, 1999, at a time when the share price of E-Trade dropped precipitously on April 14, 1999 and for days thereafter. The drop in E-Trade's share price was part of a historical market-wide event in which the market fell suddenly and sharply. The underlying customer made the purchase of E-Trade securities using margin (approved by management and compliance). The sharp decline in share price triggered margin calls. The customer failed (or refused) to pay his margin call and thus locked in his losses. Ultimately, the firm settled with the customer for defense cost. The customer, who was in his 30s, was a business owner, real estate investor, and experienced investor. He kept substantial liquid assets on hand to fund his real estate endeavors. In addition, the customer maintained significant assets at another brokerage firm and had experience day trading. The assets invested with Claimant and his firm were comparatively small, and the customer intended for the account to engage in aggressive trading. The customer used margin in his account, to which he agreed and signed disclosures. The use of margin was approved by firm compliance and management. The customer purchased E-Trade on April 12, 1999, which he sold for a quick profit. The customer believed that online brokerage firms, such as

E-Trade, Charles Schwab, and Ameritrade, were very hot investments and predicted that E-Trade would be announcing a two for one split (which it in fact did approximately one week later). The customer again purchased E-Trade on April 14, 1999. The share price of E-Trade then dropped precipitously as NASDAQ entered an unprecedented sell off. Claimant warned the customer that a margin call was imminent, but the customer's focus was on acquiring additional shares of E-Trade and another stock as part of a concept known as averaging down. The customer then declined to meet the margin call and proceeded to make a complaint. By refusing to meet the margin call, the customer locked in his investment losses and missed the subsequent market recovery. The firm settled the customer's complaint for the cost of defense. FINRA investigated the customer's complaint and issued a No Action letter.

5. The Arbitrator recommends the expungement of all references to Occurrence Number 364584 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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 registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and the claim, allegation, or information is false.

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

The complaint arose out of the purchase of shares in E-Trade on April 14, 1999, at a time when the share price of E-Trade dropped precipitously on April 14, 1999 and for days thereafter. The drop in E-Trade's share price was part of a historical market-wide event in which the market fell suddenly and sharply. The underlying customer made the purchase of E-Trade securities using margin (approved by management and compliance). The sharp decline in share price triggered margin calls. The customer failed (or refused) to pay his margin call and thus locked in his losses. Ultimately, the firm settled with the customer for defense cost. The customer, who was in his mid-30s, was a business owner with substantial assets at other brokerage firms. He stated that his goal was to trade aggressively and actively in the market with aggressive growth and speculative stocks. The customer was not averse to taking risk in the market to have greater rewards. He also wanted to trade in the volatile market to take advantage of short-term gains. The customer used margin in his account, to which he agreed and signed disclosures. The use of margin was approved by firm compliance and management. Claimant and the customer spoke frequently, sometimes several times in one day. The customer previously had invested in E-Trade, when he decided on April 14, 1999, to invest in E-Trade again. Claimant advised the customer that investing in E-Trade would be an aggressive, risky, and volatile play. The customer had made money in the past with

E-Trade and felt that given the strong market and good news about corporate earnings that he would gain steep profits. The price of E-Trade dropped precipitously that day as NASDAQ entered an unprecedented sell off period. The drop in share price triggered margin calls. The customer said that he intended to pay the margins calls and initially provided two checks totaling \$30,000 to the firm. The customer told Claimant that he intended to provide additional funds to meet the margin calls. However, the checks failed to clear. The customer refused to meet the margin call, thereby locking in his investment losses and missed the subsequent market recovery. The firm settled the customer's complaint for the cost of defense. Claimant neither contributed to the settlement, nor did he receive any benefit, financial or otherwise, from the resolution of the complaint. FINRA considered the customer's complaint and issued a No Action letter.

6. The Arbitrator recommends the expungement of all references to Occurrence Number 364579 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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 registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and the claim, allegation, or information is false.

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

The complaint arose out of the purchase of shares in E-Trade on April 14, 1999, at a time when the share price of E-Trade dropped precipitously on April 14, 1999 and for days thereafter. The drop in E-Trade's share price was part of a historical market-wide event in which the market fell suddenly and sharply. The underlying customer made the purchase of E-Trade securities using margin (approved by management and compliance). The sharp decline in share price triggered margin calls. Claimant testified that the customer, who was approximately 30 years old, was a landlord with two or three rental properties as well as an electrician and contractor. He had significant assets in other brokerage accounts but was disappointed in the performance of these accounts. Thus, the customer opened an account with Claimant and his firm. The customer's objectives with this account were to be aggressive in growth stocks, but from time to time be involved in speculation of the market to take advantage of its volatility. The customer used margin in his account, to which he agreed and signed disclosures. The use of margin was approved by firm compliance and management. The customer was keen to invest in the hot internet sector and after speaking with Claimant on April 13, 1999, instructed him to purchase as much E-Trade stock as possible on margin the following morning. On April 14, 1999, the price of E-Trade dropped precipitously as the NASDAQ entered an unprecedented sell off period. The drop in share price triggered margin calls which the

customer initially failed to meet. The customer ultimately did pay his margin calls, which enabled him to maintain his E-Trade stock positions and benefit from the subsequent market recovery. Thereafter, the customer abandoned his complaint, and the firm closed the matter and reported it as "Denied No Action." FINRA considered the customer's complaint in connection with its investigation of the other complaints for which it issued No Action letters.

7. The Arbitrator recommends the expungement of all references to Occurrence Number 364573 from registration records maintained by the CRD for Claimant Levant Miguel Bishop (CRD Number 2665428) with the understanding that, pursuant to Notice to Members 04-16, Claimant Levant Miguel Bishop 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 registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and the claim, allegation, or information is false.

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

The complaint arose out of the purchase of shares in E-Trade on April 14, 1999, at a time when the share price of E-Trade dropped precipitously on April 14, 1999 and for days thereafter. The drop in E-Trade's share price was part of a historical market-wide event in which the market fell suddenly and sharply. The underlying customer made the purchase of E-Trade securities using margin (approved by management and compliance). The sharp decline in share price triggered margin calls. The customer failed (or refused) to pay his margin call and thus locked in his losses. Ultimately, the firm settled with the customer for defense cost. The customer was referred to Claimant by one of his customers. The customer was an experienced investor whose past investments included racehorses, precious metals, and coins. He also had a Charles Schwab account and said that he traded actively and aggressively. The assets the customer invested with Claimant and his firm were relatively small. The customer stated that his objective was to work closely with a broker who could show him growth and speculation in the market and that he wanted aggressive advice so that he could take advantage of market volatility. The customer used margin in his account, to which he agreed and signed disclosures. The use of margin was approved by firm compliance and management. The customer purchased E-Trade on April 9, 1999, which he sold on April 13, 1999, for a profit of more than \$15,000. The customer and Claimant spoke several times on April 13, 1999 and discussed strategies to re-purchase E-Trade. On April 14, 1999, the customer decided to buy E-Trade. The morning of April 14, 1999, the price of E-Trade increased. The customer and Claimant spoke several times to discuss other possible stock trades. By mid-day, however, the price of E-Trade was down, and the market was entering what became a historical sell-off. The customer wanted to average down his position. Claimant

advised the customer that averaging down was a long-term strategy, which was inconsistent with the short-term strategy the customer intended to follow with regard to his E-Trade investment. Claimant suggested that instead the customer consider selling and cutting his losses or at least placing a stop loss up to 20%. The customer rejected Claimant's suggestion because he believed the pull of in the market was going to be short-lived. The customer then authorized the purchase of additional E-Trade shares. The market continued to sell off throughout the day, and Claimant spoke to the customer several times. Claimant advised the customer that he should avoid using margin. On April 15, 1999, the customer told Claimant that he intended to wire \$200,000 to the firm so he could not only cover margin calls, but also continue to buy more stock. The following day, April 16, 1999, the customer and Claimant spoke at length, and Claimant warned the customer that he was getting close to increased margin calls due to the continued sell off in the market. The customer assured Claimant that the money would arrive by wire on Monday, April 19, 1999. On April 19, 1999, the customer and Claimant spoke again and confirmed wiring instructions. The money failed to arrive by the afternoon. Claimant called the customer and discussed the status of the account. The customer asked Claimant to call him again later, which Claimant did repeatedly. The customer failed to answer Claimant's calls. When the two did speak, Claimant told the customer that he was on the brink of negative equity. The customer stated that there were other opportunities to make money and that he should not have to pay for stock losses. The customer declined to meet his margin call, and his positions were sold on April 20, 1999 locking in his investment losses and missing the subsequent market recovery. The firm settled the customer's complaint for the cost of defense. Claimant neither contributed to the settlement, nor did he receive any benefit, financial or otherwise, from the resolution of the complaint. FINRA investigated the customer's complaint and issued a No Action letter. The losses were due solely to market conditions out of Claimant's control and failure by the customer to meet agreed upon margin calls.

8. 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 events giving rise to the dispute. Accordingly, as a party, Respondent Dalton Kent 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 21, 2020	1 session	
June 7, 2021	1 session	
Four (4) hearing sessions on expungement request @ \$50.00/session	= \$	200.00
Hearings: April 21, 2021	2 sessions	
July 23, 2021	2 sessions	
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Total Hearing Session Fees	= \$	300.00

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

John Michael Bergin

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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

John Michael Bergin

John Michael Bergin
Sole Public Arbitrator

08/26/2021

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.

August 26, 2021

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