

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Robin Lee Taliaferro

Case Number: 20-03052

vs.

Respondents
Vanguard Capital
Western International Securities, 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. Members.

REPRESENTATION OF PARTIES

For Claimant Robin Lee Taliaferro (“Claimant”): Chelsea Masters, Esq., HLBS Law, Westminster, Colorado.

For Respondent Vanguard Capital (“Vanguard”): Gregory S. Serras, Vanguard Capital, Del Mar, California.

For Respondent Western International Securities, Inc. (“Western”): Jeffrey K. Compton, Esq. and Nathan E. Smith, Esq., Markun Zusman Friere & Compton LLP, Pacific Palisades, California.

Hereinafter, Vanguard and Western are collectively referred to as “Respondents”.

CASE INFORMATION

Statement of Claim filed on or about: September 8, 2020.
Amended Statement of Claim filed on or about: September 22, 2020.
Claimant signed the Submission Agreement: September 22, 2020.

Statement of Answer filed by Vanguard on or about: January 25, 2021
Vanguard did not sign the Submission Agreement.

Statement of Answer filed by Western on or about: November 11, 2020.
Western signed the Submission Agreement: November 13, 2020.

CASE SUMMARY

In the Statement of Claim and 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 their respective Statements of Answer, Respondents did not oppose Claimant's expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

1. Expungement of Occurrence Numbers 1392848, 1395367, and 1397047 from Claimant's CRD records pursuant to FINRA Rule 2080, as:
 - a. the claim, allegation, or information is factually impossible or clearly erroneous; and/or
 - b. Claimant was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and/or
 - c. the claim, allegation, or information is false;
2. Compensatory damages in the amount of \$1.00 from Respondent; and
3. Any and all other relief that the Arbitrator deems just and equitable.

In the Amended Statement of Claim, Claimant added Western as an additional Respondent and requested:

1. Expungement of Occurrence Numbers 1392848, 1395367, 1397047, and 1877711 from Claimant's CRD records pursuant to FINRA Rule 2080, as:
 - a. the claim, allegation, or information is factually impossible or clearly erroneous; and/or
 - b. Claimant was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; and/or
 - c. the claim, allegation, or information is false;
2. Compensatory damages in the amount of \$1.00 from Respondents; and
3. Any and all other relief that the Arbitrator deems just and equitable.

In its Statement of Answer, Vanguard requested:

1. Any claim for monetary relief be denied; and
2. Any wrongdoing alleged against Vanguard be denied.

In its Statement of Answer, Western requested:

3. Any claim for monetary relief be denied; and
4. Any wrongdoing alleged against Western be denied.

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.

Vanguard did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure (“Code”) and, having answered the claim and appeared, is bound by the determination of the Arbitrator on all issues submitted.

The Claim Notification letter notified Vanguard that FINRA rules require parties to use the online DR Portal on a mandatory basis (except pro se investors) and that failure to register for the DR Portal will prevent the submission of pleadings, selection of arbitrators, and receipt of notification relating to case information and deadlines. Vanguard failed to register for the DR Portal.

On April 29, 2021, Claimant advised that the customers in Occurrence Numbers 1392848 (“Mr. G and Ms. G”), 1395367 (“Mr. Z”), 1397047 (“Mr. C and Ms. C”), and 1877711 (“Mr. C”) were served with the Statement of Claim and notice of the date and time of the expungement hearing. Hereinafter, Mr. G, Ms. G, Mr. Z, Mr. C, and Ms. C are collectively referred to as “Customers”. On May 3, 2021, Claimant filed an Affidavit confirming that the Customers were 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 July 13, 2021, so the parties could present oral argument and evidence on Claimant’s request for expungement.

Vanguard did not participate in the expungement hearing.

Western participated in the expungement hearing and, as stated in the Statement of Answer, did not oppose the 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 also reviewed the settlement documentation related to Occurrence Numbers 1392848, 1395367, and 1397047, considered the amount of payment made to any party to the settlements, and considered other relevant terms and conditions of the settlements. The Arbitrator noted that the settlements were not conditioned on any party to the settlements not opposing the expungement request. The Arbitrator noted that Claimant contributed to the settlement amounts. The Arbitrator recommends expungement of these occurrences as Claimant’s contributions to the settlement amounts were to avoid the costs of litigation and maintain goodwill with the Customers.

The Arbitrator noted that the dispute related to Occurrence Number 1877711 was not settled and, therefore, there was no settlement document to review.

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

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 1392848, 1395367, 1397047, and 1877711 from registration records maintained by the CRD for Claimant Robin Lee Taliaferro (CRD Number 442144) with the understanding that, pursuant to Notice to Members 04-16, Claimant Robin Lee Taliaferro 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 of fact:

The claim, allegation, or information is false.

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

Expungement of Occurrence Number 1877711

Mr. C filed a complaint alleging unsuitable transactions. Western investigated Mr. C's complaint and found it lacked merit. Upon notice of this finding, Mr. C ceased pursuing his complaint.

Evidence and testimony show that Western withdrew Mr. C's margin account privileges, Mr. C complained, Western relented and allowed Mr. C to employ margin for investment leverage, and then, when Mr. C was subject to a margin call and subsequent losses, he filed a complaint. Western found the complaint lacked merit. The evidence shows that Mr. C was not only aware of the high risk of his chosen strategy but that he demanded, in writing, to be allowed to engage in such a high-risk investment strategy. The alleged complaint on suitability grounds is clearly false.

Evidence shows that Mr. C was the same investor who had filed a complaint against Claimant in the other occurrence, Occurrence Number 1397047, and received a settlement in that case in 2008, based solely on making a suitability complaint. In 2014, after experiencing disappointing results with other brokers, Mr. C again sought the services of Claimant, who had moved to Western. It is possible to deduce that Mr. C believed the identical strategy of covering losses with a complaint and settlement would still work. However, when Western denied the claim, he abandoned the effort.

Expungement of Occurrence Numbers 1392848, 1395367, and 1397047

Testimony and evidence show that these three occurrences are related, as the Customers alleging suitability violations were friends/associates who shared a history of investing with the assistance of Claimant.

According to testimony and evidence, the Customers conferred with one another regarding a strategy to offset losses with settlements in response to allegations of unsuitable investments against Claimant.

Testimony indicated that, despite confidentiality provisions, Mr. G spoke to Mr. Z and Mr. C, prompting them to seek settlements similar to his settlement. This resulted in a cluster of suitability complaints in March 2008.

However, according to testimony and evidence, Claimant had served the Customers for years and was very aware of their suitability requirements. He had guided them through investment strategies that delivered considerable profits for each. According to Claimant's testimony and evidence, over a period of years, Claimant skillfully managed risk and suitability factors with investments that produced profits, which, in at least one instance, resulted in a profit percentage increase of as much as 862% over two years.

Claimant was intimately involved in the Customers' investment decisions over a period of approximately ten years prior to the above complaints being filed. As the Customers were nearing retirement age or had retired, their investment strategy had evolved into a need for income, which was provided by high-yield bonds investments in dispute.

Thus, Claimant oversaw an investment strategy that had evolved during years of working with the Customers. He had come to know their needs, he understood their suitability for specific investments, and he was aware of their ability to assume risk to meet their investment goals. The investments in dispute were purchased with the Customers' approval and knowledge of risks.

Based on testimony and evidence presented, the arbitrator finds the claims and allegations of unsuitability presented in the CRD entries are clearly false.

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
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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 parties, Respondents are each assessed the following:

Member Surcharge	= \$	150.00
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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: January 27, 2021	1 session	
One (1) hearing session on expungement request @ \$50.00/session	= \$	50.00
Hearing: July 13, 2021	1 session	
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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

Gregory Douglas Stone

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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

Gregory Douglas Stone

Gregory Douglas Stone
Sole Public Arbitrator

08/03/2021

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 03, 2021

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