

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Jeffrey James Dorman

Case Number: 20-03133

vs.

Respondent
Dorman Skorheim Wealth Management LLC

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: Non-Member vs. Non-Member

REPRESENTATION OF PARTIES

For Claimant Jeffrey James Dorman (“Claimant”): David Harrison, Esq., The Law Offices of David Harrison, P.C., Beverly Hills, California.

For Respondent Dorman Skorheim Wealth Management LLC (“Respondent”): Jeffrey James Dorman, Dorman Skorheim Wealth Management, LLC, Laguna Hills, California.

CASE INFORMATION

Statement of Claim filed on or about: September 10, 2020.
Claimant signed the Submission Agreement: September 29, 2020.

Statement of Answer filed by Respondent on or about: October 26, 2020.
Respondent signed the Submission Agreement: September 29, 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 supported Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

1. Expungement of Occurrence Number 169785 from Claimant's CRD records pursuant to FINRA Rule 2080; and
2. Compensatory damages in the amount of \$1.00 from Respondent.

In the Statement of Answer, Respondent did not set forth any specific request for relief.

OTHER ISSUES CONSIDERED AND DECIDED

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

Claimant is an Investment Adviser and Respondent is an Investment Adviser firm, and neither are members nor associated persons of FINRA. The parties voluntarily submitted the present matter in controversy to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure ("Code") by filing an executed post-dispute submission agreement for cases involving Investment Advisers who are not FINRA-regulated firms. The parties are bound by the determination of the Panel on all issues submitted.

During the initial prehearing conference on January 25, 2021, Claimant informed the Arbitrator that the customer in Occurrence Number 169785 ("Customer") was deceased.

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, as stated in the Statement of Answer, did not oppose the request for expungement but encouraged and recommended expungement.

The Arbitrator reviewed Claimant's Investment Adviser Public Disclosure ("IAPD") Report and a snapshot of Claimant's CRD records. A BrokerCheck® Report is unavailable because Claimant is an investment adviser. 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 noted that the dispute related to Occurrence Number 169785 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: the pleadings; Claimant's IAPD Report; Claimant's CRD records snapshot; Claimant's testimony; court documents related to the underlying Customer complaint; and corroborating evidence contained within the IAPD Report and from information provided by Claimant's counsel.

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 Number 169785 from registration records maintained by the CRD for Claimant Jeffrey James Dorman (CRD Number 702817) with the understanding that, pursuant to Notice to Members 04-16,

Claimant Jeffrey James Dorman 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, the Arbitrator has made the following Rule 2080 affirmative findings of fact:

The claim, allegation or information is factually impossible or clearly erroneous.

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation or conversion of funds.

The claim, allegation or information is false.

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

The evidence presented at the expungement evidentiary hearing proves that Claimant did not engage in any wrongdoing as alleged by the Customer. The substance of the Disclosure stems from an alleged Ponzi Scheme by the founder of the issuer of the security at issue in the Customer's underlying claim.

The Arbitrator finds the Customer's allegations that Claimant committed negligent misrepresentation, breach of fiduciary duty, fraud, violation of California Corporation Code, breach of contract, and unfair competition are not supported by the evidence and consequently are clearly erroneous (FINRA rule 2080(b)(1)(A)), in that Claimant was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation or conversion of funds (FINRA Rule 2080 (b)(1)(B)), and the allegation is factually false (FINRA Rule 2080(b)(1)(C)).

The Arbitrator further finds that the Disclosure stems from a mass civil action where the Claimant was lumped into an action with hundreds of plaintiffs and defendants – all relating to the above-mentioned Ponzi Scheme. The alleged damages of \$33,605,860.00 are untrue as they relate to Claimant. Further, Claimant did not settle the dispute for any dollar amount, let alone \$1,500,000.00 as stated on his CRD records. Claimant's credible testimony proves that Claimant recommended that the Customer join the mass action in an attempt to recover some of her investment. The Customer told Claimant that she was solicited by an attorney to join the lawsuit but would participate in the lawsuit only if Claimant was not named as a party therein.

The Arbitrator finds that the pertinent brokerage firm was responsible for conducting reasonable due diligence on the underlying investment before placing the security on its sales platform. The Claimant, as a registered representative, could and did reasonably rely on the brokerage firm's vetting of the security in making a recommendation to the Customer after conducting suitability analysis. The Arbitrator finds that the security purchased by the Customer was suitable based on the brokerage firm's representations to Claimant.

2. Any and all claims for relief not specifically addressed herein is 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. The parties' executed joint submission agreement provided that as a party, Claimant 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: January 25, 2021	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

Alan Stamm

-

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

Alan Stamm

Alan Stamm
Sole Public Arbitrator

03/17/2021

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.

March 19, 2021

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