

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Wesley Ryon Sorensen

Case Number: 20-03135

vs.

Respondent
Principal Securities, Inc.

Hearing Site: Dallas, Texas

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 Wesley Ryon Sorensen (“Claimant”): Harris Freedman, Esq., Zachary Morse, Esq., and Dochter Kennedy, Esq., AdvisorLaw, LLC, Westminster, Colorado.

For Respondent Principal Securities, Inc. (“Respondent”): Jennifer M. Moore, Esq., Maynard, Cooper & Gale, P.C., Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on or about: September 11, 2020.
Claimant signed the Submission Agreement: September 10, 2020.

Statement of Answer filed on or about: November 16, 2020.
Respondent signed the Submission Agreement: November 16, 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.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Numbers 2018940, 2018941, and 2018944, compensatory damages in the amount of \$1.00, and any and all other relief that the Arbitrator deems just and equitable.

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

At the hearing, Claimant withdrew the request for \$1.00 in compensatory damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

On May 5, 2021, Claimant advised that the customers in Occurrence Numbers 2018940, 2018941, and 2018944 ("Customers") were served with the Statement of Claim and notice of the date and time of the expungement hearing ("Notices"). On May 10, 2021, Claimant filed an Affidavit confirming that the Customers were served with the Notices ("Affidavit"). Claimant also filed a copy of the FedEx tracking information available online for the Notices.

The Arbitrator conducted a recorded, telephonic hearing on June 23, 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 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 2018940, 2018941, and 2018944, 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 and that Claimant contributed to each of the settlement amounts.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's Statement of Claim, Respondent's Statement of Answer, Claimant's Hearing Exhibits, Notices, Affidavit, Claimant's Correspondence to Chairperson Gregory dated July 22, 2021, 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. The Arbitrator recommends the expungement of all references to Occurrence Numbers 2018940, 2018941, and 2018944 from registration records maintained by the CRD for Claimant Wesley Ryon Sorensen (CRD Number 4796735) with the understanding that,

pursuant to Notice to Members 04-16, Claimant Wesley Ryon Sorensen 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 for Occurrence Numbers 2018940 and 2018944:

The claim, allegation, or information is false.

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

Occurrence Number 2018940

While other investment products with higher risk profiles performed substantially better than the customer's, the annuity was invested in accordance with the customer's written instructions as shown on the annuity application form. The customer received the annuity prospectus prior to his purchase of the annuity. Subsequently, he received quarterly and annual statements. Claimant testified that he met with the customer annually and had three or four telephone conversations each year with him. During the six years between the issuance of the annuity and the filing of the complaint, the customer never questioned the performance of the annuity nor did he complain of any relative underperformance of the annuity versus other investment products. The customer's claim that Claimant's misrepresentation of the annuity caused him to experience a substantial loss is false.

According to Claimant's testimony, the customer never questioned whether the annuity contract's Guaranteed Minimum Withdrawal Benefit's ("GMWB") step-up feature would be applied to the accumulated value rather than the GMWB benefit base or the annuity fee structure. In addition, the step-up feature and the fee structure were described in the "Understanding Your Annuity" form that the customer signed prior to purchase, the annuity prospectus the customer received, and quarterly and annual annuity statements the customer received. There is no support for the claim that the annuity chosen was unsuitable for the customer. The allegations that Claimant stated the GMWB step-up feature of the contract would be credited to the accumulated value, rather than the GMWB benefit base; that the contract's fees were excessive; and that the product was unsuitable for the customer's needs are false.

Occurrence Number 2018944

The customer's 2008 annuity contract's GMWB step-up feature had lapsed because, in a prior year, the customer had withdrawn more than the maximum allowed amount to keep that feature in force. The customer surrendered the annuity he purchased in 2008 to purchase a new annuity in 2014. The 2014 annuity contract's GMWB was more flexible in meeting the customer's changed needs. The claim that the annuity contract purchased in 2014 had no benefits over the surrendered annuity contract issued in 2008 and was, therefore, unsuitable is false.

Pursuant to Rule 13805 of the Code, the Arbitrator has made the following Rule 2080 affirmative findings of fact for Occurrence Number 2018941:

The claim, allegation, or information is factually impossible or clearly erroneous; and

The claim, allegation, or information is false.

Occurrence Number 2018941

According to the written response to the customer's allegation of misrepresentation of the surrender terms for the purchased annuity, the surrender schedule for the customer's annuity began on the date of the initial investment and any subsequent investment did not alter the terms of that initial surrender schedule. Consequently, the customer's allegation of misrepresentation is clearly erroneous.

During the six years between the issuance of the annuity and the filing of the complaint, the customer never questioned whether the GMWB's step-up feature would be applied to the accumulated value rather than the GMWB benefit base or the annuity fee structure. The step-up feature and the fees were described in the "Understanding Your Annuity" form that the customer signed prior to purchase, the annuity prospectus the customer received, and quarterly and annual statements the customer received. According to Claimant's testimony, Claimant met and communicated with the customer at various times during the course of their six-year business relationship. The customer made an additional contribution to the same annuity at some point during the same six-year period. The customer had ample opportunity to raise the issues but sat silent for six years. There is no support for the claim that the annuity chosen was unsuitable for the customer. The customer's allegations that Claimant stated the GMWB step-up feature of the contract would be credited to the accumulated value, rather than the GMWB benefit base; that the contract's fees were excessive; and that the product was unsuitable for the customer's needs are 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

**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:

One (1) pre-hearing session @ \$50.00/session		= \$	50.00
Pre-Hearing Conference: January 19, 2021	1 session		
One (1) hearing session on expungement request @ \$50.00/session		= \$	50.00
Hearing: June 23, 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

Robert J. Gregory

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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

Robert J. Gregory

Robert J. Gregory
Sole Public Arbitrator

08/05/2021

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 06, 2021

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