

**Award**  
**FINRA Dispute Resolution Services**

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In the Matter of the Arbitration Between:

Claimant  
Thomas Paulson

Case Number: 20-03150

vs.

Respondent  
Morgan Stanley & Co. Inc.

Hearing Site: Chicago, Illinois

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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 Thomas Paulson (“Claimant”): Douglas W. Hyman, Esq., Lewitas Hyman PC, Chicago, Illinois.

For Respondent Morgan Stanley & Co. Inc., Morgan Stanley appeared as the real party in interest (“Respondent”): Andrew E. Gelfand, Esq., Morgan Stanley, New York, New York.

**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: September 17, 2020.  
Respondent signed the Submission Agreement: September 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 Number 1483392, 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 denied that it was liable to Claimant for any damages whatsoever.

At the hearing, Claimant withdrew the requests for \$1.00 in compensatory damages and any other additional relief.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

On February 8, 2021, Claimant advised that the customers in Occurrence Number 1483392 (“Customers”) were served with the Statement of Claim and notice of the date and time of the expungement hearing (“Notice”). Claimant also filed a copy of the FedEx proof-of-delivery for the Notice.

The Arbitrator conducted a recorded, telephonic hearing on March 24, 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 occurrence in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Number 1483392, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Arbitrator noted that the settlement was not conditioned on any party to the settlement not opposing the expungement request and that Claimant did not contribute to the settlement amount.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant’s BrokerCheck® Report, Notice to the Customers, General Release and Settlement Agreement, Claimant’s exhibits, and Claimant’s 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:

The Arbitrator recommends the expungement of all references to Occurrence Number 1483392 from registration records maintained by the CRD for Claimant Thomas Andrew Paulson (CRD Number 1703308) with the understanding that, pursuant to Notice to

Members 04-16, Claimant Thomas Andrew Paulson 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:

Claimant’s sworn testimony, supported by exhibits, was extremely credible. Claimant testified about discussions with the Customers regarding costs, associated risks, and strategies and about the monthly statements sent to the Customers. Claimant also testified that one of the customers was an owner and president of a company and was on top of the market and the news, that the Customers understood the risks associated with the investments, and that the Customers had a long-term time horizon. In addition, Claimant testified that the Customers had other income.

Claimant produced evidence showing that the Customers signed documents in which they represented that they owned other assets composed of real estate and CDs and had a substantial liquid net worth. Claimant’s evidence also showed that the Customers signed documents acknowledging that risks were disclosed to them.

The Arbitrator found that while the Customers may have been unhappy with the extreme volatility of the market conditions, there was no wrongdoing on the part of Claimant.

### **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 a party, Respondent is assessed the following:

Member Surcharge Fee = \$ 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 4, 2021 1 session

One (1) hearing session on expungement request @ \$50.00/session = \$ 50.00  
Hearing: March 24, 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**

Susanne J. Hollander

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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**

***Susanne J. Hollander***

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Susanne J. Hollander  
Sole Public Arbitrator

**03/25/2021**

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Signature Date

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March 25, 2021

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