

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
James Michael Segal

Case Number: 20-03546

vs.

Respondents
Cambridge Investment Research, Inc., LPL
Financial LLC, and Cambridge Investment
Research Advisors

Hearing Site: Baltimore, Maryland

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 and Non-Member

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimant James Michael Segal (“Claimant”): Michael P. Shaw, Esq., Niles, Barton & Wilmer, LLP, Baltimore, Maryland.

For Respondent Cambridge Investment Research, Inc.: (“Cambridge, Inc.”) Richard H. Kuhlman, Esq. and Kristina Branstetter, Esq., Cambridge Investment Research, Inc., Fairfield, Iowa.

For Respondent LPL Financial LLC (“LPL”): Sara B. Davis, Esq., LPL Financial LLC, Boston, Massachusetts.

Respondent Cambridge Investment Research Advisors (“Cambridge Advisors”) did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: October 19, 2020.
Claimant signed the Submission Agreement: October 18, 2020.

Statement of Answer filed by Cambridge, Inc. on or about: December 15, 2020
Cambridge, Inc. signed the Submission Agreement: October 30, 2020.

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

Cambridge Advisors did not sign file a Statement of Claim or sign the Submission Agreement.

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, Cambridge, Inc. denied any allegations of wrongdoing and asserted various affirmative defenses but did not oppose Claimant’s expungement request.

In the Statement of Answer, LPL did not oppose Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Number 2078902, compensatory damages in the amount of \$1.00, and any and all other relief, both at law and in equity, that the Panel deems Claimant is justly entitled.

In the Statement of Answer, Cambridge, Inc. requested that Claimant’s claims against it be dismissed, an award in favor of Cambridge, Inc. for its costs and expenses, and such other relief as the Panel deems appropriate.

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

OTHER ISSUES CONSIDERED AND DECIDED

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

Cambridge Advisors is not a member or associated person of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to the claims against Cambridge Advisors.

The third Arbitrator was not available for the expungement hearing. On July 16, 2021, the parties filed correspondence agreeing to proceed with two arbitrators.

On August 3, 2021, Claimant advised that the customer in Occurrence Number 2078902 (“Customer”) was served with the Statement of Claim and notice of the date and time of the expungement hearing sent to the Customer’s attorney. Claimant also filed a copy of the letter sent to the Customer’s attorney and the signed USPS certified mail receipt.

The Panel conducted a recorded hearing by videoconference on August 3, 2021, so the parties could present oral argument and evidence on Claimant’s request for expungement.

Cambridge, Inc. and LPL participated in the expungement hearing and, as stated in the Statement of Answer, did not oppose the request for expungement.

The Customer did not participate in the expungement hearing. The Panel found that the Customer had notice of the expungement request and hearing.

The Panel reviewed Claimant's BrokerCheck® Report. The Panel noted that a prior arbitration panel or court did not previously rule on expungement of the same occurrences in the CRD.

The Panel noted that the dispute related to Occurrence Number 2078902 was not settled and, therefore, there was no settlement documentation to review.

In recommending expungement, the Panel relied upon the following documentary or other evidence: Claimant's testimony and Exhibits B and E-I.

AWARD

After considering the pleadings, the testimony and evidence presented at the expungement hearing, and any post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claim for \$1.00 in compensatory damages is denied.
2. The Panel recommends the expungement of all references to Occurrence Number 2078902 from registration records maintained by the CRD for Claimant James Michael Segal (CRD Number 4758909) with the understanding that, pursuant to Notice to Members 04-16, Claimant James Michael Segal 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 Panel has made the following Rule 2080 affirmative finding of fact:

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

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

Evidence was presented at the expungement hearing that led the arbitrators to conclude that the Claimant was not involved in the 2016 acquisition of the variable annuity. The evidentiary record supports Claimant's assertion that he did not participate in the conversations or anything else pertaining to the Customer's acquisition of an annuity that is the subject of the Customer's complaint. Rather, it was Claimant's father that handled activity with the Customer.

3. 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 = \$ 1,575.00

**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 parties, Cambridge, Inc. and LPL are each assessed the following:

Member Surcharge = \$ 1,900.00
Member Process Fee = \$ 3,750.00

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Panel, including a pre-hearing conference with the Panel, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session @ \$1,125.00/session	= \$	1,125.00
Pre-Hearing Conference: February 11, 2021	1 session	
One (1) hearing session on expungement request @ \$1,125.00/session	= \$	1,125.00
Hearing: August 3, 2021	1 session	
Total Hearing Session Fees	= \$	2,250.00

The Panel has assessed the total hearing session fees to Claimant.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATION PANEL

David L. Ruderman	-	Public Arbitrator, Presiding Chairperson
C. Gregory Ellison	-	Non-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.

Concurring Arbitrators' Signatures

David L. Ruderman

David L. Ruderman
Public Arbitrator, Presiding Chairperson

08/10/2021

Signature Date

C Gregory Ellison

C. Gregory Ellison
Non-Public Arbitrator

08/11/2021

Signature Date

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August 11, 2021

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