

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

Grant Thomas Cleghorn
Stephen Andrew Saeta

Case Number: 21-00023

vs.

Respondent

Parnassus Funds Distributor, LLC

Hearing Site: San Francisco, 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 Persons vs. Member

REPRESENTATION OF PARTIES

For Claimants Grant Thomas Cleghorn (“Cleghorn”) and Stephen Andrew Saeta (“Saeta”): Zachary Morse, Esq., HLBS Law, Westminster, Colorado.

Hereinafter, Cleghorn and Saeta are collectively referred to as “Claimants”.

For Respondent Parnassus Funds Distributor, LLC (“Respondent”): Maria L. Kreiter, Esq., Godfrey & Kahn, S.C., Milwaukee, Wisconsin.

CASE INFORMATION

Statement of Claim filed on or about: January 6, 2021.

Claimants signed the Joint Submission Agreement: January 6, 2021.

Statement of Answer filed by Respondent on or about: March 3, 2021.

Respondent signed the Submission Agreement: March 4, 2021.

CASE SUMMARY

In the Statement of Claim, Claimants asserted claims alleging that the Forms U5 filed by Respondent, as part of registration records maintained by the Central Registration Depository (“CRD”), are defamatory in nature, misleading, inaccurate, and/or erroneous.

In the Statement of Answer, Respondent took no position on Claimants’ request for expungement.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. Expungement of Claimants' Forms U5 corresponding with termination disclosure Occurrence Numbers 1737396 and 1737399, internal review disclosure numbers 1737400 and 1737397, and those relevant portions of Claimants' Forms U4 from Claimants' CRD records on the basis that the statements are defamatory in nature, misleading, inaccurate, and/or erroneous, to include:
 - a. amendment of the Reason for Termination entries in Section 3 of Claimants' Forms U5 to read "Voluntary";
 - b. expungement of the Reason for Termination explanation on Claimants' CRD records;
 - c. amendment of the answers to questions 7B and 7F(1) on Claimants' Forms U5, from "Yes" responses to "No";
 - d. deletion of the Internal Review Disclosure Reporting Pages accompanying internal review disclosure numbers 1737400 and 1737397; and
 - e. deletion of the Termination Disclosure Reporting Pages accompanying termination disclosure Occurrence Numbers 1737396 and 1737399;
2. Compensatory damages in the amount of \$1.00 from Respondent; and
3. Any other relief as the arbitration Panel deems just and equitable.

In the Statement of Answer, Respondent requested:

1. Compensatory damages in the amount of \$1.00 be denied; and
2. Any other form of demand adverse to Respondent, including the improper shifting of fees associated with the expungement proceedings to Respondent, be denied.

At the hearing, Claimants 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.

AWARD

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

1. Claimants' claims are denied in their entirety.
2. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code of Arbitration Procedure ("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 persons at the time of the events giving rise to the dispute. Accordingly, as a party, Respondent is assessed the following:

Member Surcharge = \$ 150.00

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 Arbitrator(s), including a pre-hearing conference with the Arbitrator(s), 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: May 25, 2021 1 session

One (1) hearing session on expungement request @ \$50.00/session = \$ 50.00
Hearing: September 8, 2021 1 session

Total Hearing Session Fees = \$ 100.00

The Panel has assessed the total hearing session fees jointly and severally to Claimants.

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

ARBITRATOR

Daniel M. Yamshon

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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

Daniel M. Yamshon

Daniel M. Yamshon
Sole Public Arbitrator

09/15/2021

Signature Date

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September 15, 2021

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