

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

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In the Matter of the Arbitration Between:

Claimants

Morgan Stanley Smith Barney LLC  
Morgan Stanley Smith Barney Financing, LLC

Case Number: 21-00137

vs.

Respondent

Jeanette S. Stofleth

Hearing Site: Seattle, Washington

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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: Member and Non-Member vs. Associated Person

**REPRESENTATION OF PARTIES**

For Claimants Morgan Stanley Smith Barney LLC and Morgan Stanley Smith Barney Financing, LLC (“Claimants”): Shannon L. McDougald, Esq., McDougald Law Group P.S., Bellevue, Washington.

For Respondent Jeanette S. Stofleth (“Respondent”): Donna Mack, Esq., Emerald Law Group, PLLC, Seattle, Washington.

**CASE INFORMATION**

Statement of Claim filed on or about: January 20, 2021.

Amended Statement of Claim filed on or about: April 5, 2021

Morgan Stanley Smith Barney LLC signed the Submission Agreement: January 20, 2021.

Morgan Stanley Smith Barney Financing, LLC signed the Submission Agreement: April 21, 2021.

Respondent did not file a Statement of Answer or sign the Submission Agreement.

**CASE SUMMARY**

In the Statement of Claim, Claimants asserted a cause of action for breach of five promissory notes dated April 18, 2016, August 4, 2016, August 11, 2017, June 27, 2019, and September 24, 2020 (“Notes”). Claimants alleged that Respondent failed to repay the balances of the Notes upon the conclusion of Respondent’s employment with Claimants.

In the Amended Statement of Claim, Morgan Stanley Smith Barney Financing, LLC was added as an additional claimant.

### **RELIEF REQUESTED**

In the Statement of Claim and Amended Statement of Claim, Claimants requested:

1. Compensatory damages of \$422,445.00 plus interest due under Respondent's Notes;
2. Accrued interest at the default rate under the terms of Respondent's Notes since the conclusion of Respondent's employment, October 26, 2020 through the date of payment;
3. Fees and expenses, including all FINRA filing and forum fees;
4. Reasonable attorneys' fees, as provided for by the Notes; and
5. Such other and further relief as the Arbitrator deems appropriate.

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

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

Respondent did not file a Statement of Answer. Accordingly, this matter proceeded pursuant to Rule 13806 of the Code of Arbitration Procedure ("Code").

On April 16, 2021, Respondent registered for the DR Portal, providing Respondent with access to all documents filed in the case, including the Statement of Claim, Overdue Notice, and Notification of Arbitrator. The Arbitrator determined that Respondent is, therefore, bound by the Arbitrator's ruling and determination.

On May 4, 2021, the Arbitrator issued an Order, requesting that Claimants provide affidavits, declarations, and/or other evidence supporting amounts claimed to have been incurred as attorneys' fees. On May 14, 2021, Claimants submitted a Declaration of Legal Fees and Costs.

### **AWARD**

After considering the pleadings, the Arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimants the sum of \$422,445.00.
2. Respondent is liable for and shall pay to Claimants interest in the amount of \$3,930.98 from October 26, 2020 to May 14, 2021. From May 15, 2021 until the date the award is paid in full, Respondent is liable for and shall pay to Claimants interest at the rates stated in each promissory note – 1.50% per annum for the promissory note dated April 18, 2016; 1.25% per annum for the promissory note dated August 4, 2016; 2.00% per annum for the promissory note dated August 11, 2017; 2.50% per annum for the promissory note dated June 27, 2019; and 0.50% per annum for the promissory note dated September 24, 2020.
3. Respondent is liable for and shall pay to Claimants the sum of \$2,000.00 in attorneys' fees pursuant to the Notes.
4. Respondent is liable for and shall pay to Claimants the sum of \$28.36 in costs.

5. Respondent is liable for and shall pay to Claimants \$1,000.00 to reimburse Claimants for the non-refundable portion of the filing fee previously paid to FINRA Dispute Resolution Services.
6. Any and all claims for relief not specifically addressed herein are denied.

### **FEES**

Pursuant to the Code, Claimants has paid to FINRA Dispute Resolution Services the \$1,900.00 Member Surcharge and \$3,750.00 Member Process Fee previously invoiced.

Claimants has also paid to FINRA Dispute Resolution Services the \$1,000.00 non-refundable portion of the filing fee and the \$300.00 Paper Decision fee.

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

**ARBITRATOR**

Robert M. Stein

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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 M Stein***

Robert M Stein  
Sole Public Arbitrator

**05/27/2021**

Signature Date

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May 27, 2021

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