

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Rhys A. Helt

Case Number: 21-01344

vs.

Respondents
Prudential Equity Group, LLC and
RBC Capital Markets, LLC

Hearing Site: Indianapolis, Indiana

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

REPRESENTATION OF PARTIES

For Claimant Rhys A. Helt (“Claimant”): Zachary Morse, Esq. and Dochter Kennedy, Esq., AdvisorLaw, LLC, Westminster, Colorado.

For Respondent Prudential Equity Group, LLC (“Prudential”): Jennifer E. Novoselsky, Esq., Reyes Kurson, Ltd., Chicago, Illinois.

For Respondent RBC Capital Markets, LLC (“RBC”): Tiana M. Towns, Esq., Dorsey & Whitney LLP, Minneapolis, Minnesota.

CASE INFORMATION

Statement of Claim filed on or about: May 24, 2021.

Claimant signed the Submission Agreement: May 24, 2021.

Statement of Answer filed by Prudential on or about: July 16, 2021.

Prudential did not sign the Submission Agreement.

Statement of Answer filed by RBC on or about: July 13, 2021.

RBC signed the Submission Agreement: July 12, 2021.

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, Prudential took no position on Claimant's expungement request and denied any allegations of wrongdoing made in the Statement of Claim.

In the Statement of Answer, RBC did not oppose Claimant's expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Numbers 177456 and 1930870 and any and all other relief that the Arbitrator deems just and equitable.

In the Statement of Answer, Prudential requested denial of Claimant's request for damages, attorneys' fees and/or costs, and that all forum fees be assessed against Claimant.

In the Statement of Answer, RBC requested denial of any request for damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

Prudential did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim and appeared through counsel at the expungement hearing, is bound by the determination of the Arbitrator on all issues submitted.

On July 13, 2021, Claimant, Prudential, and RBC stipulated that a single arbitrator be appointed in this matter pursuant to Rule 13401(c) of the Code.

On December 6, 2021, Claimant filed a Death Record and obituary for the customer in Occurrence Number 177456 and advised that the customer in Occurrence Number 1930870 ("Customer") was served with the Statement of Claim and notice of the date and time of the expungement hearing ("Notice"). On December 13, 2021, Claimant filed an Affidavit confirming that the Customer was served with the Notice. Claimant also filed a copy of the FedEx tracking information available online for the Notice.

The Arbitrator conducted a recorded, telephonic hearing on January 5, 2022, so the parties could present oral argument and evidence on Claimant's request for expungement.

Prudential participated in the expungement hearing and, as stated in the Statement of Answer, took no position on the request for expungement.

RBC 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 Arbitrator found that the Customer 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 was unable to review the settlement documentation related to Occurrence Number 177456, as Prudential was unable to locate any documents related to settlement due to the passage of time and Claimant did not have a copy in his possession. Based upon the BrokerCheck® Report and the testimony and representations of Claimant, the Arbitrator considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement and 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.

The Arbitrator noted that the dispute related to Occurrence Number 1930870 was not settled and, therefore, there was no settlement document to review.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's testimony and exhibits.

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 177456 and 1930870 from registration records maintained by the CRD for Claimant Rhys A. Helt (CRD Number 2447099) with the understanding that, pursuant to Notice to Members 04-16, Claimant Rhys A. Helt 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 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:

Occurrence Number 177456

The testimony of Claimant indicates that Claimant (who was then a trainee) was asked by the customer to liquidate an annuity and place the funds in a tax qualified IRA to give the customer access to funds for specific purchases with minimal tax consequences. Claimant sought help from more experienced advisors to assist him and followed their advice. When the liquidation check arrived, it was not made out to a non-taxable IRA, but was payable to a taxable account for the customer, thus, causing a fully taxable event in one year for the entire liquidated annuity. Claimant sought competent advice and

followed it, so the claim is erroneous and false. The dispute was settled by the brokerage with no payment or participation by Claimant and with no admission of wrongdoing by Claimant.

Occurrence Number 1930870

The record shows that the customer specifically asked to invest \$100,000.00 in a closed end energy fund. Claimant convinced him to reduce the amount invested to \$25,000.00, as \$100,000.00 would have been unsuitable under Rule 2111. Claimant had previously advised the customer to diversify his portfolio from an overweighting in energy stocks. \$100,000.00 would have been unsuitable for a balanced portfolio, consistent with the experienced customer's objectives. Thus, the complaint is erroneous and false. This fund was less than 2% of the customer's portfolio. These are the only two complaints against Claimant, so they do not reflect any risk to the public.

Expungement is appropriate for both of these occurrences.

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 = \$ 1,600.00

**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, Prudential and RBC are each assessed the following:

Member Surcharge = \$ 2,000.00
Member Process Fee = \$ 3,850.00

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 @ \$1,150.00/session = \$ 1,150.00
Pre-Hearing Conference: September 17, 2021 1 session

One (1) hearing session on expungement request @ \$1,150.00/session = \$ 1,150.00
Hearing: January 5, 2022 1 session

Total Hearing Session Fees = \$ 2,300.00

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

Carl E. Ver Beek

-

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

Carl E. Ver Beek

Carl E. Ver Beek
Sole Public Arbitrator

01/11/2022

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.

January 11, 2022

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