

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
William Paschal

Case Number: 21-01746

vs.

Respondents
Edward Jones
A. G. Edwards & Sons, Inc.

Hearing Site: Columbia, South Carolina

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 William Paschal: Samantha Pastor, JD, and Dochter Kennedy, MBA, JD, AdvisorLaw LLC, Westminster, Colorado.

For Respondent Edward Jones: Jonathan W. Hackbarth, Esq., Quarles & Brady, LLP, Milwaukee, Wisconsin.

For Respondent A. G. Edwards & Sons, Inc. (“AG Edwards”): Deirdre Wolf, Esq., Wells Fargo Legal Department, Saint Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on or about: July 9, 2021.

William Paschal signed the Submission Agreement: July 9, 2021.

Statement of Answer filed by Respondent Edward Jones on or about: August 30, 2021.

Respondent Edward Jones signed the Submission Agreement: August 4, 2021.

Statement of Answer filed by Respondent AG Edwards on or about: September 29, 2021.

Respondent AG Edwards signed the Submission Agreement: July 20, 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, Respondent Edward Jones did not oppose Claimant's expungement request.

In the Statement of Answer, Respondent AG Edwards did not object to Claimant's expungement request, but did object to Claimant's request for damages to the extent that Claimant requests any compensation whatsoever from Respondent AG Edwards.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested: expungement of Occurrence Numbers 1009624 and 1280393 from his CRD record, pursuant to FINRA Rules 2080(b)(1)(A) and (C); deletion of all Disclosure Reporting Pages accompanying the Occurrences; and any and all other relief that the Arbitrator deems just and equitable.

In their respective Statements of Answer, Respondents did not delineate any relief requests.

At the hearing, Claimant withdrew any requests for monetary damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

On January 18, 2022, Claimant advised that the customers in Occurrence Numbers 1009624 ("Customer A") and 1280393 ("Customer B"), hereinafter referred to collectively as the "Customers," were served with the Statement of Claim and notice of the date and time of the expungement hearing. On January 24, 2022, Claimant filed an Affidavit of Service, along with proof of service to the Customers via FedEx, confirming that the Customers were served with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded, telephonic hearing on February 17, 2022, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondents participated in the expungement hearing and as stated in their respective Statements of Answer, did not oppose 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 occurrences in the CRD.

The Arbitrator did not review the settlement documentation related to Occurrence Number 1280393 because neither Claimant nor Respondent AG Edwards were able to produce the settlement documentation. The Arbitrator noted that Claimant testified that, to the best of his knowledge, 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 1009624 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.

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 1009624 and 1280393 from registration records maintained by the CRD for Claimant William Paschal (CRD Number 2327724) with the understanding that, pursuant to Notice to Members 04-16, Claimant William Paschal 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 finding of fact:

The claim, allegation, or information is false.

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

Occurrence Number 1009624:

The actions taken by Claimant were timely, clearly proper, and consistent with his role as a financial advisor. Customer A sought the most aggressive funds available and specifically asked about the Van Kampen Emerging Growth mutual fund ("Van Kampen Fund"), because he had acquaintances who owned the fund. Claimant and Customer A discussed the long-term nature and volatility of the Van Kampen Fund, and Customer A received the Van Kampen prospectus. Claimant and Customer A also discussed alternatives to the Van Kampen Fund. In April of 2000, Customer A invested a portion of his portfolio into the Van Kampen Fund. Initially, the Van Kampen Fund experienced more than a twenty percent (20%) increase in value. Then market forces caused the Van Kampen Fund to decline. In January of 2001, Claimant left Respondent Edward Jones and Customer A's account was assigned to a new financial advisor with Respondent Edward Jones. Customer A complained that Claimant did not contact him during the decline of the Van Kampen Fund to suggest alternative strategies. Customer A lodged his complaint only one (1) year into what he had agreed to be a long-term investment. Respondent Edward Jones denied the claim. The Arbitrator notes that Customer A never filed a civil action or arbitration complaint on these claims. The Arbitrator finds that the totality of the evidence supports the conclusion that these claims were false, unsupported and without merit and that the CRD of Claimant should be expunged.

Claimant has met the burden for expungement under FINRA Rule 2080(b)(1)(C).

Occurrence Number 1280393:

Customer B owned stock in General Motors Company (“GM”), and he requested that a stop-loss order be placed on the GM stock. In 2004, Claimant assisted in successfully executing the stop-loss order in accordance with the Customer B’s directions, at the price dictated by Customer B. Customer B was not provided with any guarantee that his GM stock could be reinstated at a specific price following the sale of the stock. Customer B received a trade confirmation and monthly statements reflecting the open stop-loss order on the GM stock. Days following the liquidations, the price of GM stock rose, and Customer B wanted Respondent AG Edwards to replace his GM stock at the price at which it had been sold pursuant to the stop-loss order. Customer B was angry that Claimant and Respondent AG Edwards could not accommodate that request, and he complained of a failure to execute at the agreed-upon price of the GM stock. Respondent AG Edwards settled with Customer B as a business decision. The Arbitrator finds that the totality of the evidence supports the conclusion that these claims were false, unsupported and without merit and that the CRD of Claimant should be expunged.

Claimant has met the burden for expungement under FINRA Rule 2080(b)(1)(C).

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:

Expungement 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 firms that employed the associated person at the time of the events giving rise to the dispute. Accordingly, as parties, Respondents 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 with a single Arbitrator @ \$1,150.00/session = \$ 1,150.00

Pre-Hearing Conference:	November 2, 2021	1 session		
One (1) hearing session on expungement request @		\$1,150.00/session	= \$	1,150.00
Hearing:	February 17, 2022	1 session		
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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

Theodore Haynes

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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

Theodore Haynes

Theodore Haynes
Sole Public Arbitrator

02/25/2022

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.

February 25, 2022

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