

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

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In the Matter of the Arbitration Between:

Claimant

James Daniel Ramsey, III

Case Number: 21-01939

vs.

Respondents

Morgan Stanley f/k/a Dean Witter Reynolds, Inc.  
Prudential Equity Group, LLC f/k/a Prudential  
Securities, Inc.

Hearing Site: Richmond, Virginia

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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: Associated Person vs. Members

**REPRESENTATION OF PARTIES**

For Claimant James Daniel Ramsey, III: N. Nancy Ghabai, Esq., Ghabai Law Group LLC, Boston, Massachusetts.

For Respondent Morgan Stanley f/k/a Dean Witter Reynolds, Inc. (“Morgan Stanley”): Gina Schlaferman, Esq., Morgan Stanley, St. Petersburg, Florida.

For Respondent Prudential Equity Group, LLC f/k/a Prudential Securities, Inc. (“PEG”): Jennifer E. Novoselsky, Esq., Reyes Kurson, Ltd., Chicago, Illinois.

**CASE INFORMATION**

Statement of Claim filed on or about: July 29, 2021.

Amended Statement of Claim filed on or about: August 16, 2021.

James Daniel Ramsey, III signed the Submission Agreement, as amended: February 14, 2022.

Statement of Answer to Amended Statement of Claim filed by Respondent Morgan Stanley on or about: October 25, 2021.

Morgan Stanley signed the Submission Agreement, as amended: December 20, 2021.

Statement of Answer to Amended Statement of Claim filed by Respondent PEG on or about: November 8, 2021.

PEG did not sign the Submission Agreement.

### **CASE SUMMARY**

In the Statement of Claim, as amended, Claimant asserted a claim seeking expungement of the Form U5 corresponding with Occurrence Numbers 119126 and 205628 and the Internal Review Disclosure Reporting Page (“DRP”) corresponding with Occurrence Number 301202, and those relevant portions of the Form U4, from Claimant’s Central Registration Depository (“CRD”) record on the basis that the statements are defamatory in nature, misleading, inaccurate and/or erroneous.

Unless specifically admitted in the Statement of Answer to Amended Statement of Claim, Respondent Morgan Stanley denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

In the Statement of Answer to Amended Statement of Claim, Respondent PEG took no position on Claimant’s expungement request, denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

In the Statement of Claim, as amended, Claimant requested: expungement of the Morgan Stanley Form U5 entry corresponding with Occurrence Number 119126, and those relevant portions of the Form U4 to include: (a) an amendment of the Reason for Termination in Section 3 of Claimant’s Form U5 to read “Voluntary,” (b) an expungement and deletion of the Reason for Termination, Allegations, and Comments Sections and any supplemental information submitted by Claimant, (c) an amendment of Question 7B and 7F(1) to be changed to “No,” and (d) an expungement and deletion of the Termination DRPs accompanying Occurrence Number 119126; expungement of the PEG Form U5 entry corresponding with Occurrence Number 205628 and the Internal Review DRP corresponding with Occurrence Number 301202, and those relevant portions of the Form U4 to include: (a) an amendment of the Reason for Termination in Section 3 of Claimant’s Form U5 to read “Voluntary,” (b) an expungement and deletion of the Reason for Termination, Allegations, and Comments Sections and any supplemental information submitted by Claimant, (c) an amendment of Question 7B and 7F(1) to be changed to “No,” (d) an expungement and deletion of the Termination DRPs accompanying Occurrence Number 205628, and (e) expungement and deletion of the Internal Review DRPs accompanying Occurrence Number 301202; and any and all other relief that the Arbitrator deemed just and equitable.

In the Statement of Answer to Amended Statement of Claim, Respondent Morgan Stanley requested the dismissal of Claimant’s Statement of Claim, as amended, as time-barred and ineligible for arbitration pursuant to Rule 13206 of the Code of Arbitration Procedure (“Code”).

In the Statement of Answer to Amended Statement of Claim, Respondent PEG objected to Claimant’s request for expungement of Occurrence Numbers 205628 and 301202 on the basis that the information is defamatory.

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

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

Respondent PEG did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared, and testified at the hearing, is bound by the determination of the Arbitrator on all issues submitted.

On or about August 16, 2021, Claimant filed an Amended Statement of Claim to remove Pruco Securities, LLC f/k/a Prudential Securities, Inc. as a Respondent and to add PEG as a Respondent.

On or about January 10, 2022, Respondent Morgan Stanley filed a Motion to Dismiss pursuant to Rule 13206 of the Code. The Arbitrator did not consider this Motion to Dismiss, because the Arbitrator determined it was not timely filed.

### **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. Authority to Award Relief

According to the FINRA Dispute Resolution Services Arbitrator's Guide, in an intra-industry dispute, FINRA will expunge non-customer information if the award is confirmed by a court of competent jurisdiction. If an arbitrator recommends expungement of non-customer dispute information which the arbitrator deems to be defamatory, FINRA will expunge the information without a court order. Arbitrators must clearly state in the award that they are recommending expungement based on the defamatory nature of the information in the CRD system. Arbitrators, however, are not required to find or to state explicitly in the award that all elements required to satisfy a claim in defamation under governing law have been met.

#### 2. Respondent Morgan Stanley (Occurrence Number 119126)

By Claimant's own admission, Claimant was discharged from Respondent Morgan Stanley for unauthorized trading in the account of Claimant's client. Claimant testified at length about the circumstances leading to Claimant's dismissal, noting that Claimant's actions were in furtherance of Claimant's client's interests, not Claimant's own. A notarized letter from Claimant's client, which is included in Claimant's Amended Statement of Claim and Exhibits, confirms this testimony. Claimant further testified that Claimant has never had a client complaint filed against Claimant and has never been subject to any regulatory action.

Claimant conceded under oath that the information on the report is accurate. Without explicitly saying so, what Claimant argues in this claim is that Claimant should not have been discharged because Claimant acted in Claimant's client's best interests – no harm was done. This is an action for expungement, not an opportunity to challenge the underlying employment action. Whatever sympathy one might have for Claimant's situation does not change the fact that Claimant's BrokerCheck® Report truthfully reflects what happened.

Claimant's (CRD Number 1209836) request for expungement of Occurrence Number 119126 from Claimant's registration records maintained by the CRD is denied.

3. Respondent PEG (Occurrence Numbers 205628 and 301202)

Claimant testified that Claimant resigned from Respondent PEG after it was discovered that Claimant executed trades in the account of Claimant's client without proper written authorization. Claimant said Claimant's actions were in furtherance of Claimant's client's interests, not Claimant's own. A notarized letter from Claimant's client, which is included in Claimant's Amended Statement of Claim and Exhibits, confirms this testimony. Claimant testified that Claimant's manager, who was not meeting production targets, may have used the incident as an excuse to drive Claimant out of the company, thereby preventing Claimant from moving Claimant's accounts to Texas and allowing the manager to redistribute the accounts to others in the Richmond office.

Claimant testified that Claimant resigned after being told that Claimant was going to be terminated. The testimony is consistent with the report of the internal review, which states that Claimant resigned but would have been terminated. The report further states that Claimant engaged in unauthorized trading. While Claimant disputes this conclusion, as is stated above with regard to Occurrence Number 119126, an action for expungement is not an opportunity to challenge the underlying employment action.

The Arbitrator recommends the expungement of the Reason for Termination in Claimant James Daniel Ramsey, III's (CRD Number 1209836) Form U5 filed by Respondent Prudential Equity Group, LLC f/k/a Prudential Securities, Inc. (CRD Number 7471) in 1993 and maintained by the CRD. The Reason for Termination shall be changed to "Permitted to Resign." This directive shall apply to all references to the Reason for Termination.

The Arbitrator further recommends that the response to the "Termination Type" question (Question 2) of the Termination DRP related to Occurrence Number 205628 and maintained by the CRD for Claimant James Daniel Ramsey, III be replaced with "Permitted to Resign."

The Arbitrator further recommends that the response to Question 3 of the Internal Review DRP related to Occurrence Number 301202 and maintained by the CRD for Claimant James Daniel Ramsey, III be deleted in its entirety and replaced with the following language: "Internal review 12/17/93 unauthorized trading in the account of the client after admitting to the unauthorized trading in the account of the client, Mr. Ramsey was permitted to resign. A settlement was reached with the client in the amount of \$7,114.00. Mr. Ramsey reimbursed Prudential Securities in that amount."

4. The above recommendations are made with the understanding that the registration records are not automatically amended. Claimant James Daniel Ramsey, III must obtain confirmation of this Award from a court of competent jurisdiction, before the CRD will execute the expungement directive, and must forward a copy of the Court Order to FINRA's Credentialing, Registration, Education and Disclosure Department for the amendments to be incorporated into the Registration Records.
5. 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, Respondents Morgan Stanley and PEG 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 @ \$450.00/session = \$ 450.00  
Pre-Hearing Conference: November 30, 2021 1 session

One (1) hearing session on expungement request @ \$450.00/session = \$ 450.00  
Hearing: February 16, 2022 1 session

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Total Hearing Session Fees = \$ 900.00

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**

Geoffrey A. Drucker

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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**

***Geoffrey A. Drucker***

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Geoffrey A. Drucker  
Sole Public Arbitrator

**03/02/2022**

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Signature Date

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March 02, 2022

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