

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant
Jack Paich

Case Number: 15-02765

vs.

Respondents
BluePrint Wealth Partners, LLC
Cory Ryan Burnell
Interactive Brokers LLC
LPL Financial LLC
Joseph Ray Duca
Travis Shawn Lewis
7 Streets Financial LLC

Hearing Site: San Francisco, California

Nature of the Dispute: Customer vs. Members, Associated Persons, and Non-Members

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimant Jack Paich: Christopher P. Mader, Esq., Baldwin Mader Law Group,
Manhattan Beach, California

For Respondents BluePrint Wealth Partners, LLC ("BluePrint"), Cory Ryan Burnell
("Burnell"), Joseph Ray Duca ("Duca"), Travis Shawn Lewis ("Lewis") and 7 Streets
Financial LLC ("7 Streets") :Edward Zusman, Esq., Markun Zusman Freniere Compton
LLP, San Francisco, California

For Respondent Interactive Brokers LLC ("Interactive"): Jason O. Billy, Esq., Interactive
Brokers LLC, Washington, District of Columbia

For Respondent LPL Financial LLC ("LPL"): Neil S. Baritz, Esq., Baritz & Colman LLP,
Boca Raton, Florida

CASE INFORMATION

Statement of Claim filed on or about: October 9, 2015
Amended Statement of Claim filed on or about: August 31 2016
Claimant signed the Submission Agreement: October 19, 2015

Statement of Answer filed by Interactive on or about: December 17, 2015

Statement of Answer to the Amended Statement of Claim filed by Interactive on or about: September 26, 2016

Interactive signed the Submission Agreement: December 17, 2015

Statement of Answer filed by LPL on or about: January 15, 2016

Statement of Answer to the Amended Statement of Claim filed by LPL on or about: September 20, 2016

LPL signed the Submission Agreement: November 16, 2015

Statement of Answer filed by BluePrint and Burnell on or about: January 15, 2016

Statement of Answer to the Amended Statement of Claim filed by BluePrint and Burnell on or about: November 8, 2016

Burnell signed the Submission Agreement: January 20, 2016

BluePrint signed the Submission Agreement: January 21, 2016

Statement of Answer to the Amended Statement of Claim filed by Duca and Lewis on or about: November 8, 2016

Duca signed the Submission Agreement: November 22, 2016

Lewis signed the Submission Agreement: December 1, 2016

CASE SUMMARY

Claimant asserted the following causes of action: suitability; financial abuse of an elder or dependent adult; breach of fiduciary duty; breach of contract; breach of the implied covenant of good faith and fair dealing; negligence and negligent misrepresentation; failure to observe high commercial standards; fraud and misrepresentation; supervision violations of section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder, 15 U.S.C. §78j(b), 17 C.F.R. 240.10b-5, California Corporations Code §25400, et seq., and FINRA Rule 2120; and respondeat superior liability.

In Claimant's Amended Statement of Claim, Claimant added Duca and Lewis as Respondents, negligent infliction of emotional distress as a cause of action, and amended the statement of facts regarding allegations of unsuitable investments in exchange traded funds called Proshares Ultra VIX Short Term Futures ("UVXY") and ProShares Short VIX Short Term Futures ("SVXY"), and options related to same. The causes of action relate to Claimant's investment in UVXY and SVXY, among other unspecified investments.

Unless specifically admitted in their Statements of Answer, Interactive, LPL, BluePrint and Burnell denied the allegations made in the Statements of Claim and asserted various affirmative defenses.

Unless specifically admitted in their Statement of Answer Duca and Lewis denied the allegations made in the Amended Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

1. Compensatory damages in an amount to be determined at the hearing, but in the amount of at least \$300,000.00;
2. Consequential damages, including, but not limited to, lost investment opportunities and other harm resulting from Respondents' fraudulent and negligent acts;
3. Prejudgment and post judgment interest at the legal rate from the date of the transactions herein until the date judgment is entered;
4. Punitive damages in an amount to be determined at hearing and, reasonable and necessary attorneys' fees, including costs and expenses, pursuant to California Civil Code §1717, among others; and
5. Such other and further relief as the Panel deems appropriate under the circumstances.

In the Amended Statement of Claim, Claimant requested:

1. Compensatory damages in an amount to be determined at the hearing, but in the amount of at least \$250,000.00;
2. Consequential damages, including, but not limited to, lost investment opportunities and other harm resulting from Respondents' fraudulent and negligent acts;
3. Prejudgment and post judgment interest at the legal rate from the date of the transactions herein until the date judgment is entered;
4. Punitive damages in an amount to be determined at hearing, and reasonable and necessary attorneys' fees, including costs and expenses, pursuant to California Civil Code §1717, among others; and
5. Such other and further relief as the Panel deems appropriate under the circumstances.

In its Statements of Answer, Interactive requested that the Panel find that Claimant's Statement of Claim, including his claims for compensatory, consequential and punitive damages, and prejudgment and post judgment interest, is without merit and should be denied.

In its Statements of Answer, LPL requested:

1. Dismissal of this action in its entirety;
2. Costs incurred in connection with its defense of this matter; and
3. Such further relief as the Panel deems just and proper.

In their Statements of Answer, BluePrint and Burnell requested:

1. The claim be dismissed in its entirety;
2. Costs and forum fees incurred in defending against this action;
3. Expungement of this case from Burnell's Central Registration Depository ("CRD") records pursuant to the requirements of applicable FINRA rules; and
4. Such other and further relief as the Panel deems just and proper.

In their Statement of Answer, Duca and Lewis requested:

1. The claim be dismissed in its entirety;
2. Costs and forum fees incurred in defending against this action;
3. Expungement of this case from Duca and Lewis' CRD records pursuant to the requirements of applicable FINRA rules; and

4. Such other and further relief as the Panel deems just and proper.

At the close of the hearing, Claimant requested damages in the amount of \$210,000.00.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On August 8, 2016, Claimant submitted a Motion for Leave to Amend the Statement of Claim and a proposed Amended Statement of Claim. On August 10, 2016, Claimant submitted a proposed corrected Amended Statement of Claim. On August 17, 2016, counsel for Bluepoint, Burnell, Duca, Lewis, and 7 Streets accepted service of the motion and amended pleadings but stated that he did not agree that he would not oppose the motion, as the decision had not yet been made. Additionally, he stated that 7 Streets will not agree to FINRA Arbitration. On August 18, 2016, LPL submitted a response opposing Claimant's motion. On August 19, 2016, Interactive submitted a response opposing Claimant's motion. On August 29, 2016, Claimant submitted a reply to LPL and Interactive's oppositions to his motion. On August 29, 2016, counsel for BluePrint, Burnell, Duca, Lewis, and 7 Streets advised that they will not oppose the motion. He further stated that 7 Streets is not a FINRA member firm and does not voluntarily submit to FINRA jurisdiction, therefore it cannot be added as a Respondent in this arbitration and objects to being named as a Respondent on jurisdictional grounds.

On August 30, 2016, a pre-hearing conference was held so the parties could present oral argument and evidence on the motion. By order dated August 31, 2016, the Panel granted Claimant's Motion to Amend. Therefore, Claimant's Amended Statement of Claim became part of the record.

7 Streets is not a member of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to Claimant's claims against 7 Streets.

On March 24, 2016, LPL submitted a Motion to Dismiss. On April 15, 2016, Claimant submitted a response opposing the motion. On April 22, 2016, LPL submitted a reply in further support of its motion. On May 3, 2016, the Panel held a recorded pre-hearing conference so the parties could present oral argument and evidence on LPL's motion. By order dated May 4, 2016, the Panel determined that the Motion to Dismiss was denied without prejudice and that the motion was not frivolous.

On April 14, 2017, Claimant withdrew all claims and allegations against Duca and Lewis in their entirety.

At the start of the evidentiary hearing, Claimant advised the Panel that they had reached a settlement of their claims against BluePrint and Burnell, and withdrew all claims against them. Therefore, the Panel made no determination of Claimant's claims against BluePrint and Burnell.

During the evidentiary hearing, after Claimant presented his case-in-chief, Interactive made an oral motion to dismiss. Claimant opposed the motion. After due deliberation, the Panel granted Interactive's motion because Interactive was only a custodian. It was not involved in investments and had no responsibility. This was made very clear in all of their documents, forms, etc.

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. LPL is liable for and shall pay to Claimant compensatory damages in the sum of \$160,000.00.
2. Claimant's claims against Interactive are dismissed with prejudice.
3. Burnell, Duca, and Lewis did not pursue their requests for expungement. Therefore, the Panel made no determination with regard to the merits of these requests.
4. Any and all claims for relief not specifically addressed herein, including punitive damages and attorneys' fees, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

FINRA Office of Dispute Resolution assessed a filing fee* for each claim:

| | |
|--------------------------|---------------|
| Initial Claim Filing Fee | = \$ 1,425.00 |
|--------------------------|---------------|

**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 a parties, Interactive and LPL are assessed the following:

| | |
|--------------------|---------------|
| <u>LPL</u> | |
| Member Surcharge | = \$ 1,900.00 |
| Member Process Fee | = \$ 3,750.00 |

| | |
|--------------------|---------------|
| <u>Interactive</u> | |
| Member Surcharge | = \$ 1,900.00 |

Member Process Fee = \$ 3,750.00

Postponement Fees

Postponements granted during these proceedings for which fees were assessed or waived:

September 13 – 16, 2016, postponement by Claimant = \$1,125.00

Total Postponement Fees = \$1,125.00

1. The Panel has assessed \$562.50 of the postponement fees to Claimant.
2. The Panel has determined to waive \$562.50 of the postponement fees.

Discovery-Related Motion Fee

Fees apply for each decision rendered on a discovery-related motion.

Two (2) decisions on a discovery-related motion on the papers with one (1) arbitrator @ \$200.00/decision = \$ 400.00

LPL submitted 2 discovery-related motions

Total Discovery-Related Motion Fees = \$ 400.00

The Panel has assessed \$400.00 of the discovery-related motion fees to LPL.

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), that 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: July 15, 2016 1 session

Five (5) pre-hearing sessions with the Panel @ \$1,125.00/session = \$ 5,625.00
Pre-hearing conferences: February 25, 2016 1 session
May 3, 2016 1 session
August 30, 2016 1 session
October 10, 2016 1 session
October 25, 2016 1 session

Nine (9) hearing sessions @ \$1,125.00/session = \$10,125.00
Hearing Date: May 22, 2017 2 sessions
May 23, 2017 2 sessions
May 24, 2017 2 sessions
May 25, 2017 3 sessions

Total Hearing Session Fees = \$16,200.00

1. The Panel has assessed \$6,412.50 of the hearing session fees to Claimant.
2. The Panel has assessed \$562.50 of the hearing session fees jointly and severally to LPL, Interactive, and Burnell.
3. The Panel has assessed \$4,500.00 of the hearing session fees to LPL.
4. The Panel has assessed \$3,600.00 of the hearing session fees to Interactive.
5. The Panel has assessed \$1,125.00 of the hearing session fees jointly and severally to LPL, Interactive, Burnell, Duca, and Lewis.

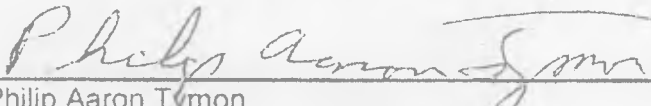
All balances are payable to FINRA Office of Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

| | | |
|------------------------|---|--|
| Philip Aaron Tymon | • | Public Arbitrator, Presiding Chairperson |
| William Michael Samsel | - | Public Arbitrator |
| Anne M. Lawlor Goyette | - | 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.

Concurring Arbitrators' Signatures



Philip Aaron Tymon
Public Arbitrator, Presiding Chairperson

6/15/17

Signature Date

William Michael Samsel
Public Arbitrator

Signature Date

Anne M. Lawlor Goyette
Public Arbitrator

Signature Date

June 19, 2017

Date of Service (For FINRA Office of Dispute Resolution office use only)

ARBITRATION PANEL

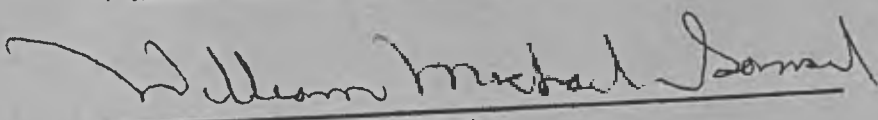
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- William Michael Samsel - Public Arbitrator
- Anne M. Lawlor Goyette - Public Arbitrator

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Concurring Arbitrators' Signatures

Philip Aaron Tymon
Public Arbitrator, Presiding Chairperson

Signature Date



June 15, 2017

William Michael Samsel
Public Arbitrator

Signature Date

Anne M. Lawlor Goyette
Public Arbitrator

Signature Date

June 19, 2017
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Public Arbitrator, Presiding Chairperson

Signature Date

William Michael Samsel
Public Arbitrator

Signature Date



Anne M. Lawlor Goyette
Public Arbitrator

6-19-17

Signature Date

June 19, 2017
Date of Service (For FINRA Office of Dispute Resolution office use only)