



FINRA Dispute Resolution

Updated September 24, 2015

Simplified Case Checklist

Case Number:

Case Name:

1. Please indicate the nature of the **initial** claim that was filed

Customer vs. Member &
Associated Person

Member vs. Member &
Associated Person

Customer vs. Member

Member vs. Member

Member vs. Customer

Member vs. Associated Person

Customer vs. Associated Person

Associated Person vs. Member

Associated Person vs. Customer

Associated Person vs. Member &
Associated Person

Non-Member vs. Member

Other _____

2. For cases in which a respondent has failed to submit an answer (an unresponsive party), have you reviewed the service history for that respondent? Yes___ No___

If yes, is service complete and sufficient upon the unresponsive party in order for you to decide the case? Yes___ No___

3. Are you dismissing any respondents from this case? Yes___ No___

If yes, list the respondents you are dismissing:

4. Are you denying claimant's relief requests in their entirety against the remaining respondents? _____ Yes _____ No

5. If you are awarding damages to the Claimant:

a. Total compensatory damages awarded: _____

b. Are the respondents found jointly and severally liable? Yes _____ No _____

If no, list the respondents and the amount of liability against each:

6. Interest (if applicable):

a. Is interest awarded? Specifically indicate the percentage of interest awarded:

Date interest on the award begins to accrue?

Date interest on the award ceases to accrue?

b. Denied _____

7. Punitive damages (if applicable)

a. Granted _____ (if granted, please supply the information requested below.)

Name(s) of respondent(s) against whom punitive damages are to be assessed and the amounts:

Legal authority for punitive damages award:

b. Denied _____

8. Attorneys' fees (if applicable)

a. Granted _____ (if granted, please specify amount and legal authority)

b. Denied _____

9. Counterclaim/crossclaim/third-party claim (if applicable)

a. Granted _____ (If granted, please supply the information requested below)
Name(s) of party(ies) against whom damages are to be assessed and the amounts:

b. Denied _____

10. FINRA Dispute Resolution filing fees (You are required to complete this section.)

a. Assessed against respondent (Please specify percentage assessed against each respondent.)

b. Assessed against claimant (Please specify percentage assessed against each claimant.)

11. **Expungement**

A. Was the expungement request made:

- In a pleading (i.e. Statement of Claim or Answer)?
- In a Stipulated Agreement?
- In a motion?

B. If the case was filed by a customer or is an intra-industry case that requests expungement of customer dispute information, the panel must follow Rule 2080 and comply with Rule 12805 or Rule 13805.

1. Is the panel recommending expungement?

Yes No

2. Did the panel conduct either a recorded in-person or a recorded telephonic hearing to determine the request for expungement?

In-person hearing Telephonic hearing

Rule 2080 Grounds for Expungement

If expungement is recommended, the panel must identify which of the following Rule 2080 finding(s) it is making in order to grant the expungement request:

- The claim, allegation, or information is factually impossible or clearly erroneous.
- The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.
- The claim, allegation, or information is false.

For the Award - Brief Written Explanation Recommending Expungement

The panel *must* provide a brief written explanation of the reason(s) for its finding that one or more Rule 2080 grounds for expungement apply to the facts of the case. The panel's explanation should support its findings.

(Please provide additional pages, if necessary)

Documentary or Other Evidence

- A. Did the broker seeking expungement (or the party seeking expungement on the broker's behalf) provide a current copy of the BrokerCheck® report?

Yes No

- B. What specific documentary or other evidence did the panel rely upon in recommending the expungement? If possible, please identify the documents or testimony that the panel relied upon.

(Please provide additional pages, if necessary):

Settlement Documents

Did the parties reach a settlement in this case?

Yes No

A. Did the panel review the settlement documents of this or any other underlying case that is the subject of the expungement request?

Yes No

Please explain:

B. Did the party seeking expungement contribute to the settlement?

Yes No

C. Did the panel consider the amount of payments made to any party and consider any other terms and conditions of settlement?

Yes No

Please explain:

Settled Cases – Customer Notice and Participation

In some instances, an associated person will file an arbitration claim against a member firm solely for the purpose of seeking expungement, without naming the customer in the underlying dispute as a respondent. To ensure that customers know about the expungement request, arbitrators should order the associated persons to provide a copy of their Statement of Claim to the customer(s) involved in the underlying arbitration.

A. Did the arbitrators order the associated person to provide a copy of their Statement of Claim to the customers in the underlying arbitration?

Yes No Not Applicable

If no, please explain:

B. It is important to allow customers and their counsel to participate in the expungement hearing in settled cases if they wish to. Participation includes testifying, presenting evidence and conducting cross-examination. Did the arbitrators allow the customers and their counsel to participate in the hearing?

Yes No Not Applicable

If no, please explain:

Parties Making Second Requests for Expungement

When an arbitration panel has issued an award denying a broker's expungement request, the broker may not request expungement in another arbitration case. Therefore, arbitrators should ask a party requesting expungement whether an arbitration panel previously denied expungement of the customer dispute information at issue. If there has been a prior denial, the arbitration panel must deny the expungement request and contact FINRA staff for assistance.

Did the Associated Person previously file a claim requesting to expunge the same disclosure in the Central Registration Depository (CRD)?

Yes No

If Yes, please explain:

E. Settlement Payments and Prohibited Conditions Relating to Expungement of Customer Dispute Information

Effective July 30, 2014 FINRA Rule 2081 prohibits firms and registered representatives from conditioning settlement of a customer dispute on—or otherwise compensating a customer for—the customer's agreement to consent to, or not to oppose, the firm's or representative's request to expunge such information from CRD. Arbitrators who learn of such prohibited conditions should review FINRA's information relating to [Disciplinary Referrals](#).

Did any party condition settlement of the arbitration upon an agreement not to oppose the request for expungement? If so, in light of that condition, please provide a brief explanation for your expungement recommendation.

Yes No

For Intra-Industry Claims Only

Please review **Defamation Claims in Intra-Industry Disputes** in the Appendix below.

If the claim is between a FINRA member firm and a current or former associated person, and the panel intends to recommend the expungement of information not related to a customer dispute from the Central Registration Depository (“CRD”), state whether the expungement recommendation is based on the defamatory nature of the information, and if so, clearly state in the award that the “expungement recommendation is based on the defamatory nature of the information in the CRD system.”

(Please provide additional pages, if necessary)

If the panel does not base its expungement recommendation on the defamatory nature of the information, FINRA will require the requesting party to obtain court confirmation of the award before executing the expungement recommendation.

For more information about expungement please review:

Notice to Arbitrators and Parties on Expanded Expungement Guidance

Summary of Expungement Rules 12805 and 13805 (Including Rule 2080)

FINRA Codes of Arbitration Procedure for Customer and Industry Disputes, Rules 12805 and 13805 establish procedures that arbitrators must follow when considering requests for expungement relief of customer dispute information from the CRD System under Conduct Rule 2080. These procedures are designed to: (1) make sure that arbitrators have the opportunity to consider the facts that support or oppose a decision to grant expungement; and (2) to ensure that expungement occurs only when the arbitrators find and document one of the narrow grounds specified in Rule 2080.

Pursuant to the rules, in order to grant expungement of customer dispute information under Rule 2080, the panel must:

- (a) Hold a recorded hearing session (by telephone or in person) regarding the appropriateness of expungement. This paragraph will apply to cases administered under Rule 12800, the Simplified Arbitration procedures, even if a customer did not request a hearing on the merits.
- (b) In cases involving settlements, review settlement documents and consider the amount of payments made to any party and any other terms and conditions of a settlement.
- (c) Indicate in the arbitration award which of the Rule 2080 grounds for expungement serve(s) as the basis for its expungement order and provide a brief written explanation of the reason(s) for its finding that one or more Rule 2080 grounds for expungement applies to the facts of the case. Therefore, the arbitrators must make one of the following findings:
 1. The claim, allegation, or information is factually impossible or clearly erroneous; or
 2. The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds; or
 3. The claim, allegation, or information is false.
- (d) Assess all forum fees for hearing sessions in which the sole topic is the determination of the appropriateness of expungement against the parties requesting expungement relief.

Rule 2080 requires that all directives to expunge customer dispute information from the CRD system be confirmed by or ordered by a court of competent jurisdiction. It also requires that FINRA members or associated persons name FINRA as an additional party in any court proceeding in which they seek an order to expunge customer dispute information or request confirmation of an award.

FINRA will generally oppose confirmation of the expungement portion of the arbitration award in most cases where it participates in the judicial proceeding.

These rules do not affect FINRA's practice of permitting expungement, without judicial intervention, of information from the CRD system as directed by arbitrators in intra-industry arbitration awards that involve associated persons and firms based on the defamatory nature of the information ordered expunged.

For more information about expungement please review:

- [FINRA Rule 12805](#)
- [FINRA Rule 13805](#)
- [FINRA Rule 2080](#)
- [FINRA Rule 2081](#)
- [Regulatory Notice 08-79](#)
- [Regulatory Notice 14-31](#)

Defamation Claims in Intra-Industry Disputes

Under existing CRD policy, FINRA will expunge information from the CRD system – without the need for judicial intervention – if the expungement directives contained in intra-industry awards that involve associated persons and firms are based on the defamatory nature of the information ordered expunged and do not involve any customer dispute information. Arbitrators must clearly state in the award that they are ordering expungement relief based on the defamatory nature of the information in the CRD system. Rule 2080 applies in intra-industry cases that request expungement of customer dispute information.

View Rule 2080 Frequently Asked Questions at the FINRA website at:
<http://www.finra.org/RegulatorySystems/CRD/FilingGuidance/p005224>.

CRD Disclosures Ineligible for Expungement in Arbitration

The following CRD disclosures are ineligible for expungement through FINRA arbitration:

Regulatory actions: These generally involve proceedings by a federal or state regulatory authority, foreign financial regulatory authority, or self-regulatory organization (like FINRA). These events typically include actions where a regulator has made certain enumerated findings or imposed penalties against a broker. The regulatory action disclosure category also encompasses instances where a broker's authorization to act as an attorney, accountant, or federal contractor has been revoked or suspended.

Civil judicial actions: These include court injunctions in connection with investment-related activity; court findings that a broker was involved in a violation of any

investment-related statutes or regulations; or investment-related civil actions brought by a regulator that are dismissed by a court following a settlement agreement.

Investigations: This category includes investigations or proceedings by a domestic or foreign governmental body or self-regulatory organization with jurisdiction over investment-related businesses.

Criminal matters: This includes charges or convictions for any felony and misdemeanors that have been reported to the CRD system, such as fraud, wrongful taking of property, or bribery.

Financial matters: This includes compromises with creditors and bankruptcies occurring within the prior 10 years; a bonding company's denial, payment on, or revocation of a bond for a broker; and any unsatisfied judgment or liens.