In the Matter of the Arbitration Between:

Claimants
Steve Beaulieu
Margaret Bryant
Robert Burns
Vicki Lynn Currie
Janice Jeffrey
Mary Jo Kearfort
Donna Lester
Beth Rowlett
Thomas W, Scherer
Virginia A Scherer
James Thannum
Carter Towne
Judy T Wormser

vs.

Respondent
Pershing LLC

Case Number: 17-02830
Hearing Site: Memphis, Tennessee

Nature of the Dispute: Customers vs. Member
This case was decided by an all-public panel.

REPRESENTATION OF PARTIES


CASE INFORMATION

Statement of Claim filed on or about: October 20, 2017.
Claimants signed the Submission Agreement: October 20, 2017.

Statement of Answer filed by Respondent on or about: January 26, 2018.
CASE SUMMARY

Claimants asserted the following causes of action: aiding and abetting common law fraud; aiding and abetting breach of fiduciary duty; negligence (gross negligence); breach of contract; violation of FINRA Anti-Money Laundering Conduct Rule 3310; violation of FINRA Conduct Rule 2120 – manipulative, deceptive and fraudulent devices; violation of NASD Conduct Rule 2110 – commercial honor and principles of trade; violation of NASD Conduct Rule 3010(a) – negligent supervision; and civil conspiracy to defraud. The causes of action relate to an alleged Ponzi scheme for which Respondent allegedly wired/laundered funds to the Stanford International Bank, Ltd. (“SIBL”) which issued Certificates of Deposits (“CDs”) to Claimants.

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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:
1. Full rescission of the CDs issued by the SIBL that were purchased by Claimants;
2. An award of approximately $5,620,867.00 in compensatory damages;
3. Punitive damages in an amount at least three times the amount of compensatory damages, as permitted under Tennessee law;
4. Pre-judgment and post-judgment interest, at the legal rate, for Claimants’ loss of use of capital, as permitted by Tennessee law;
5. All costs and fees incurred in this action including all forum fees, expert witness-related fees, and any additional costs/fees incurred by Claimants’ counsel; and
6. Such further relief as the Panel deems just and appropriate.

In the Statement of Answer, Respondent requested that the Statement of Claim be denied.

OTHER ISSUES CONSIDERED AND DECIDED

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


On April 5, 2018, the Panel heard oral arguments on Respondent’s Motion to Dismiss. By order of the same date, Respondent’s motion to dismiss on grounds of eligibility was denied.
On September 17, 2018, Claimants filed an Unopposed Motion to Dismiss Arbitration Claim Without Prejudice.

On October 17, 2018, the Panel heard oral arguments on Claimants' Unopposed Motion to Dismiss Arbitration Claim Without Prejudice. After considering the motion and clarifications thereof during the telephonic hearing by counsel for both Claimants and Respondent, the Panel unanimously grants the motion.

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, and the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Claimants’ claims are dismissed without prejudice.

**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 = $2,250.00

*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 party, Respondent is assessed the following:

- Member Surcharge = $4,025.00
- Member Process Fee = $7,000.00

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

- September 17-21 and 24-28, 2018, postponement by Claimants = $1,500.00

Total Postponement Fees = $1,500.00
The Panel has assessed $1,500.00 of the adjournment fees jointly and severally to Claimants.

**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:

<table>
<thead>
<tr>
<th>Session Date</th>
<th>Number of Sessions</th>
</tr>
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<tbody>
<tr>
<td>March 6, 2018</td>
<td>1 session</td>
</tr>
<tr>
<td>April 5, 2018</td>
<td>1 session</td>
</tr>
<tr>
<td>October 17, 2018</td>
<td>1 session</td>
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</tbody>
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Three (3) pre-hearing sessions with the Panel @ $1,500.00/session =$4,500.00

The Panel has assessed $1,500.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed $3,000.00 of the hearing session fees to Respondent.

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

/s/ Patricia Best Vital  /s/ October 30, 2018
Patricia Best Vital  Signature Date
Public Arbitrator, Presiding Chairperson

John P. Cullem  Signature Date
Public Arbitrator

Robert Stewart Barney  Signature Date
Public Arbitrator

November 6, 2018
Date of Service (For FINRA Office of Dispute Resolution office use only)
ARBITRATION PANEL

Patricia Best Vital - Public Arbitrator, Presiding Chairperson
John P. Cullem - Public Arbitrator
Robert Stewart Barney - 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

Patricia Best Vital
Public Arbitrator, Presiding Chairperson

John P. Cullem
Public Arbitrator

Robert Stewart Barney
Public Arbitrator

Signature Date

10/30/2018

Signature Date

10/30/18

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

November 6, 2018