

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant

Lloyd Victor Seested, III,

Case Number: 19-03358

vs.

Respondents

J.P. Morgan Securities, LLC
Frederick Joseph Schultz
Eric Jordan Teichberg
Kennan Blakely Low
Howard Stuart Rothman
Erica Hicks Landskroener
Scott Kevin Sturley

Hearing Site: Boca Raton, Florida

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. Member and Associated Persons

This case was decided by a majority-public panel.

The evidentiary hearing was conducted partially by videoconference.

REPRESENTATION OF PARTIES

For Claimant Lloyd Victor Seested, III: Curtis Carlson, Esq., Carlson & Associates, P.A., Miami, Florida.

For Respondents J.P. Morgan Securities, LLC (“JP Morgan”), Frederick Joseph Schultz (“Schultz”), Eric Jordan Teichberg (“Teichberg”), Kennan Blakely Low (“Low”), Howard Stuart Rothman (“Rothman”), Erica Hicks Landskroener (“Landskroener”), and Scott Kevin Sturley (“Sturley”), hereinafter collectively referred to as “Respondents”: Katherine B. Harrison, Esq., Paduano & Weintraub, LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: November 8, 2019.

Lloyd Victor Seested, III, signed the Submission Agreement: November 12, 2019.

Statement of Answer filed by Respondents on or about: January 21, 2020.

JP Morgan signed the Submission Agreement: January 27, 2020.
Frederick Joseph Schultz signed the Submission Agreement: January 26, 2020.
Eric Jordan Teichberg signed the Submission Agreement: January 24, 2020.
Kennan Blakely Low signed the Submission Agreement: January 23, 2020.
Howard Stuart Rothman signed the Submission Agreement: January 27, 2020.
Erica Hicks Landskroener signed the Submission Agreement: January 23, 2020.
Scott Kevin Sturley signed the Submission Agreement: January 24, 2020.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: violation of partnership laws, security laws, and industry rules and standards of conduct; breach of fiduciary duty; breach of FINRA Fair Dealing Rule 2010; breach of the Signature Team Agreement; fraud and deceit; breach of the Covenant of Good Faith and Fair Dealing; breach of District of Columbia partnership law; unjust enrichment; interference with advantageous business relationships; and conspiracy to commit the foregoing tortious acts. The causes of action relate to the departure of Claimant's partners to go work for Respondent JP Morgan.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested: compensatory damages in an amount to be determined but in excess of \$10,000,000.00 (which is one-half of the amount paid by Respondent JP Morgan to the individual Respondents), plus the growth and income that would have been generated on that book of business had Respondents not violated their duties as alleged in the Statement of Claim; imposition of a constructive trust over the commissions earned by all Respondents for breach of fiduciary duty and conspiracy to breach fiduciary duties and an accounting of the commissions earned; pre-judgment and post-judgment interest at the legal rate during the applicable period; costs and fees of this action, including FINRA fees and expert witness fees; punitive damages in an amount to be determined; and such other relief as the Arbitrators deemed appropriate.

In the Statement of Answer, Respondents requested a declaration that Respondents are not liable to Claimant in any respect; a dismissal of the Statement of Claim in its entirety; and such other and further relief as the Panel deemed just and proper.

At the hearing, Claimant requested \$12,956,619.37. Claimant suggested a minimal figure of \$8,098,158.72, if the Panel assumed no growth in the subject assets under management, rather than 5%.

OTHER ISSUES CONSIDERED AND DECIDED

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

On March 2, 2022, Respondents filed a Motion to Preclude Testimony by Claimant's Expert Witness, in which they asserted, among other things, that Claimant had provided no information

about Claimant's expert witness. In his March 8, 2022, Response in Opposition to Motion to Preclude, Claimant argued, among other things that Respondents' Motion sought extraordinary relief of a preventative exclusion of an expert witness due to Claimant's supposed failure to produce documents and information that either did not exist or were not required to be produced under the FINRA Code of Arbitration Procedure (the "Code"). In their Reply in Further Support of their Motion to Preclude Testimony by Claimant's Expert Witness dated March 9, 2022, Respondents asserted, among other things, that Claimant refused to provide his expert witness's resume or to disclose any information about him. During the March 2022, evidentiary hearings, the Panel denied Respondents' Motion to Preclude Claimant's Expert Witness.

On May 24, 2022, during the final hearing, Claimant filed a Motion for Sanctions in which he asserted, among other things, that Respondent Rothman falsely testified concerning his so-called "Trophy File" and when he took photos of emails; Respondents falsely testified that they "took nothing" with them when they left UBS because, according to them, they were instructed by counsel to take nothing; Respondents spoliated the Salesforce data, which Respondent Sturley testified showed who originated which customers and centers of influence; and Respondents' counsel's alleged orchestration of a ruse to deflect attention from the spoliation of the Salesforce data where counsel falsely represented that the Salesforce data was on UBS' computer system, while knowing his representation was false. In their May 27, 2022, Opposition to Claimant's Motion, Respondents argued, among other things, that Claimant's arguments were false and fabricated. In his May 31, 2022, Reply in Support of his Motion for Sanctions, Claimant asserted, among other things, that Respondents' Response to his Motion was a continuance of the deceitful and dishonest, calculated plan to steal Claimant's 28% equity ownership in the partnership. The Panel ruling on Claimant's Motion for Sanctions is set forth in the Award section below.

The Panel has provided an explanation of the decision in this award. The explanation is for the information of the parties only and is not precedential in nature.

The Award in this matter may be executed in counterpart copies.

AWARD

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

1. Respondents Schultz, Teichberg and Rothman are jointly and severally liable for and shall pay to Claimant the sum of \$500,000.00 in compensatory damages.
2. Respondents Schultz, Teichberg and Rothman are jointly and severally liable for and shall pay to Claimant the sum of \$20,000.00 in costs.
3. Respondents Schultz, Teichberg and Rothman are jointly and severally liable and shall pay Claimant the sum of \$375.00, which represents reimbursement of the non-refundable portion of the filing fee previously paid by Claimant to FINRA Dispute Resolution Services.
4. As to the portion of Claimant's Motion for Sanctions which accused Respondents' counsel of wrongdoing, the Panel did not find that the evidence established such misconduct. As to the

portion directed to at least one of the Respondents, the Panel finds that Respondent Rothman engaged in perjury by falsely testifying as to the creation of certain exhibits during the hearing and hereby awards sanctions of \$100,000.00 against Respondent Rothman and in favor of Claimant. Accordingly, Respondent Rothman is liable for and shall pay to Claimant the sum of \$100,000.00 in sanctions.

5. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, treble damages, and attorneys' fees, 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 = \$ 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 JP Morgan 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 20-24, 2021, postponement requested by Claimant = WAIVED

Total Postponement Fees = WAIVED

The Panel has waived the postponement fee.

Discovery-Related Motion Fees

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

One (1) decision on a discovery-related motion on the papers = \$ 200.00
with one (1) Arbitrator @ \$200.00

Respondents submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = \$ 200.00

The Panel has assessed the total discovery-related motion fees jointly and severally to Respondents Schultz, Teichberg and Rothman.

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), which lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) pre-hearing sessions with a single Arbitrator @ \$450.00/session	= \$ 1,350.00
Pre-Hearing Conferences: March 4, 2021	1 session
March 16, 2021	1 session
March 22, 2022	1 session
Three (3) pre-hearing sessions with the Panel @ \$1,500.00/session	= \$ 4,500.00
Pre-Hearing Conferences: March 12, 2020	1 session
January 6, 2021	1 session
March 11, 2022	1 session
Thirty-one (31) hearing sessions @ \$1,500.00/session	= \$ 46,500.00
Hearings: March 14, 2022	2 sessions
March 15, 2022	3 sessions
March 16, 2022	2 sessions
March 17, 2022	2 sessions
March 18, 2022	2 sessions
March 29, 2022	2 sessions
March 30, 2022	2 sessions
March 31, 2022	2 sessions
April 1, 2022	2 sessions
May 2, 2022	2 sessions
May 4, 2022	2 sessions
May 5, 2022	2 sessions
May 6, 2022	2 sessions
June 2, 2022	2 sessions
June 3, 2022	2 sessions
Total Hearing Session Fees	= \$ 52,350.00

The Panel has assessed \$2,625.00 of the hearing session fees to Claimant.

The Panel has assessed \$1,125.00 of the hearing session fees to Respondent Rothman.

The Panel has assessed \$2,250.00 of the hearing session fees jointly and severally to all Respondents.

The Panel has assessed \$46,350.00 of the hearing session fees jointly and severally to Respondents Schultz, Teichberg and Rothman.

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

ARBITRATION PANEL

Will Murphy	-	Public Arbitrator, Presiding Chairperson
Nancy Rosenbaum Kessler	-	Public Arbitrator
Brett Matthew Logan	-	Non-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

Will Murphy

Will Murphy
Public Arbitrator, Presiding Chairperson

06/15/2022

Signature Date

Nancy Rosenbaum Kessler

Nancy Rosenbaum Kessler
Public Arbitrator

06/14/2022

Signature Date

Brett Matthew Logan

Brett Matthew Logan
Non-Public Arbitrator

06/15/2022

Signature Date

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June 15, 2022

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