



PET
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**UNITED STATES
DISTRICT COURT
CLARK COUNTY, NEVADA**

IN THE MATTER BETWEEN

THOMAS J. SANDUSKI,

Petitioner,

vs.

CHARLES SCHWAB & CO., INC.,

Respondent

Case No.: **2:19-cv-01340-JAD-BNW**

Dept:

**PETITION TO VACATE
ARBITRATION AWARD**

COMES NOW, Petitioner Thomas J. Sanduski, submits this motion to vacate a binding arbitration award based upon 9 U.S. Code § 10 (a)(2) **where there was evident partiality or corruption in the arbitrators, or either of them;** (emphasis added) and 9 U.S. Code § 10 (a)(3) **where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown,** or in refusing to hear evidence pertinent and material to

PETITION TO VACATE ARBITRATION AWARD - 1

1 the controversy; or of any other misbehavior by which the rights of any party have been
2 prejudiced; (emphasis added)

- 3 1. Petitioner Thomas J. Sanduski (“Mr. Sanduski”) is an individual who resides in
4 Clark County, Nevada.
- 5 2. Respondent Charles Schwab & Co., Inc. (“Schwab”) is a corporation
6 incorporated in the State of California doing business in the State of Nevada.
- 7 3. Jurisdiction is appropriate in the Eight Judicial District as the arbitration
8 underlying this Petition to Vacate was held in Clark County, NV on March 27-
9 28, 2019, pursuant to the agreement of the parties.
- 10 4. Petitioner seeks to vacate the arbitration award issued against him on May 9,
11 2019 by a panel of the Financial Industry Regulatory Authority (“FINRA”) securities arbitrators Case No. 18-01513 following a two day hearing in Las
12 Vegas, NV. **(See Exhibit A)**
- 13 5. Schwab was the Claimant in the arbitration seeking \$418,518.14 from
14 Respondent Thomas J. Sanduski. FINRA rules of arbitration require that a
15 panel of **three in-person arbitrations** hear cases involving more than
16 \$100,000 in claims. (emphasis added, **see Exhibit B**)
- 17 6. Approximately 90 minutes into day one of a scheduled two day hearing, one of
18 the three arbitrators, Mr. Geddes, informed the Chairman of the panel, Mr.
19 Edmonson, that he had a family emergency and would be unable to attend the
20 hearing in person the following day.
- 21 7. The Chairman then proposed three options to the parties: 1) Adjourn the
22 hearing immediately and resume at a later date when all three arbitrators could
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1 be present. 2) Continue the hearing with only two arbitrators-the Chairman and
2 Ms. Grinell, or 3) Continue the hearing with all three arbitrators present on day
3 one, but with Mr. Geddes listening in via telephone on day two.

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5 8. The parties were sent on a break to separately discuss their options. Option 2
6 did not seem to make sense since it would be unclear how a 1-1 decision would
7 be handled.

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9 9. Upon returning from break both parties agreed to Option 3 to allow Mr.
10 Geddes to listen in on day two via telephone, but the Chairman and Schwab's
11 counsel -- Mr. Siders, both admitted this was an unprecedented situation in
12 their personal arbitration experiences.

13 10. After the conclusion of the hearing on day one, Mr. Sanduski began to have
14 doubts about the fairness of having arbitrator Mr. Geddes not present for the
15 hearing on day two. That evening, (March 27, 2018) Mr. Sanduski reached out
16 to Leeds-Brown Law in New York, NY for guidance in this matter. Jeffrey
17 Brown Esq. of said firm informed Mr. Sanduski to seek an adjournment. (see
18 **Exhibit C**)

19
20 11. At the start of the arbitration hearing on day two, Mr. Sanduski apologized for
21 agreeing to Option 3, but now wished for an adjournment and to seek to retain
22 counsel. Schwab's counsel objected to Mr. Sanduski's request. Mr. Sanduski
23 presented a copy of page 45 of FINRA's Chairperson's Training Guide (see
24 **Exhibit D**) to Schwab's counsel and to the Chairman which included the
25 following text:
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27 • *Rule 12208 which states that parties have the right to representation by*
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counsel at any stage of the proceeding;

- *The Arbitrator's Guide* which describes the right to representation by an attorney as absolute; and

- *Canon IV C of the Code of Ethics* which provides that arbitrators should not deny any party the opportunity to representation. In the example given, the panel should grant the motion to postpone. Courts have held that a panel's failure to grant a party's request for a postponement or adjournment to obtain counsel constitutes serious arbitrator misconduct and valid grounds to vacate an award. See Chapter 1, Section 10(a) of United States Arbitration Act for the grounds upon which awards may be vacated.

12. Despite presenting this overwhelming evidence as to why an adjournment should be granted, the Chairman denied both of Mr. Sanduski's requests stating that he had agreed to Option 3, and that he had had counsel in the past and that counsel had withdrawn on January 19, 2019.

13. Mr. Sanduski contacted Joshua Kons Esq. for possible legal representation but he was unable to afford Mr. Kons' services. Mr. Kons did ask Mr. Sanduski if he would be willing to be the lead plaintiff on a class action lawsuit involving investment losses due to the possible manipulation of the VIX index. Mr. Sanduski agreed to be the lead plaintiff. After several months of Mr. Sanduski working on his own case *pro se*, Mr. Kons provided some brief pro bono assistance to Mr. Sanduski as he felt bad for his situation, but as Mr. Sanduski's hearing date approached, Mr. Kons withdrew as Mr. Sanduski could not afford to pay for Mr. Kons travel and lodging expenses to attend the

1 hearing. However, Mr. Jeffrey Brown Esq. expressed interest in helping Mr.
2 Sanduski on a contingency basis but the opportunity for such assistance was
3 then denied by the Chairman of the arbitration panel.
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5 14. The hearing continued on day two for approximately six hours with arbitrator
6 Mr. Geddes listening in via telephone. Several written items were introduced
7 on day two which Mr. Geddes was not able to visual follow during their
8 presentation. The nature of Mr. Geddes family emergency was not disclosed.
9 The fairness of the hearing for Mr. Sanduski was compromised by the lack of
10 Mr. Geddes physical presence at the hearing as required per FINRA rules for
11 cases involving more than \$100,000 in claims. If for example, he had had a
12 sick child and Mr. Geddes needed to check on the child, there would be no way
13 of knowing if Mr. Geddes was fully engaged at all times during the
14 proceedings on day two.
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16 15. The hearing concluded on day two. As the parties were leaving, Jim Reilly who
17 had been an outside expert witness for Schwab said “See you next week.” to
18 arbitrator Ms. Grinell. (see **Exhibit A**) In the Award letter posted May 9, 2019,
19 Chairman Edmonson strongly rebuked this exchange when he wrote that it
20 “*compromises the independence of the panel in the eyes of opposing parties.*”
21 Mr. Sanduski later found out that Ms. Grinell served on an arbitration panel the
22 following week in Schwab vs. Jay Hu FINRA case No. 18-01469 (see **Exhibit**
23 **E**) in which Mr. Reilly again testified as an expert witness for Schwab and for
24 which Ms. Grinell again awarded a judgment in favor of Schwab.
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1 16. Mr. Sanduski was planning to submit a post-hearing brief but three days after
2 the hearing on April 1, 2019, Mr. Sanduski received notice that arbitrator Ms.
3 Grinell had had ex parte communications with Schwab witness and employee
4 Jeff Hanson who is Schwab's managing director of margin services. (see
5 **Exhibit F**) Ms. Grinell requested to share an Uber ride to the airport with Mr.
6 Hanson and engaged him in conversation in clear violation of FINRA rule
7 12211 (h). The FINRA Arbitrator's Guide provides even more detail on this
8 matter as quoted here from page 55:

9
10 ***Avoiding Ex Parte Communications***

11 *Unless operating under the Direct Communication Rule, FINRA Rule 12211*
12 *provides that no party, or anyone acting on behalf of a party, may*
13 *communicate with any arbitrator outside of a scheduled hearing or conference*
14 *regarding an arbitration unless all parties or their representatives are present.*
15 *Communications include an exchange about the arbitration case, as well as an*
16 *exchange of pleasantries or casual comments.*

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19 17. Ms. Grinell in her disclosure on the matter said that the three arbitrators had
20 decided the case shortly after the conclusion of day two and in her mind the
21 case was closed. However, the FINRA Arbitrator's Guide warns on page 79 to
22 avoid ex parte communications even after the hearing has closed:

23
24 ***PART ELEVEN: AFTER THE CASE CLOSES***

25 ***Avoiding Party Contact***

26 *Communications with the parties should be scrupulously avoided even after the*
27 *proceedings are concluded. If a party contacts an arbitrator after the hearing*
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1 *closes, the arbitrator should notify FINRA staff immediately. A party should*
2 *not directly contact arbitrators under any circumstances. Arbitrators should*
3 *contact FINRA staff immediately if questioned about a case, asked to testify,*
4 *asked to sign an affidavit, or threatened with a lawsuit by a party.*

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6 18. Upon reading Ms. Grinell's post-hearing disclosure that the case had already
7 been decided shortly after the end of closing arguments on March 28, 2019, Mr.
8 Sanduski did not file a post-hearing brief feeling it would now be a waste of
9 time.

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11 19. Mr. Hanson, like Mr. Reilly, was also a witness the following week for
12 Schwab in Schwab vs. Jay Hu. Ms. Grinell's Ex Parte interaction with Mr.
13 Hanson was disclosed prior to this hearing, (**see Exhibit G**), but it brings into
14 question partiality concerns regarding arbitrator Ms. Grinell.

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16 20. In conclusion, due to arbitrator misconduct to 1) not postpone the hearing so
17 Mr. Sanduski could seek to retain counsel as was his right under Canon IV C
18 of the Code of Ethics, 2) not postpone the hearing until all three arbitrators
19 were physically present per FINRA rules for cases involving claims over
20 \$100,000, and 3) for evidence of arbitrator partiality in the form of Ms.
21 Grinell's ex parte communications with not just one, but both of Schwab's
22 witnesses, Mr. Sanduski requests the court to 1) vacate the arbitration award in
23 its entirety, 2) require a de novo hearing with a new set of arbitrators should
24 Schwab choose to resubmit its claim and 3) grant such other and further relief
25 as the court deems just and proper.
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1 Dated this 2nd¹ day of August, 2019.

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3 Thomas J. Sanduski

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5 Thomas J. Sanduski *Pro Se*

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Joseph L. Siders, Esq.
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Chicago IL 60606
Joseph.siders@schwab.com

Charles Schwab & Co., Inc.

Thomas J. Sanduski *Pro Se*

EXHIBIT A

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant
Charles Schwab & Co., Inc.

Case Number: 18-01513

vs.

Respondent
Thomas J. Sanduski

Hearing Site: Las Vegas, Nevada

Nature of the Dispute: Member vs. Customer

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimant Charles Schwab & Co., Inc. ("Claimant"): Joseph L. Siders, Esq., Charles Schwab & Co., Inc., Chicago, Illinois.

Respondent Thomas J. Sanduski ("Respondent") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: April 25, 2018.

Claimant signed the Submission Agreement: April 25, 2018.

Statement of Answer filed by Respondent on or about: June 19, 2018.

Respondent signed the Submission Agreement: June 7, 2018.

CASE SUMMARY

Claimant alleged that Respondent breached the terms of the Schwab One Account Agreement by failing to pay the unsecured debit balance in his Schwab One Brokerage Account ("Brokerage Account").

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, Claimant requested:

1. The unsecured debit balance in the Brokerage Account as of March 31, 2018 in the amount of \$418,518.14;

2. Interest calculated at California's statutorily prescribed rate of 10%;
3. Post-award interest at the legal rate;
4. Fees and expenses;
5. Forum and hearing session fees; and
6. Such other and further relief as the Panel deems appropriate.

In the Statement of Answer, Respondent requested that Claimant's Statement of Claim be dismissed in its entirety, and that he be awarded any such other and further relief as is just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

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

At the evidentiary hearing held on March 27, 2019, the parties agreed that Arbitrator Roger A. Geddes ("Arbitrator Geddes") could participate telephonically in the evidentiary hearing to be held on the following day.

On March 28, 2019, during the course of the second day of the evidentiary hearing, Respondent requested a postponement to retain counsel and because Arbitrator Geddes was not physically present in the hearing room. Claimant objected to Respondent's request because the parties had agreed to Arbitrator Geddes participating telephonically the day before. The Chairperson denied Respondent's request for postponement. The Chairperson found that Respondent had sufficient time to retain counsel prior to the evidentiary hearing since his former counsel withdrew from representing him on January 15, 2019.

The parties 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, a majority of the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimant the amount of \$418,518.14 in compensatory damages for the unsecured debit balance.
2. Any and all claims for relief not specifically addressed herein are denied.

POST-AWARD DISCUSSION

Below, Chairperson Larry Edmonson ("Chairperson Edmonson") and Arbitrator Sheila Grinell ("Arbitrator Grinell") provide their individual comments on two interactions between Claimant's expert witnesses, Messrs. R and H, and Arbitrator Grinell following the conclusion of the evidentiary hearing. Arbitrator Geddes did not wish to include any comments in the Award.

Chairperson Edmonson

At the conclusion of the evidentiary hearing, Mr. R, openly in the hearing room, stated to Arbitrator Grinell that he would "see her next week." Arbitrator Grinell advised the panelists that she was appointed to hear another matter the following week. Mr. R, who maintains FINRA licenses 3, 4, 7, 8, 14, 24, 63 and 65, knows of the importance of due care and independence in arbitration, and so should Arbitrator Grinell. This statement made by Mr. R, prior to the deliberation of the Panel's award and in the hearing room with all concerned parties, compromises the Panel's independence in the eyes of opposing parties.

Arbitrator Grinell

Regarding Mr. R: As Chairperson Edmonson noted, Mr. R looked at me and said "see you next week" as he left the room after argument in the case had concluded. It took me a second to realize what he meant—that he was aware of another hearing in which I am also serving as arbitrator. I did not reply to Mr. R, but did explain my understanding of the comment to the other panelists.

Regarding Mr. H: At the end of the hearing on March 28, after the Panel had deliberated and the majority had come to a conclusion, Chairperson Edmonson said he would proceed to write the order and return the recorder and exhibits to FINRA. He required nothing more from his co-panelists. From my point of view, the case was over.

I stepped out of the hotel to call an Uber to go to the airport and found that Mr. H was also going to the airport in an Uber. In the hopes of making an earlier flight, I asked to share his ride but warned that I would not permit any talk about the case. Mr. H and I shared the ride and did not discuss the case.

This shared trip to the airport had no bearing on my decision in the case, which had already been made in the presence of the other two arbitrators. Nor did Mr. R's spontaneous comment, to which I did not reply, have any bearing on the case. I fulfilled my duties as an arbitrator faithfully and fairly.

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	= \$ 2,125.00
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**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	= \$ 1,900.00
Member Process Fee	= \$ 3,750.00

Postponement Fees

Postponements granted during these proceedings for which fees were assessed:

January 31 – February 1, 2019, postponement by parties	= \$ 1,125.00
Total Postponement Fees	= \$ 1,125.00

The Panel has assessed \$562.50 of the postponement fees to Claimant.
The Panel has assessed \$562.50 of the postponement fees to Respondent.

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 the Panel @ \$1,125.00/session	= \$ 1,125.00
Pre-hearing conference: August 13, 2018	1 session
Four (4) hearing sessions @ \$1,125.00/session	= \$ 4,500.00
Hearing Dates: March 27, 2019	2 sessions
March 28, 2019	2 sessions
Total Hearing Session Fees	= \$ 5,625.00

The Panel has assessed \$2,812.50 of the hearing session fees to Claimant.
The Panel has assessed \$2,812.50 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Larry Edmonson	-	Public Arbitrator, Presiding Chairperson
Sheila Grinell	-	Public Arbitrator
Roger A. Geddes	-	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



Sheila Grinell
Public Arbitrator

May 6, 2019

Signature Date

Roger A. Geddes
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

Chairperson Edmonson dissents with the decision and would award Claimant \$209,259.07 in compensatory damages for the unsecured debit balance. Claimant did not mitigate its losses as Respondent did on February 5, 2018, nor did Claimant contact Respondent to do so, but merely monitored the Brokerage Account without any contact with Respondent. It is quite possible that the losses could have been mitigated with customer and broker support – which Claimant did not offer or provide.

Larry Edmonson
Public Arbitrator, Presiding Chairperson

Signature Date

May 9, 2019

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

ARBITRATION PANEL


Larry Edmonson	-	Public Arbitrator, Presiding Chairperson
Sheila Grinell	-	Public Arbitrator
Roger A. Geddes	-	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

Sheila Grinell
Public Arbitrator

Signature Date



Roger A. Geddes
Public Arbitrator

5-7-19

Signature Date

Dissenting Arbitrator's Signature

Chairperson Edmonson dissents with the decision and would award Claimant \$209,259.07 in compensatory damages for the unsecured debit balance. Claimant did not mitigate its losses as Respondent did on February 5, 2018, nor did Claimant contact Respondent to do so, but merely monitored the Brokerage Account without any contact with Respondent. It is quite possible that the losses could have been mitigated with customer and broker support – which Claimant did not offer or provide.

Larry Edmonson
Public Arbitrator, Presiding Chairperson

Signature Date

May 9, 2019
Date of Service (For FINRA Office of Dispute Resolution office use only)

ARBITRATION PANEL

Larry Edmonson	-	Public Arbitrator, Presiding Chairperson
Sheila Grinell	-	Public Arbitrator
Roger A. Geddes	-	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

Sheila Grinell
Public Arbitrator

Signature Date

Roger A. Geddes
Public Arbitrator

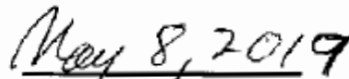
Signature Date

Dissenting Arbitrator's Signature

Chairperson Edmonson dissents with the decision and would award Claimant \$209,259.07 in compensatory damages for the unsecured debit balance. Claimant did not mitigate its losses as Respondent did on February 5, 2018, nor did Claimant contact Respondent to do so, but merely monitored the Brokerage Account without any contact with Respondent. It is quite possible that the losses could have been mitigated with customer and broker support – which Claimant did not offer or provide.



Larry Edmonson
Public Arbitrator, Presiding Chairperson



Signature Date

May 9, 2019
Date of Service (For FINRA Office of Dispute Resolution office use only)

EXHIBIT B

[Home](#) » [Arbitration and Mediation](#)

Overview

Arbitration and mediation are two distinct ways of resolving securities and employment disputes between and among investors, brokerage firms and individual brokers, and offer a prompt and inexpensive way of resolving issues.

Investors can file an arbitration claim or request mediation through FINRA when they have a dispute involving the business activities of a brokerage firm or one of its brokers. To be considered, the alleged act resulting in a claim must have taken place within the past six years.

Dispute Resolution is not the same as filing an investor complaint. Some investors are confused about the differences between resolving monetary disputes through arbitration or mediation, and filing an investor complaint. These are unrelated. If you want to make FINRA aware of any potentially fraudulent or suspicious activities by brokerage firms or brokers, then the best course of action is to use FINRA's Investor Complaint Center.

However, if you want to recover damages, such as money or securities, filing an arbitration or mediation case offers you a way to seek damages. Importantly, investors can file an investor complaint and file for arbitration; investors are not limited to one or the other option.

Arbitration

Arbitration is similar to going to court, but is usually faster, cheaper and less complex than litigation. It is a formal alternative to litigation in which two or more parties select a neutral third party, called an arbitrator, to resolve a dispute. The arbitrator's decision, called an award, is final and binding. By arbitrating a claim you cannot have the same matter decided by a court of law. In resolving disputes through arbitration, a FINRA arbitrator or panel (consisting of three arbitrators) will listen to the arguments set forth by the parties, study the testimonial and/or documentary evidence, and then render a decision. When an arbitration case goes to a hearing, it can take up to 16 months for an award to be determined.

The size of the claim will determine how the arbitration process works. **Claims involving more than \$100,000 require an in-person hearing decided by a panel of three arbitrators, with one chairing the hearing.** Smaller claims are decided by one arbitrator and the smallest—claims of up to \$50,000—may be decided through a Simplified Arbitration Process, with the arbitrator deciding the case by reviewing all the materials presented by the parties without an in-person hearing.

EXHIBIT C

● **Jeffrey Brown** <JBrown@LeedsBrownLaw.com>
To Tom Ski
CC William J. Manning, Jr.

📎 Mar 27 at 8:02 PM ★

Please try and get the adjournment

Sent from my iPhone

EXHIBIT D

Non-Consensual Motion to Postpone

In certain instances the parties will not consent to a motion to postpone. Under Rule 12601, when parties request a postponement without the agreement of all parties, the panel may not grant a postponement request made within 10 days of a scheduled hearing session unless the panel determines that good cause exists. This provision is intended to reduce the number of last minute postponement requests, which can result in unnecessary delay and unfairness to parties.

In the following scenarios, you will learn what to do when parties do not consent to a postponement request.

Example:

You are the Chairperson of a panel in which all parties are represented by a lawyer except for the claimant, a former employee of the respondent brokerage firm. Before the first hearing, you reminded the claimant of her right to be represented by a lawyer. Claimant responded that she understood her right, but did not need representation. On the third day of hearings, after the claimant presented her case, and half way through the respondent's presentation, the claimant requests a postponement to retain a lawyer.

In reply, respondent's attorney objects vehemently, reminding the panel that the claimant knew her rights and could have exercised them months earlier. Respondent argues that it has incurred substantial costs in defending this matter, including travel costs for three witnesses. You call an executive session.

Under the circumstances, the panel should consider the following:

- [Rule 12208](#) which states that parties have the right to representation by counsel at any stage of the proceeding;
- The Arbitrator's Guide which describes the right to representation by an attorney as absolute; and
- Canon IV C of the Code of Ethics which provides that arbitrators should not deny any party the opportunity to representation.

In the example given, the panel should grant the motion to postpone. Courts have held that a panel's failure to grant a party's request for a postponement or adjournment to obtain counsel constitutes serious arbitrator misconduct and valid grounds to vacate an award.

See Chapter 1, Section 10(a) of United States Arbitration Act for the grounds upon which awards may be vacated.

The panel's decision and its underlying reasons to grant the postponement should be made a part of the hearing record. The record also should include a reasonable time frame within which the panel expects the claimant to inform staff and the respondent of counsel's appearance. In addition, the panel and the parties should schedule hearing dates for the case to reconvene. It might be reasonable to obtain alternate sets of dates to afford claimant a reasonable time and opportunity to secure available counsel.

[Rule 12208](http://www.finra.org/finramanual/rules/r12208): <http://www.finra.org/finramanual/rules/r12208>

EXHIBIT E

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant/Counter-Respondent
Charles Schwab & Co., Inc.

Case Number: 18-01469

vs.

Respondent/Counter-Claimant
Jay Z. Hu

Hearing Site: Las Vegas, Nevada

Nature of the Disputes: Member vs. Customer
 Customer vs. Member

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimant/Counter-Respondent Charles Schwab & Co., Inc. ("Claimant"): Garrett R. Wynne, Esq., Charles Schwab & Co., Inc., Lone Tree, Colorado.

Respondent/Counter-Claimant Jay Z. Hu ("Respondent") appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: April 20, 2018.
Statement of Answer to Counterclaim filed on or about: June 29, 2018.
Claimant signed the Submission Agreement: April 20, 2018.

Statement of Answer and Counterclaim filed by Respondent on or about: June 13, 2018.
Respondent signed the Submission Agreement: June 26, 2018.

CASE SUMMARY

Claimant alleged Respondent breached his contractual obligation to satisfy the unsecured debit balance in his Schwab One account ("Account"). The causes of action relate to the liquidation of Respondent's position in the exchange traded fund product ProShares Short VIX Short-Term Futures ("SVXY").

Unless specifically admitted in the Statement of Answer, Respondent denied the allegations made in the Statement of Claim.

In the Counterclaim, Respondent asserted the following causes of action: disregard for client assets; negligence; failure to exercise minimal care; and failure to supervise and monitor Respondent's account. The causes of action relate to alleged losses in the Account resulting from Claimant's handling of Respondent's margin account and position in SVXY.

Unless specifically admitted in the Statement of Answer to the Counterclaim, Claimant denied the allegations made in the Counterclaim.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

1. The sum of \$374,734.53 on the unsecured debit balance in the Account as of February 28, 2018;
2. Interest calculated at California's statutorily prescribed interest rate of 10% as of March 1, 2018, as well as post-award interest at the legal rate;
3. Fees and expenses, including the FINRA filing fee, all FINRA forum fees and hearing session fees; and
4. Such other and further relief as the Panel deems appropriate.

In the Statement of Answer and Counterclaim, Respondent requested:

1. A sum equal to \$335,130.76;
2. Reasonable costs and expenses incurred by Respondent; and
3. The Panel reject Claimant's request of "unsecured debit balance."

In the Statement of Answer to the Counterclaim, Claimant requested:

1. Dismissal of Respondent's Counterclaim in its entirety;
2. Assessment of all costs and forum fees against Respondent; and
3. Such other relief as provided by law.

OTHER ISSUES CONSIDERED AND DECIDED

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

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimant the sum of \$374,734.53 in compensatory damages for the unsecured debit balance in the Account
2. Respondent's Counterclaim is denied in its entirety.

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

Initial Claim Filing Fee	= \$ 2,125.00
Counterclaim 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 party, Claimant is assessed the following:

Member Surcharge	= \$ 1,900.00
Member Process Fee	= \$ 3,750.00

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: March 6, 2019	1 session
One (1) pre-hearing session with the Panel @ \$1,125.00/session	= \$1,125.00
Pre-hearing conference: August 13, 2018	1 session
Four (4) hearing sessions @ \$1,125.00/session	= \$4,500.00
Hearing Dates: April 2, 2019	2 sessions
April 3, 2019	2 sessions
<hr/>	
Total Hearing Session Fees	= \$6,075.00

The Panel has assessed \$3,262.50 of the hearing session fees to Claimant.

The Panel has assessed \$2,812.50 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Robert B. Hansohn	-	Public Arbitrator, Presiding Chairperson
Donald Dreyfus	-	Public Arbitrator
Sheila Grinell	-	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

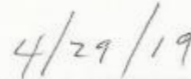
Robert B. Hansohn
Public Arbitrator, Presiding Chairperson

Signature Date

Donald Dreyfus
Public Arbitrator

Signature Date





Sheila Grinell
Public Arbitrator

Signature Date

April 29, 2019
Date of Service (For FINRA Office of Dispute Resolution office use only)

EXHIBIT F



150 S. Wacker Dr.
Chicago, IL 60606-4111

Joseph L. Siders
Managing Director - Legal
Tel (312) 517-4083
Fax (415) 667-1638
joseph.siders@schwab.com

April 1, 2019

Via FINRA DR Portal

Michele Collins
FINRA Dispute Resolution
300 South Grand Avenue, Suite 1700
Los Angeles, CA 90071

Re: *Charles Schwab & Co., Inc. v. Thomas Sanduski* (FINRA DR Case No. 18-01513)

Dear Ms. Collins:

In connection with the above-referenced matter, I am writing to provide information I recently learned regarding Arbitrator Sheila Grinell, one of the Panelists assigned to this matter.

The final hearing of this matter concluded on March 28. Approximately 45 minutes after the hearing ended, Ms. Grinell shared an Uber to the airport with Schwab employee and witness Jeff Hanson. Specifically, Mr. Hanson advised that, as he was waiting outside of the hearing site for the arrival of an Uber he had ordered, Ms. Grinell walked out of the hearing site. Mr. Hanson and Ms. Grinell exchanged pleasantries, including that both were headed to the same airport at the same time. Ms. Grinell asked if she could ride along to the airport, and Mr. Hanson agreed. I understand that, before Ms. Grinell and Mr. Hanson departed, Ms. Grinell clearly admonished Mr. Hanson that she could not and would not discuss the concluded matter in any way whatsoever, which Mr. Hanson understood and agreed to. During the ride to the airport, I understand Ms. Grinell and Mr. Hanson did not discuss this matter in any way. Upon arrival at the airport, the two went their separate ways.

Schwab does not believe that any impropriety occurred. To the contrary, Ms. Grinell conducted herself according to the high standards that FINRA expects of its arbitrators by making clear at the outset that the recently-concluded matter could not be discussed. However, out of an abundance of caution, Schwab is advising FINRA and Mr. Sanduski of these events.

Please feel free to contact me with any questions or concerns.

Respectfully submitted,

/s/ Joseph L. Siders
Managing Director – Legal

cc: Thomas J. Sanduski (via FINRA DR Portal)

To: FINRA
From: Sheila Grinell A34798
Date: April 1, 2019

RE: 18-01513

I wish to submit this additional disclosure.

At the end of the hearing on March 28, the arbitrators deliberated and came to our conclusion. The chairman said he would proceed to submit the order describing said conclusion, and he would return recorder and exhibits to FINRA. He required nothing more from the arbitrators. From my point of view, the case was over.

I stepped out of the hotel to call an Uber go to the airport and found that one of the Claimant's witnesses was also going to the airport in an Uber. We shared the ride and did not discuss the case. We talked only about living in Phoenix.

This shared trip to the airport had no bearing on my decision in the case, which had already been made in the presence of the chairman and the other arbitrator, Roger Geddes. Mr. Geddes had participated telephonically on March 28.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sheila Grinell".

EXHIBIT G



9800 Schwab Way
Lone Tree, CO 80124

Garrett R. Wynne
Managing Director - Legal
Tel (720) 418-5398
CASB No. 220665
Co. Attorney Reg. No. 51105
garrett.wynne@schwab.com

March 31, 2019

Via FINRA-DR Portal

Christina Gates
Senior Case Administrator
FINRA Dispute Resolution
300 South Grand Avenue, Suite 1700
Los Angeles, CA 90071

Re: *Charles Schwab & Co., Inc. v. Jay Z. Hu*
FINRA Case No. 18-01469

Dear Ms. Gates:

In advance of the commencement of the evidentiary hearings in this matter, I am writing to provide information I recently learned regarding assigned Arbitrator Sheila Grinell.

As set forth in her disclosure report, Ms. Grinell is assigned to a separate FINRA Arbitration in which Schwab is a party (*Schwab v. Sanduski*, case no. 18-01513). That matter concluded on Thursday of last week. I recently learned that, approximately 45 minutes after the hearings ended, Ms. Grinell shared an Uber to the airport with Schwab employee and witness Jeff Hanson. Specifically, Mr. Hanson advised that as he was waiting outside for the arrival of an Uber he had ordered, Ms. Grinell, walked out of the hearing site. Mr. Hanson and Ms. Grinell exchanged pleasantries, including that both were headed to the same airport at the same time. Ms. Grinell asked if she could ride along to the airport, and Mr. Hanson agreed. I understand that, before Ms. Grinell and Mr. Hanson departed, Ms. Grinell clearly admonished Mr. Hanson that she could not and would not discuss the concluded matter in any way whatsoever, which Mr. Hanson understood and agreed to. During the ride to the airport, I understand Ms. Grinell and Mr. Hanson did not discuss this matter in any way. Upon arrival at the airport, the two went their separate ways.

Schwab does not believe that any impropriety occurred. To the contrary, Ms. Grinell conducted herself according to the high standards that FINRA expects of its arbitrators by making clear at the outset that the recently-concluded matter could not be discussed. However, out of an abundance of caution, and because Mr. Hanson will also be a witness in the *Schwab v. Hu* case, Schwab is advising the Arbitrators and Dr. Hu of these events.

Please feel free to contact me with any questions or concerns.

Sincerely,

/s/

Garrett R. Wynne

cc: Jay Z. Hu (via Portal)