

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

Wendy L. Cordell, individually and on behalf of her IRA

Fred F. Shahan, individually and on behalf of his IRA

Case Number: 21-00320

vs.

Respondents

Crown Capital Securities, L.P.

SCF Securities, Inc.

Don Michael Edwards

Jonathan Lee French

John D. Nguyen

Darol Kenneth Paulsen

Phyllis Jean Paulsen

Hearing Site: San Diego, California

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: Customers vs. Members and Associated Persons

This case was decided by an all-public panel.

The evidentiary hearing was conducted partially by videoconference.

REPRESENTATION OF PARTIES

For Claimants Wendy L. Cordell, individually and on behalf of her IRA (“Cordell”) and Fred F. Shahan, individually and on behalf of his IRA (“Shahan”): Samuel B. Edwards, Esq., Shepherd, Smith, Edwards & Kantas, LLP, Houston, Texas.

Hereinafter, Cordell and Shahan will collectively be referred to as “Claimants”.

For Respondents Crown Capital Securities, L.P. (“Crown Capital”), Don Michael Edwards (“Edwards”), Jonathan Lee French (“French”), John D. Nguyen (“Nguyen”), Darol Kenneth Paulsen (“D. Paulsen”), and Phyllis Jean Paulsen (“P. Paulsen”): Craig R. Bockman, Esq., Jones, Bell, Abbott, Fleming & Fitzgerald L.L.P., Los Angeles, California.

For Respondent SCF Securities, Inc. (“SCF”): Gary S. Kessler, Kessler Collins, PC, Dallas, Texas.

Hereinafter, Crown Capital, SCF, Edwards, French, Nguyen, D. Paulsen, and P. Paulsen will collectively be referred to as “Respondents”.

CASE INFORMATION

Statement of Claim filed on or about: February 5, 2021.
Cordell signed the Submission Agreement: February 4, 2021.
Shahan signed the Submission Agreement: February 4, 2021.

Statement of Answer filed by Crown Capital, Edwards, French, Nguyen, D. Paulsen, and P. Paulsen on or about: April 2, 2021.
Statement of Answer filed by SCF on or about: April 2, 2021.
SCF signed the Submission Agreement: April 1, 2021.
Crown Capital did not sign the Submission Agreement.
Edwards did not sign the Submission Agreement.
French did not sign the Submission Agreement.
Nguyen did not sign the Submission Agreement.
D. Paulsen did not sign the Submission Agreement.
P. Paulsen did not sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action: breach of contract and warranties, promissory estoppel; violation of the California Securities Act; violation of the California Consumer Legal Remedies Act; claims under common law; and vicarious liability. The causes of action relate to GPB Capital, MVP Parking, APEX Oil, and various other unspecified securities.

Unless specifically admitted in the Statement of Answer, Crown Capital, Edwards, French, Nguyen, D. Paulsen, and P. Paulsen denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested damages in an amount between \$1,000,000.00 and \$5,000,000.00, including all direct and/or consequential damages and statutory and/or punitive damages, including interests and costs as provided by statute, in an amount which Claimants reserve the right to amend at any time including hearings held on this matter, as follows:

- a. all sums lost in their accounts on any or all transactions made or not made; plus, additionally or alternatively,
- b. all lost opportunities incurred as a result of acts and/or omissions; plus, additionally or alternatively,

- c. rescission of any or all transactions as sought; plus, additionally or alternatively,
- d. statutory damages as provided by applicable law; plus, additionally or alternatively,
- e. punitive damages in an amount that the Panel shall deem appropriate; plus, additionally or alternatively,
- f. pre-award and pre-judgment interest on all sums invested from the date deposited until the date of the award and/or judgment and until such sums are paid, all at the highest rate allowed by law; plus, additionally or alternatively,
- g. all costs of these proceedings and for recovery of damages incurred, including legal fees, including while on appeal, if any, and for collection; plus, additionally or alternatively,
- h. any and all other relief available to Claimants, in law or equity or otherwise, which may be granted to them by this Arbitration Panel.

In the Statement of Answer, Crown Capital, Edwards, French, Nguyen, D. Paulsen, and P. Paulsen requested:

1. Claimants' claims be dismissed;
2. Forum fees be assessed against Claimants; and
3. Such other and further relief to Respondents as may be appropriate.

In the Statement of Answer, SCF requested:

1. Claimants' claims be dismissed;
2. Costs; and
3. Any and all further relief for which Respondents may show themselves justly entitled.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondents Crown Capital, Edwards, French, Nguyen, D. Paulsen, and P. Paulsen did not file a properly executed Submission Agreement but are required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On May 20, 2021, Claimants filed a notice of voluntary dismissal of Edwards and P. Paulsen without prejudice. On that same day, Edwards and P. Paulsen submitted a letter agreeing to the dismissal without prejudice. Therefore, the Panel made no determination with respect to any of the relief requests contained in the Statement of Claim against Edwards and P. Paulsen.

On July 8, 2022, Claimants filed a notice of voluntary dismissal of SCF with prejudice. Therefore, the Panel made no determination with respect to any of the relief requests contained in the Statement of Claim against SCF.

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 Crown Capital and Nguyen are jointly and severally liable for and shall pay to Claimants the sum of \$780,220.00 in compensatory damages.
2. Respondents Crown Capital and Nguyen are jointly and severally liable for and shall pay to Claimants interest on the above-stated sum at the rate of 10% per annum from February 1, 2021 through and including April 21, 2023.
3. Claimants' claims against French and D. Paulsen are denied in their entirety.
4. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages and attorneys' fees, are denied.

FEES

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

Filing Fees

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

Initial Claim Filing Fee	= \$ 2,000.00
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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 firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, as parties, Respondents Crown Capital and SCF are each assessed the following:

Crown Capital:

Member Surcharge	= \$ 3,025.00
Member Process Fee	= \$ 6,175.00

SCF:

Member Surcharge	= \$ 3,025.00
Member Process Fee	= \$ 6,175.00

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 with one (1) Arbitrator @ \$200.00/decision	= \$ 200.00
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Claimants submitted One (1) discovery-related motion

Total Discovery-Related Motion Fees	= \$ 200.00
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The Panel has assessed \$100.00 of the discovery-related motion fees jointly and severally to Claimants.

The Panel has assessed \$100.00 of the discovery-related motion fees jointly and severally to Respondents.

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:

One (1) pre-hearing session with a single Arbitrator @ \$450.00/session	= \$	450.00
Pre-Hearing Conference: July 11, 2022	1 session	
Two (2) pre-hearing sessions with the Panel @ \$1,400.00/session	= \$	2,800.00
Pre-Hearing Conferences: June 25, 2021	1 session	
September 6, 2022	1 session	
Ten (10) hearing sessions @ \$1,400.00/session	= \$	14,000.00
Hearings: April 17, 2023	2 sessions	
April 18, 2023	2 sessions	
April 19, 2023	2 sessions	
April 20, 2023	2 sessions	
April 21, 2023	2 sessions	
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Total Hearing Session Fees	= \$	17,250.00

The Panel has assessed \$1,625.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$1,625.00 of the hearing session fees jointly and severally to Respondents.

The Panel has assessed \$14,000.00 of the hearing session fees jointly and severally to Respondents Crown Capital and Nguyen.

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

ARBITRATION PANEL

Barbara M. Zak	-	Public Arbitrator, Presiding Chairperson
Herbert Liberman	-	Public Arbitrator
Deanna J. Johnson	-	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

Barbara M. Zak

Barbara M. Zak
Public Arbitrator, Presiding Chairperson

05/04/2023

Signature Date

Herbert Liberman

Herbert Liberman
Public Arbitrator

05/05/2023

Signature Date

Deanna J. Johnson

Deanna J. Johnson
Public Arbitrator

05/03/2023

Signature Date

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May 05, 2023

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