

**Award**  
**FINRA Dispute Resolution Services**

---

In the Matter of the Arbitration Between:

Claimant  
Lacey Winston Keath

Case Number: 20-01669

vs.

Respondent  
J.P. Morgan Securities LLC

Hearing Site: Houston, Texas

---

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: Customer vs. Member

This case was decided by an all-public panel.

The evidentiary hearing was conducted partially by videoconference.

**REPRESENTATION OF PARTIES**

For Claimant Lacey Winston Keath (“Claimant”): Samuel B. Edwards, Esq., Shepherd Smith Edwards & Kantas LLP, Houston, Texas and Jeffrey R. Sonn, Esq., Sonn Law Group PA, Aventura, Florida.

For Respondent J.P. Morgan Securities, LLC (“Respondent”): Jason R. Lindsay, Esq., Greenberg Traurig, LLP, Los Angeles, California.

**CASE INFORMATION**

Statement of Claim filed on or about: May 28, 2020.

Claimant signed the Submission Agreement: May 13, 2020.

Answer to Counterclaim filed on or about: September 15, 2020.

Statement of Answer and Counterclaim filed on or about: July 20, 2020

Respondent signed the Submission Agreement: July 13, 2020.

**CASE SUMMARY**

In the Statement of Claim, Claimant asserted the following causes of action: breach of contract and warranties, promissory estoppel, violation of Consumer Protection and Deceptive Trade Practices Act, violation of state securities laws, statutory fraud, breach of fiduciary duty, negligence and gross negligence, misrepresentation/omission and negligent misrepresentation/omission, unjust enrichment, failure to supervise, common law and statutory

claims, and vicarious and control person liability. The causes of action related to Claimant's allegation that, without receiving her authorization, Respondent traded unsuitable securities in her account, including high-risk equities and "junk bonds" and used leverage to facilitate the trades, including foreign currency positions that increased the risk in Claimant's account.

Unless specifically admitted in the Statement of Answer and Counterclaim, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses, as well as the following cause of action: contractual indemnity. The cause of action related to Respondent's allegation that Claimant agreed to indemnify Respondent under the terms of the Customer Agreement and the terms of the Durable Power of Attorney for Financial Management.

Unless specifically admitted in the Answer to Counterclaim, Claimant denied the allegations made in the Counterclaim and asserted defenses.

### **RELIEF REQUESTED**

In the Statement of Claim, Claimant requested an award in excess of \$5,000,000.00, including all direct and/or consequential damages and statutory and/or punitive damages, plus interest and costs as provided by statute as follows:

- A. All sums lost in his account 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,
- 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 Claimant, in law or equity or otherwise, which may be granted to him by this Panel.

In the Statement of Answer and Counterclaim, Respondent requested that this action be dismissed and that the Panel direct that all FINRA forum fees be borne by Claimant, indemnification for all current and future losses resulting from this arbitration, including but not limited to all reasonable costs, fees (such as attorneys' fees), expenses, liabilities, and any damages incurred. Respondent also requested that any damages, fees, costs, or interest awarded to Claimant be set off against any damages, fees, costs, or interest awarded.

In the Answer to Counterclaim, Claimant requested that the Panel deny the Counterclaim in its entirety, assess all costs of the defense of the Counterclaim against Respondent, and grant any and all other relief to which the Panel concludes she is entitled.

At the hearing, Claimant requested compensatory damages in the amount of \$11,566,405.00, expenses in the amount of \$75,843.30, and attorneys' fees based on a contingency fee of 30% of the net recovery.

At the hearing, Respondent withdrew its counterclaim for attorneys' fees.

**OTHER ISSUES CONSIDERED AND DECIDED**

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

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. Respondent is liable for and shall pay to Claimant the sum of \$4,000,000.00 in compensatory damages.
2. Respondent's Counterclaim is denied.
3. 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 of Arbitration Procedure, 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
Counterclaim Filing Fee	= \$	1,700.00

*\*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	= \$	3,600.00
Member Process Fee	= \$	6,800.00

**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), 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: January 7, 2021	1 session	
September 20, 2021	1 session	
October 1, 2021	1 session	
	= \$	3,000.00
Two (2) pre-hearing sessions with the Panel @ \$1,500.00/session		
Pre-Hearing Conferences: September 29, 2020	1 session	
November 1, 2021	1 session	
Seventeen (17) hearing sessions @ \$1,500.00/session	= \$	25,500.00
Hearings: November 9, 2021	2 sessions	
November 10, 2021	2 sessions	
November 11, 2021	3 sessions	
November 12, 2021	2 sessions	
November 15, 2021	2 sessions	
November 16, 2021	2 sessions	
November 17, 2021	2 sessions	
November 18, 2021	2 sessions	
<hr/>		
Total Hearing Session Fees	= \$	29,850.00

The Panel has assessed \$2,175.00 of the hearing session fees to Claimant.

The Panel has assessed \$27,675.00 of the hearing session fees to Respondent.

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

**ARBITRATION PANEL**

Allan R. Lazor	-	Public Arbitrator, Presiding Chairperson
Jack Chapline Vaughan	-	Public Arbitrator
James Douglas Gaughan	-	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**

***Allan R. Lazor***

\_\_\_\_\_  
Allan R. Lazor  
Public Arbitrator, Presiding Chairperson

***12/09/2021***

\_\_\_\_\_  
Signature Date

***Jack Chapline Vaughan***

\_\_\_\_\_  
Jack Chapline Vaughan  
Public Arbitrator

***12/09/2021***

\_\_\_\_\_  
Signature Date

***James Douglas Gaughan***

\_\_\_\_\_  
James Douglas Gaughan  
Public Arbitrator

***12/08/2021***

\_\_\_\_\_  
Signature Date

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.

December 09, 2021

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