

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

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In the Matter of the Arbitration Between:

Claimants

Rosenau Family Research Foundation (f/k/a The Legacy of Angels Foundation), Stacy Pike-Langenfeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC, as Trustee for the Trusts

Case Number: 22-02737

vs.

Respondent

Principal Securities, Inc.

Hearing Site: Minneapolis, Minnesota

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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. Member

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For Claimants Rosenau Family Research Foundation (f/k/a The Legacy of Angels Foundation) (“Claimant”), Stacy Pike-Langenfeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC, as Trustee for the Trusts: Donald R. McNeil, Esq. and Elizabeth Ridley Scott, Esq., Heley, Duncan & Melander, PLLP, Minneapolis, Minnesota and Patrick H. O’Neill, Jr., Esq. and Ryan T. Deschene, Esq., Larson King, LLP, Saint Paul, Minnesota.

For Respondent Principal Securities, Inc. (“Respondent”): Kathryn Roe Eldridge, Esq., Peter S. Fruin, Esq., Luis F. Inarra Rojas, Esq., Maynard Nexsen PC, Birmingham, Alabama; Angel A. West, Esq., Maynard Nexsen PC, Des Moines, Iowa; and Noah A. Caldwell, Esq., Maynard Nexsen PC, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on or about: November 30, 2022.

Amended Statement of Claim filed on or about: March 31, 2023.

Second Amended Statement of Claim filed on or about: November 10, 2023.  
Third Amended Statement of Claim filed on or about: February 26, 2024.  
Rosenau Family Research Foundation (f/k/a The Legacy of Angels Foundation) signed the Submission Agreement: November 29, 2022.  
First Trust Company, LLC signed the Submission Agreement: April 26, 2023.  
Stacy Pike-Langenfeld and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust signed the Submission Agreements: May 5, 2023.  
Heather Techmeier, as Beneficiary of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust signed the Submission Agreement: May 10, 2023.

Statement of Answer filed on or about: January 27, 2023.  
Statement of Answer to Amended Statement of Claim filed on or about: May 30, 2023.  
Statement of Answer to Third Amended Statement of Claim filed on or about: April 1, 2024.  
Respondent signed the Submission Agreement: January 27, 2023.

### **CASE SUMMARY**

In the Statement of Claim, as amended, Claimant asserted the following causes of action: violation of federal regulations; violation of the Securities and Exchange Act of 1934; violation of Minn. Stat. § 45.026; violation of Minn. Stat. §80A.68; violation of FINRA rules; fraud; breach of fiduciary duty; negligence; breach of contract; respondeat superior; and negligent supervision. The causes of action related to Claimant's allegation that Respondent failed to reasonably supervise its registered representative, that Respondent recommended that Claimant invest a majority of its assets in unsuitable variable annuities and variable life insurance policies and that Respondent failed to disclose investment costs to Claimant. At issue were the following annuities and life insurance policies: John Hancock, PacLife, Guardian, Principal, Lincoln, Jackson, and Nationwide.

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

### **RELIEF REQUESTED**

In the Statement of Claim, as amended, Claimant requested compensatory damages of at least \$20,000,000.00; pre-judgment and post-judgment interest for Claimant's loss of use of capital; attorneys' fees; all costs and fees incurred in this action, including forum fees, expert witness fees, and any additional costs and fees incurred by Claimant's counsel, punitive damages, and such further relief as the Panel deems just and appropriate.

In the Statement of Answer to Third Amended Statement of Claim, Respondent requested that the Panel reject the Third Amended Statement of Claim in its entirety.

At the hearing, Claimant requested damages of \$22,924,541.00, or in the alternative, \$6,759,724.00.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

On March 31, 2023, Claimant filed a Motion for Leave to File Amended Complaint (“Motion to Amend”) to add Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC, as Trustee for the Trusts as parties, to which no response was filed. In an Order dated April 26, 2023, the Panel granted the Motion to Amend

On November 10, 2023, Claimant, Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC, as Trustee for the Trusts filed a second Motion to Amend Statement of Claim (“Second Motion to Amend”), to which no response was filed. In an Order dated November 12, 2023, the Panel granted the Second Motion to Amend.

On February 2, 2024, Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC, as Trustee for the Trusts filed a Notice of Withdrawal of their claims as set forth in the Second Amended Statement of Claim.

On February 12, 2024, Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC filed an Amended Notice of Withdrawal and Dismissal with Prejudice. Therefore, the Panel did not adjudicate any of the claims asserted by Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company, LLC and only Claimant’s claims were addressed at the hearing.

On February 26, 2024, Claimant filed a third Motion to Amend Statement of Claim (“Third Motion to Amend”). On March 7, 2024, Respondent filed a response to the Third Motion to Amend, stating that it had no objection to the Third Motion to Amend. In an Order dated March 12, 2024, the Panel granted the Third Motion to Amend.

At the hearing, Respondent made an oral motion to dismiss on several grounds, including no private right of action for violation of FINRA rules and that Claimant’s claims were time-barred or barred by the doctrines of laches, ratification, waiver, and estoppel. The arguments were raised anew during closing arguments. The Panel deferred ruling on the oral motion to dismiss. Herein, Respondent’s oral motion to dismiss is denied.

During the hearing, unbeknownst to Claimant and the Panel, the Zoom application was “live” while everyone was on the record. It may have captured private conversation of Claimant's counsel and of the arbitration Panel.

**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 \$7,342,000.00 in compensatory damages.
2. Respondent is liable for and shall pay to Claimant interest on the above-stated sum at the rate pursuant to Minnesota Statute Section 549.09 from the date of the Award through and including the date the award is paid in full.
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 = \$ 2,300.00

*\*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 = \$ 4,325.00  
Member Process Fee = \$ 7,300.00

**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: February 29, 2024 1 session  
March 26, 2024 1 session

April 11, 2024	1 session	
Two (2) pre-hearing sessions with the Panel @ \$1,575.00/session		= \$ 3,150.00
Pre-Hearing Conferences: April 7, 2023	1 session	
April 25, 2023	1 session	
Seventeen (17) hearing sessions @ \$1,575.00/session		= \$ 26,775.00
Hearings:		
April 22, 2024	2 sessions	
April 23, 2024	2 sessions	
April 24, 2024	2 sessions	
April 25, 2024	2 sessions	
April 26, 2024	2 sessions	
April 29, 2024	2 sessions	
April 30, 2024	2 sessions	
May 1, 2024	2 sessions	
May 2, 2024	1 session	
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Total Hearing Session Fees		= \$ 31,275.00

The Panel has assessed \$13,612.50 of the hearing session fees to Claimant.

The Panel has assessed \$787.50 of the hearing session fees jointly and severally to Claimant, Stacy Pike-Langefeld, Heather Techmeier, and Brett Rosenau, as Beneficiaries of the Paul and Sue Rosenau Family Delaware Dynasty Trust and the Paul and Susan Rosenau 2012 Irrevocable Life Insurance Trust, and First Trust Company.

The Panel has assessed \$16,875.00 of the hearing session fees to Respondent.

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

**ARBITRATION PANEL**

Leo G. Stern	-	Public Arbitrator, Presiding Chairperson
Jeffrey W. Jacobs	-	Public Arbitrator
Joseph Darwin Kenyon	-	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**

***Leo G. Stern***

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Leo G. Stern  
Public Arbitrator, Presiding Chairperson

***06/05/2024***

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

***Jeffrey W. Jacobs***

\_\_\_\_\_  
Jeffrey W. Jacobs  
Public Arbitrator

***06/05/2024***

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

***Joseph Darwin Kenyon***

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Joseph Darwin Kenyon  
Public Arbitrator

***06/05/2024***

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

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June 06, 2024

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