

**Award**  
**FINRA Office of Dispute Resolution**

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In the Matter of the Arbitration Between:

Claimants

Ralph Auguillard IRA,  
Reginald Bardin IRA,  
Stephen Driscoll IRA,  
Kathrine Driscoll IRA,  
Van Russell IRA,  
Jeffrey Rombs IRA,  
Michael Rombs IRA, and  
Ronnie Rombs IRA

Case Number: 16-01800

vs.

Respondents

IMS Securities, Inc.,  
Jackie Divono Wadsworth,  
Christopher David Gammon,  
Michael J. Spears,  
Joshua Patterson, and  
Stacey Rognon

Hearing Site: Houston, Texas

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Nature of the Dispute: Customers vs. Member and Associated Persons

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For Claimants Ralph Auguillard IRA, Reginald Bardin IRA, Stephen Driscoll IRA, Kathrine Driscoll IRA, Van Russell IRA, Jeffrey Rombs IRA, Michael Rombs IRA, and Ronnie Rombs IRA, hereinafter collectively referred to as "Claimants": Michael S. Hill, Esq. and Gary S. Menzer, Esq., Menzer & Hill, P.A., Boca Raton, Florida.

For Respondents IMS Securities, Inc. ("IMS"), Jackie Divono Wadsworth ("Wadsworth"), Christopher David Gammon ("Gammon"), Michael J. Spears ("Spears"), Joshua Patterson ("Patterson"), and Stacey Rognon ("Rognon") hereinafter collectively referred to as "Respondents": Martin Schexnayder, Esq., Winget, Spadafora & Schwartzberg, LLP, Houston, Texas.

**CASE INFORMATION**

Statement of Claim filed on or about: June 16, 2016.

Ralph Auguillard IRA signed the Submission Agreement: June 2, 2016.

Reginald Bardin IRA signed the Submission Agreement: June 2, 2016.

Stephen Driscoll IRA signed the Submission Agreement: June 2, 2016.

Kathrine Driscoll IRA signed the Submission Agreement: June 2, 2016.  
Van Russell IRA signed the Submission Agreement: June 2, 2016.  
Jeffrey Rombs IRA signed the Submission Agreement: June 2, 2016.  
Michael Rombs IRA signed the Submission Agreement: June 2, 2016.  
Ronnie Rombs IRA signed the Submission Agreement: June 2, 2016.

Statement of Answer filed jointly by Respondents on or about: September 22, 2016.  
IMS signed the Submission Agreement: August 18, 2016.  
Wadsworth signed the Submission Agreement: August 18, 2016.  
Gammon signed the Submission Agreement: August 18, 2016.  
Spears signed the Submission Agreement: August 18, 2016.  
Patterson signed the Submission Agreement: August 18, 2016.  
Rognon signed the Submission Agreement: August 18, 2016.

### **CASE SUMMARY**

Claimants asserted the following causes of action: negligence and gross negligence, misrepresentation, omission of a material fact, failure to supervise, breach of fiduciary duty, breach of contract, and control person liability. The causes of action related to Claimants' allegations that Respondents over-concentrated Claimants' retirement portfolios in illiquid alternate investments in annuities and private placements, including United Development Funding IV, ARC New York City REIT, and NetReit.

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, Claimants requested \$3,000,000.00 in compensatory damages, statutory damages pursuant to the Texas Securities Act (including rescissionary damages, accrued statutory interest, and attorneys' fees), costs, punitive damages, filing and hearing fees, and other appropriate relief.

In the Statement of Answer, Respondents requested that Claimants' claims be dismissed, that Respondents be awarded their attorneys' fees and costs, and other appropriate relief. Respondents further requested that all references to this matter be expunged from the registration records of Wadsworth, Gammon, Spears, Patterson, and Rognon maintained by the Central Registration Depository ("CRD").

At the close of the hearing, Claimants requested damages in the range of \$1,239,070.00 to \$3,256,503.00.

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

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

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

1. Claimants' claims against Jackie Divono Wadsworth, Christopher David Gammon, and Michael J. Spears are denied.
2. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Ralph Auguillard IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Ralph Auguillard IRA the sum of \$189,157.54 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Ralph Auguillard IRA the sum of \$103,176.84 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Ralph Auguillard IRA the sum of \$36,196.26 in compensatory damages.
3. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Reginald Bardin IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Reginald Bardin IRA the sum of \$132,719.62 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Reginald Bardin IRA the sum of \$72,392.52 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Reginald Bardin IRA the sum of \$36,196.25 in compensatory damages.
4. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Stephen Driscoll IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Stephen Driscoll IRA the sum of \$239,382.17 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Stephen Driscoll IRA the sum of \$130,572.09 in compensatory damages.

3. Stacey Rognon is liable for and shall pay to Stephen Driscoll IRA the sum of \$65,286.05 in compensatory damages.
5. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Kathrine Driscoll IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Kathrine Driscoll IRA the sum of \$55,423.75 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Kathrine Driscoll IRA the sum of \$3,023.40 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Kathrine Driscoll IRA the sum of \$6,718.03 in compensatory damages.
6. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Van Russell IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Van Russell IRA the sum of \$259,298.17 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Van Russell IRA the sum of \$130,572.09 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Van Russell IRA the sum of \$70,717.86 in compensatory damages.
7. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Jeffrey Rombs IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Jeffrey Rombs IRA the sum of \$195,792.41 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Jeffrey Rombs IRA the sum of \$106,795.00 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Jeffrey Rombs IRA the sum of \$53,397.93 in compensatory damages.
8. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Michael Rombs IRA compensatory damages as follows:
  1. IMS Securities, Inc. is liable for and shall pay to Michael Rombs IRA the sum of \$51,325.29 in compensatory damages.

2. Joshua Patterson is liable for and shall pay to Michael Rombs IRA the sum of \$15,397.59 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Michael Rombs IRA the sum of \$7,698.79 in compensatory damages.
9. Respondents IMS Securities, Inc., Joshua Patterson, and Stacey Rognon are each individually liable for and shall pay to Claimant Ronnie Rombs IRA compensatory damages as follows:
1. IMS Securities, Inc. is liable for and shall pay to Ronnie Rombs IRA the sum of \$198,517.11 in compensatory damages.
  2. Joshua Patterson is liable for and shall pay to Ronnie Rombs IRA the sum of \$108,282.06 in compensatory damages.
  3. Stacey Rognon is liable for and shall pay to Ronnie Rombs IRA the sum of \$36,196.26 in compensatory damages.
10. IMS Securities, Inc. is liable for and shall pay to Claimants the sum of \$600.00 as reimbursement for the non-refundable portion of Claimants' filing fee.
11. Christopher David Gammon's request for expungement of his CRD records is denied.
12. Joshua Patterson's request for expungement of his CRD records is denied.
13. Stacey Rognon's request for expungement of his CRD records is denied.
14. Michael J. Spears' request for expungement of his CRD records is denied.
15. Jackie Divono Wadsworth's request for expungement of her CRD records is denied.
16. Any and all claims for relief not specifically addressed herein, including punitive damages and attorneys' fees, are denied.

### **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 = \$ 2,000.00

*\*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 that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, as a party, IMS Securities, Inc. is assessed the following:

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

**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: September 28, 2017 1 session

One (1) pre-hearing session with the Panel @ \$1,400.00/session = \$ 1,400.00  
Pre-hearing conference: October 19, 2016 1 session

Ten (10) hearing sessions @ \$1,400.00/session = \$14,000.00  
Hearing Dates: October 2, 2017 2 sessions  
October 3, 2017 2 sessions  
October 4, 2017 2 sessions  
October 5, 2017 2 sessions  
October 6, 2017 2 sessions

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Total Hearing Session Fees = \$15,850.00

The Panel has assessed \$700.00 of the hearing session fees to Claimants, jointly and severally.

The Panel has assessed \$700.00 of the hearing session fees to Respondents, jointly and severally.

The Panel has assessed \$14,450.00 of the hearing session fees solely to IMS Securities, Inc.

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

**ARBITRATION PANEL**

Jeffrey R. Jury	-	Public Arbitrator, Presiding Chairperson
Stephen James Cavanaugh	-	Public Arbitrator
Brian James Tagtmeier	-	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**

/s/ Jeffrey R. Jury  
Jeffrey R. Jury  
Public Arbitrator, Presiding Chairperson

10/31/17  
Signature Date

/s/ Stephen James Cavanaugh  
Stephen James Cavanaugh  
Public Arbitrator

10/31/17  
Signature Date

/s/ Brian James Tagtmeier  
Brian James Tagtmeier  
Public Arbitrator

10/31/17  
Signature Date

11/01/17


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

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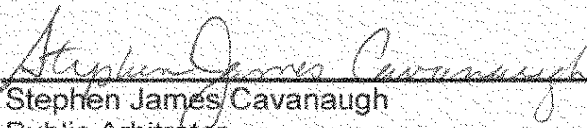
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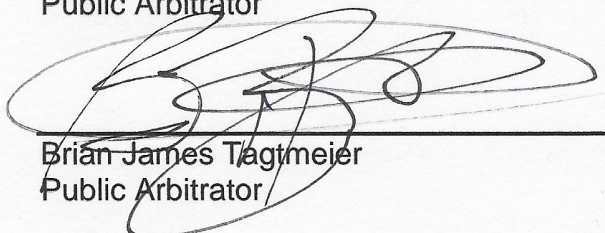
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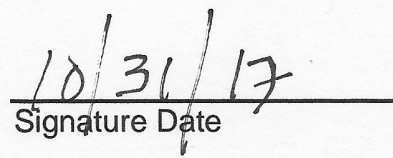
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