

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Brian L. Parker and Jessica P. Valentine,
Individually and as Trustees of the
Parker Family Trust

Case Number: 13-01876

vs.

Respondents

Interactive Brokers, LLC and
RBC Capital Markets, LLC

Hearing Site: Houston, Texas

Nature of the Dispute: Customers vs. Members

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimants Brian L. Parker and Jessica P. Valentine, Individually and as Trustees of the Parker Family Trust: Joseph R. Marrs, Esq., Johns Marrs Ellis & Hodge, LLP, Austin, Texas.

For Respondent Interactive Brokers, LLC ("Interactive Brokers"): John J. Nielands, Esq., Interactive Brokers, LLC, Washington, DC.

For Respondent RBC Capital Markets, LLC ("RBC"): John Kincade, Esq., Winstead, PC, Dallas, Texas.

CASE INFORMATION

Statement of Claim filed on or about: June 25, 2013.

Brian L. Parker signed the Submission Agreement: June 25, 2013.

The Parker Family Trust signed the Submission Agreement: June 25, 2013.

Jessica P. Valentine signed the Submission Agreement: June 25, 2013.

Amended Statement of Claim filed on or about: January 30, 2014.

Second Amended Statement of Claim filed on or about: February 24, 2015.

Statement of Answer filed by RBC Capital Markets, LLC on or about: October 2, 2013

RBC Capital Markets LLC signed the Submission Agreement: July 26, 2013.

Statement of Answer to the Amended Statement of Claim filed by RBC Capital Markets, LLC on or about: March 27, 2014.

Statement of Answer filed by Interactive Brokers, LLC on or about: April 4, 2014.
Interactive Brokers LLC signed the Submission Agreement: September 6, 2013.
Statement of Answer to the Amended Statement of Claim filed by Interactive Brokers, LLC on or about: March 28, 2014.

CASE SUMMARY

In the Amended Statement of Claim, Claimants asserted the following causes of action against RBC: breach of fiduciary duty; aiding and abetting Dillard's (unnamed trustee's) breach of fiduciary duty; negligence and gross negligence; breach of fiduciary duty of fair dealing under NASD Rule 2310-2; violations of the Texas Securities Act; violation of FINRA Rule 2090/NYSE 405; violation of NASD 3010 and FINRA Supervisory Duties.

In the Second Amended Statement of Claim, Claimants asserted the following causes of action against Interactive Brokers: aiding and abetting breach of fiduciary duty; negligence and gross negligence (breach of duty of fair dealing); and violation of the Texas Securities Act.

Claimants alleged that they are the sole beneficiaries of the Parker Family Trust (the "Trust") and the trustee of the Trust was Robert W. Dillard ("Dillard" or "trustee"). Claimants alleged that the Trust expressly prohibited a trustee from engaging in speculation with Trust funds, and that Dillard pursued a patently unsuitable speculative trading strategy that decimated the Trust's corpus. Claimants alleged that RBC had a copy of the Trust and was aware that Dillard's investment strategy exceeded his authority as trustee. Claimant also alleged that Interactive Brokers approved and assisted Dillard's reckless trading and failed to stop him when it had a duty to protect the Claimants' interests as the listed owners of the Trust account.

Unless specifically admitted in its Answer, RBC Capital Markets, LLC denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Interactive Brokers, LLC denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Amended Statement of Claim, Claimants requested as to RBC:

Compensatory Damages	\$500,000.00
Punitive Damages	Unspecified
Interest	Unspecified
Other Monetary Relief (disgorgement)	\$213,000.00

RBC requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees. Respondent requested that all references to this claim be expunged from the records for the unnamed party, Dane Martindale, by the Central Registration Depository.

In the Second Amended Statement of Claim, Claimants requested as to Interactive Brokers:

Compensatory Damages	\$1,681,175.53
Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief (disgorgement)	\$ 44,807.00

At the close of the hearing, Claimants requested as to Interactive Brokers:

Compensatory Damages	\$1,366,796.94
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Interactive Brokers requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

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

On or about February 2, 2015, Claimants notified FINRA that they reached a settlement with RBC, and that the claims against RBC were dismissed with prejudice.

The expungement request for unnamed party, Dane Martindale, was not pursued and the Panel is not adjudicating this issue.

On February 5, 2015, Claimants filed a Motion for Leave to File Second Amended Statement of Claim. On February 17, 2015, Interactive Brokers filed an Opposition to Claimants' Motion for Leave to File Second Amended Statement of Claim. On February 24, 2015, the Panel issued an Order granting Claimants' Motion for Leave to File Second Amended Statement of Claim.

At the hearing, Claimants' counsel alleged that the trustee, who Claimants were suing in Texas State Court, had declared bankruptcy the previous day and that the case was stayed pending bankruptcy.

On or about March 16, 2015, Interactive Brokers, LLC filed a post-hearing submission. On or about March 17, 2015, the Panel determined it would not consider any post-hearing submissions.

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

- 1.) Respondent, Interactive Brokers, LLC, is liable for and shall pay to Claimants, Brian L. Parker and Jessica P. Valentine, Individually and as Trustees of the Parker Family Trust, the sum of \$725,779.59 in compensatory damages;
- 2.) Respondent, Interactive Brokers, LLC, is liable for and shall pay to Claimants, Brian L. Parker and Jessica P. Valentine, Individually and as Trustees of the Parker Family Trust, the sum of \$483,853.06 in attorneys' fees pursuant to the Texas state law;
- 3.) Other than attorneys' fees, which are specified above, and Forum Fees, which are specified below, the parties shall each bear their own other costs and expenses incurred in this matter; and
- 4.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	= \$ 1,800.00
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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, Interactive Brokers, LLC and RBC Capital Markets, LLC, are assessed the following:

RBC Capital Markets, LLC:

Member Surcharge	= \$ 2,800.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 2,750.00

Interactive Brokers, LLC:

Member Surcharge	= \$ 2,800.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 5,000.00

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450/session = \$ 900.00
Pre-hearing conferences: December 9, 2014 1 session
December 9, 2014 1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,200/session = \$ 2,400.00
Pre-hearing conferences: March 25, 2014 1 session
February 23, 2015 1 session

Eight (8) Hearing sessions @ \$1,200/session = \$ 9,600.00
Hearing Dates: March 3, 2015 2 sessions
March 4, 2015 3 sessions
March 5, 2015 2 sessions
March 6, 2015 1 session

Total Hearing Session Fees = \$12,900.00

The Panel has assessed \$6,450.00 of the hearing session fees jointly and severally to Brian L. Parker and Jessica P. Valentine, Individually and as Trustees of the Parker Family Trust.

The Panel has assessed \$5,925.00 of the hearing session fees to Interactive Brokers, LLC.

The Panel has assessed \$525.00 of the hearing session fees to RBC Capital Markets, LLC.

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

ARBITRATION PANEL

Malcolm Edwin Whittaker	-	Public Arbitrator, Presiding Chairperson
Michael Edward Denosky	-	Public Arbitrator
Daniel Stephen Dexter	-	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/ Michael Edward Denosky
Michael Edward Denosky
Public Arbitrator

April 27, 2015
Signature Date

/s/ Daniel Stephen Dexter
Daniel Stephen Dexter
Public Arbitrator

April 27, 2015
Signature Date

Dissenting Arbitrator's Signature

/s/ Malcolm Edwin Whittaker

Malcolm Edwin Whittaker
Public Arbitrator, Presiding Chairperson

April 27, 2015

Signature Date

Dissent:

Because this Award is unsupported by the law or the facts of the case, I must dissent.

Claimants cannot meet their burden of proof, as a matter of law, for any of the three counts of their Second Amended Statement of Claim. A fair review of the Record also establishes that Interactive Broker's affirmative defense as a "protected person" dealing with the Trustee under the Texas Securities Act §114.081 and §114.086 is established as a matter of law.

I am also seriously concerned that improper means were used to sway my fellow panelists. Specifically, near the close of the Final Hearing in this matter, and in an apparent attempt to evoke sympathy, Claimants announced that they had just learned that the Trustee had "declared bankruptcy the previous day" and that the State Court case, which was due to be called for trial the week following the Final Hearing in this arbitration, "was stayed pending bankruptcy." This announcement of the Trustee's bankruptcy filing improperly influenced the panel and prejudiced Respondent Interactive Brokers.

There is no other reasonable conclusion given that the Record does not support the Award.

April 28, 2015

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

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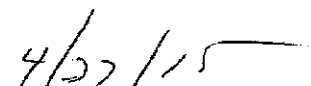
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Public Arbitrator

Signature Date


Daniel Stephen Dexter
Public Arbitrator

4-27-15
Signature Date

Dissenting Arbitrator's Signature



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Public Arbitrator, Presiding Chairperson

April 27, 2015
Signature Date

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