

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Amherst Pierpont Securities, LLC

Case Number: 20-00569

vs.

Respondents
IFS Advisory, LLC,
IFS Capital Markets LLC,
San Blas Securities LLC,
IFS Securities, Inc.,
Alexys McKenzie,
J. Thomas Sadler,
Keith Wakefield,
IFS Group, Inc., and
SB Advisory, LLC

Hearing Site: Atlanta, Georgia

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: Member vs. Members, Associated Persons, and Non-Members

REPRESENTATION OF PARTIES

For Claimant Amherst Pierpont Securities, LLC (“Claimant”): Anthony Paduano, Esq. and Daniel Crandall, Esq., Paduano & Weintraub LLP, New York, New York.

For Respondents IFS Advisory, LLC (“IFS Advisory”), IFS Capital Markets LLC n/k/a San Blas Securities LLC (“IFS Capital”), Alexys McKenzie (“McKenzie”), J. Thomas Sadler (“Sadler”), and IFS Group, Inc. n/k/a SB Advisory, LLC (“IFS Group”) (collectively, “Respondents”): Richard E. Brodsky, Esq., The Brodsky Law Firm, Coral Gables, Florida.

Respondent IFS Securities, Inc. (“IFS Securities”) did not appear.

Respondent Keith Wakefield (“Wakefield”) did not appear.

CASE INFORMATION

Statement of Claim filed on or about: March 18, 2020.

Amended Statement of Claim filed on or about: February 3, 2021.

Claimant signed the Submission Agreement: February 12, 2020.

Statement of Answer filed on or about: June 5, 2020.
Amended Statement of Answer filed on or about: December 1, 2020.
Respondents signed the Submission Agreement: May 29, 2020.

IFS Securities and Wakefield did not submit Statements of Answer or sign Submission Agreements.

CASE SUMMARY

In the Statement of Claim, as amended, Claimant asserted the following causes of action: fraud, fraudulent inducement, breach of contract, unjust enrichment, conversion, gross negligence, and grossly negligent supervision. The causes of action related to Claimant's allegation that, due to Wakefield's fraudulent scheme, four U.S. Treasury bond transactions were not settled and were later disavowed by IFS Securities. Claimant further alleges that, in reliance on its trades with IFS Securities, it had already sold the bonds to counterparties and, as a result, it had to execute a complicated series of transactions to cover the short position.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested compensatory and consequential damages, punitive and exemplary damages, attorneys' fees and costs of this proceeding, and all other relief that the Panel deems just and proper.

In the Statement of Answer, as amended, Respondents requested that all of Claimant's claims be denied, costs, reasonable attorneys' fees, and other relief that the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

IFS Securities did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and is bound by the determination of the Arbitrator on all issues submitted.

Wakefield did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code.

Wakefield also did not file a Statement of Answer. On April 8, 2020, Wakefield registered for the DR Portal, which provided him with access to all documents filed in the case, including the Statement of Claim, Overdue Notice, and Notification of Arbitrator. Therefore, Wakefield is bound by the Arbitrator's ruling and determination.

On April 24, 2020, IFS Securities filed for bankruptcy under the United States Bankruptcy Code. In accordance with these filings, all claims against IFS Securities are indefinitely stayed.

On September 30, 2020, Respondents filed a Motion to Dismiss pursuant to Rule 13504 of the Code. On October 30, 2020, Claimant filed an Opposition to the Motion to Dismiss ("Opposition"). On November 16, 2020, Respondents filed a Reply to the Opposition. On December 1, 2020, the Panel heard oral arguments on the Motion to Dismiss. In an Order dated the same day, the Panel denied the Motion to Dismiss.

On December 1, 2020, Respondents filed an Unopposed Motion to Amend Answer by Adding Affirmative Defenses Not Available at Time of Filing Original Answer ("Motion to Amend"). In an Order dated January 30, 2021, the Panel granted the Motion to Amend and permitted Claimant to amend the Statement of Claim, as agreed by Respondents, without filing a written motion for leave to amend.

On August 6, 2021, Claimant filed a Stipulation of Dismissal, with prejudice, of its claims against Respondents and IFS Securities. The Stipulation of Dismissal stated that it was understood that nothing therein was intended to affect Claimant's right to seek leave to file a proof of claim in IFS Securities' bankruptcy proceedings. Therefore, the Arbitrator made no determination with respect to any of the relief requests contained in the Statement of Claim against Respondents and IFS Securities.

On August 16, 2021, Claimant filed a request for default proceedings against Wakefield pursuant to Rule 13801 of the Code ("Claimant's Request"). Accordingly, Claimant's claims proceeded against Wakefield pursuant to Rule 13801 of the Code, with the Chairperson of the initial three-member Panel remaining as the sole arbitrator.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and any post-hearing submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Wakefield is liable for and shall pay to Claimant the sum of \$3,152,178.00 in compensatory damages.
2. 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, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	= \$ 1,700.00
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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 firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as parties, IFS Advisory and IFS Capital are each assessed the following:

Member Surcharge	= \$ 1,900.00
Member Process Fee	= \$ 3,750.00

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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Claimant submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees	= \$ 200.00
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The Arbitrator has assessed the total discovery-related motion fees to Claimant.

Contested Motion for Issuance of Subpoena Fees

Fees apply for each decision on a contested motion for the issuance of a subpoena.

Two (2) decisions on contested motions for the issuance of a subpoena with one Arbitrator @ 200.00	= \$ 400.00
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Total Contested Motion for Issuance of Subpoena Fees	= \$ 400.00
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The Arbitrator has assessed \$200.00 of the contested motion for issuance of subpoena fees to Claimant.

The Arbitrator has assessed \$200.00 of the contested motion for issuance of subpoena fees jointly and severally to Respondents.

Hearing Session Fees and Assessments

The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator, including a pre-hearing conference with the Arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) pre-hearing sessions with a single Arbitrator @ \$450.00/session	= \$ 900.00
Pre-Hearing Conferences: April 2, 2021	1 session
April 15, 2021	1 session

Six (6) pre-hearing sessions with the Panel @ \$1,125.00/session	= \$ 6,750.00
Pre-Hearing Conferences: August 11, 2020	1 session
December 1, 2020	1 session
January 4, 2021	1 session
June 7, 2021	1 session

July 12, 2021	1 session
July 21, 2021	1 session

Decision on the papers:	= \$	300.00
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Total Hearing Session Fees	= \$	7,950.00
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The Arbitrator has assessed \$3,262.50 of the hearing session fees to Claimant.

The Arbitrator has assessed \$4,387.50 of the hearing session fees jointly and severally to Respondents.

The Arbitrator has assessed \$300.00 of the hearing session fees to Wakefield.

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

ARBITRATOR

George Pinckney Shingler

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Sole 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.

Arbitrator's Signature

George Pinckney Shingler

George Pinckney Shingler
Sole Public Arbitrator

10/01/2021

Signature Date

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October 01, 2021

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