

# BELL NUNNALLY OBTAINS \$3.5M SETTLEMENT FOR DEFRAUDED CLIENT INVESTOR IN FINRA ARBITRATION TIED TO PONZI SCHEME

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**Bell Nunnally partners R. Heath Cheek and Saba F. Syed secured a \$3.5M settlement on behalf of a defrauded client investor in a FINRA arbitration against two national FINRA broker-dealers. The case centered on a multi-year Ponzi scheme perpetrated by the client's financial adviser who was also the registered representative of the respondent FINRA broker-dealers. The defrauded client sought relief from the FINRA broker-dealers based on theories of direct liability for failure to supervise the fraudster representative and for vicarious liability under principal-agent law.**

The broker-dealers claimed that the fraudster representative was operating outside the scope of his independent contractor relationship with them, even though the fraudster representative confessed to Ponzi scheme. After four years of litigation, including numerous delays due to COVID, the parties reached a settlement one week before the final arbitration hearing.

## Related Practices

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Litigation

## Practice Area Contact

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