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The Financial Industry  
Regulatory Authority

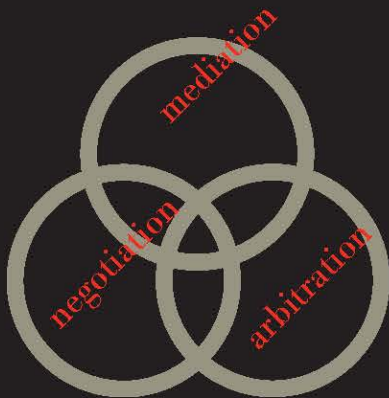
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*Ninth Annual*

**Securities  
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*Triathlon*

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**ST. JOHN'S UNIVERSITY SCHOOL OF LAW and  
THE FINANCIAL INDUSTRY REGULATORY AUTHORITY**

***The Ninth Annual*  
SECURITIES DISPUTE RESOLUTION  
TRIATHLON PROBLEM – 2017**

**“Shades of Gray?”**

Tracy Hardwill and  
Independent Brokerage, LLP

**Background:**

What constitutes a brokerage firm's adequate supervision of its graying population of brokers? Implicit in this issue is whether a brokerage firm's adequate supervision of its brokers must also include an ongoing assessment of a broker's mental capacity.

This evolving corporate responsibility issue is precipitated by the occurrence of two parallel social phenomena: the graying of the securities industry and the trend within our broader population to forego retirement and remain in their chosen professions well into their seventies, eighties and beyond. Just look at the securities industry: 43 percent of financial advisors are over 55 years old, and the average age of financial advisors is 50.9. Regardless of your personal point of view about this trend, this Triathlon problem seeks to clarify the responsibility of brokerage firms when the previously competent brokers they employ become forgetful or confused. Are these just human errors that we all make from time to time, or are they symptoms of more serious cognitive decline that warrant firing the broker?

Andre Watkins, age 51, had been a broker with Independent Brokerage, LLP for 18 years.<sup>1</sup> During that time, he enjoyed a consistently successful career, earning on average \$650,000 each year for the past eight years. Because of Andre's consistent good work, he developed a loyal and satisfied customer base. Tracy Hardwill, age 79, was among Andre's loyal customers, investing and making money under Andre's advisement for the past 10 years. Tracy had an investment portfolio with Independent worth approximately \$5 million dollars. When Tracy would phone Andre to place an order for stocks, Tracy not only enjoyed doing business with Andre, but Tracy also enjoyed their phone chats. Tracy was especially fond of Andre, because Andre is the same age and had the same work ethic as Tracy's eldest child.

However, Tracy's confidence in Andre began eroding when Andre made three investment errors in Tracy's investment account over an 18-month period. First, Andre executed a trade without Tracy knowing about it. In another incident, when Tracy authorized Andre to purchase 100 shares of stock, Andre bought 200 shares instead. Because these errors turned out economically to benefit Tracy, Tracy didn't complain about them. After all, Tracy's portfolio continued to grow, and no excessive fees were charged.

A third incident, however, was the proverbial last straw for Tracy. On October 25, 2016, Andre inadvertently put in Tracy's customer number to purchase \$250,000 worth of stock in Kendosol-Rx, a pharmaceutical company, after another customer had authorized Andre to purchase those shares. Over the next three weeks, the pharmaceutical stock rose slightly. Then, in early December, after an additional three weeks had passed, the pharmaceutical stock plummeted about \$125,000 in value.

Upset about the loss, on December 7, 2016, Tracy called Andre. Andre was apologetic about the error and confused about why the error had occurred. After Andre failed to provide an adequate explanation for the error, Tracy then reached out to Independent's Customer Service. Customer Service advised Tracy to call Alex Buono, a branch manager with Independent and Andre's supervisor. The following day, on December 8, 2016,

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<sup>1</sup> Andre is a registered representative with FINRA and Independent is a FINRA member firm.

Tracy called Alex. Alex asked Tracy if Tracy wanted to sell the stock at that time, and Tracy agreed. Alex also agreed to look into the matter further. Following the phone call, Alex placed an order to sell the Kendosol-Rx stock. At the time of the sale, Tracy received proceeds of \$123,000, for a total loss of \$127,000.

The next day, December 9, 2016, Tracy called Alex and disclosed the two earlier errors. Two weeks later, on December 23, 2016, Tracy received a letter from Independent. The letter indicated that the matter had been investigated, and the investigation confirmed that there was no evidence that the trades were unauthorized. The letter continued that, even if the trades were unauthorized, Tracy had ratified the trades by failing to object within the 10-day period that was set forth in the trade confirmations.<sup>2</sup> At about the same time Tracy received the letter from Independent, Andre resigned from Independent, and is no longer a registered broker. Independent has a succession plan in place that provides a customer with a new broker if the customer's broker leaves the firm or goes on leave for any reason. Thus, Tracy was assigned a new broker within twenty-four hours of Andre's resignation.

Upon receiving the letter from Independent, Tracy consulted a lawyer. By early January 2017, Tracy filed an arbitration claim against Independent Brokers, LLP. The claim alleged that Andre had placed an unauthorized trade and Independent failed to supervise Andre. Tracy seeks \$127,000 in compensatory damages. Independent filed an answer denying that the trade was unauthorized and asserting that Tracy had not objected to the trade in a timely fashion.

The issue raised by this Triathlon problem is not unique to the brokerage industry. Whether you are 20 or 70 years old, we have all experienced moments when we have forgotten someone's name, where we placed our keys, or a dear friend's birthday. However, early onset-diagnosis for dementia is more than the simple forgetfulness of everyday life. This degenerative disease can begin as early as in one's forties. At the onset of the disease, the signs are subtle and are often indistinguishable from the typical

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<sup>2</sup> A common industry practice is to allow the customer 10 days to object to the order after it is placed. If a trade is placed in error, the broker may correct or reverse the trade.

changes that come with age. As the disease advances, the symptoms may become pronounced. For example, the stricken person may all of a sudden find the route home from work unfamiliar, lose the ability to manage a budget, or have difficulty engaging in a conversation.

A brokerage firm that is a FINRA member firm has a responsibility to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Final responsibility for proper supervision rests with the member firm. What symptoms might a broker stricken with the disease manifest at work? When should the firm scrutinize a broker's errors as potential signs of cognitive decline?

Some may assert that we're all human, and that even the most competent professionals make their share of mistakes now and then. Still others may go further and point to the systems of checks and balances many brokerage firms have already implemented to protect the customer from the results of such human errors. A growing number are calling for brokerage firms to take more affirmative steps to protect customers against those brokers who are showing signs of cognitive decline. Yet, other voices express concern that this discussion is actually veiled ageism, designed to rid the securities industry of senior people. Those cautionary voices remind us that any response should respect the rights of investors, honor the dignity and health privacy rights of brokers, and satisfy the responsibilities of brokerage firms. This is your challenge in this year's Triathlon.

#### **NEGOTIATION ROUND:**

In this round, each team is to negotiate based on the background facts and the private facts of the client the team is representing. Alex Buono will be the corporate representative for Independent. Alex and Tracy, accompanied by their respective attorneys, will be the parties present at the negotiation.

**MEDIATION ROUND:**

In this round, please assume that there was no agreement reached in the negotiation round because the two parties could not agree on the responsibility each side might bear. Each team is to proceed based on the background facts and the private facts of the client the team is representing. Please disregard any additional information that might have been revealed in the previous round as well as any agreements that might have been discussed. Alex Buono will be the corporate representative for Independent. Alex and Tracy, accompanied by their respective attorneys, will be the parties present at the mediation.

**ARBITRATION ROUND:**

In this round, please assume that there was no agreement reached in the mediation round because each side believed they had a winning case and was confident a panel of arbitrators would agree. In this round, each team is to proceed based on the background facts and the private facts of the client the team is representing. Please disregard any additional information learned in the previous two rounds as well as any agreements that might have been reached.

There will be one witness for each side: Tracy Hardwill for the Claimant and Alex Buono for the Respondent (Alex is also appearing as Independent's corporate representative). The Statement of Claim with exhibit is attached hereto as "Attachment 1." The Statement of Answer with exhibit is attached hereto as "Attachment 2." Tracy's signed Submission Agreement is "Attachment 3," and Independent's signed Submission Agreement is "Attachment 4." The Statement of Claim with exhibit, and the Statement of Answer with exhibit will be Arbitrator's Exhibit One and are therefore part of the record.

\* This problem was collaboratively created by Ken Andrichik, Elayne E. Greenberg, Stefanie Herrera, Christine Lazaro, Kristine Vo, and Nicholas Weiskopf.

### **Private Facts for Tracy Hardwill:**

When Tracy met Andre more than 10 years ago, Tracy was confident in Andre's abilities the minute (s)he sat down with him in Independent's storefront office conveniently located in Tracy's neighborhood. Not only was Andre well-spoken and able to answer confidently each of Tracy's questions, he also felt immediately familiar to Tracy, mostly because he reminded Tracy of (his)(her) eldest child, Spencer. Andre and Spencer were approximately the same age. Andre even had the same manner of speaking and engaging wit as Spencer. Whenever Tracy would speak with Andre, it was like (s)he was talking to a trusted member of (his)(her) own family.

Over the next 10 years, Tracy never doubted (his)(her) decision to have Andre as a broker. Andre's expert advice and decision-making skills led to a large amount of growth in Tracy's investments--more than (s)he ever had or would have expected to make with any other broker. After the first three or four years, Tracy grew to trust Andre so completely that (s)he only cursorily reviewed the individual holdings in (his)(her) portfolio online each week to see the income earned. All Tracy cared to check was how many more dollar signs were in (his)(her) account since the last time (s)he had checked.

On or about October 27, 2016, Tracy noticed that shares of Kendosol-Rx had appeared among the list of (his)(her) holdings. Tracy didn't recall purchasing Kendosol-Rx and intended to call Andre about this. However, Tracy became distracted by day-to-day activities, and then by a two-week visit from Spencer and his children over Thanksgiving. Besides, it appeared Kendosol-Rx was increasing in value.

It wasn't until Spencer and the children left in early December that Tracy had the time to take a closer look at (his)(her) account. On December 7, 2016, when Tracy logged into (his)(her) online account, (he)(she) was shocked that (his)(her) account had declined significantly and realized that Kendosol-Rx had declined by about \$125,000. What a sizeable dip! Tracy spit out a gulp of coffee on (his)(her) poor poodle Lyla. Tracy immediately called Andre for an explanation. Andre seemed just as surprised as Tracy was and somewhat confused. Andre said he would investigate and call Tracy back.

Hours passed, and Tracy did not hear from Andre. Tracy called Andre again just before 5:00 pm. When Andre answered the phone, he had no recollection of their conversation that morning and also sounded a bit off. Andre became distracted when answering Tracy's questions and sounded generally confused. Tracy eventually ended the conversation feeling somewhat bewildered.

Tracy felt like someone was playing a prank on (him)(her). What was wrong with Andre, and what was going to happen to that \$125,000 that disappeared from Tracy's account? Tracy had no idea what to do, so (s)he called Independent's customer service desk.

When Tracy told the representative who (his)(her) broker was, the representative told Tracy to speak with Andre's manager, Alex Buono. Tracy felt extremely uncomfortable complaining about Andre. After all, Tracy had been a faithful, loyal client of Andre's for so long. Ultimately, Tracy felt (s)he had no choice, because \$125,000 was a lot of money to lose by mistake. So, the next morning, on December 8, 2016, Tracy called Alex Buono.

Alex seemed shocked by the information Tracy provided. After confirming that Tracy and Alex were speaking about the same Andre Watkins, Alex assured Tracy that Alex had known Andre for years, and that there was no way Andre would have made that purchase without some level of authorization from Tracy. Alex implied that the mistake must have been Tracy's. Alex also questioned why Tracy had not complained as soon as (s)he noted the error. Alex assured Tracy that (s)he and Independent would investigate the matter. Alex asked Tracy if (s)he wanted the stock sold in the meanwhile, and (s)he said yes. Tracy hung up feeling somewhat better that Independent would be investigating the matter. True, Tracy was getting older and a little more forgetful than (s)he used to be. However, there was no way (s)he would have forgotten about authorizing such a significant purchase. Tracy received confirmation that the stock was sold that afternoon, for a total loss of \$127,000. The stock had declined even further!

After speaking with Alex, Tracy remembered two other trades on the account that (s)he hadn't authorized: one (s)he had never discussed with Andre, and one where the

purchase was larger than what Tracy and Andre had agreed upon. Unlike the error with Kendosol-Rx, Tracy had economically benefitted from these other two errors. However, Tracy called Alex again the following day and shared these other two errors with (him)(her) to alert Alex to the severity of the problem.

Approximately two weeks later, Tracy received a letter saying Independent had investigated the matter. According to the results of their investigation, there was no evidence that the purchase of the \$250,000 of Kendosol-Rx was unauthorized. The letter continued that, even if the trade was unauthorized, Tracy had ratified the purchase by not complaining in a timely fashion.

Tracy was livid and wanted justice. Tracy then consulted an attorney to see whether it would be possible to recover the \$127,000 that (s)he had lost due to Andre's mistake. (S)he decided to file an arbitration claim against Independent Brokerage, LLP because (s)he felt that, if there was something wrong with Andre that made him make these major mistakes, it was Independent's responsibility to notice and do something about it. True, Tracy knew Andre had made other mistakes in the past, but they did not cause Tracy to suffer any economic decline. Tracy feels that the profits from these two unauthorized trades are (his)(hers) to keep. However, Tracy feels that this loss was not only (his)(hers), but (his)(her) children's to bear as well. (S)he just cannot accept that without a fight. Tracy is truly a hard will.



## **Private Facts for Independent Brokerage, LLP and Alex Buono, Manager and Supervisor**

Independent Brokerage, LLP (“Independent”) is a large, privately owned brokerage firm, serving over two million customer accounts across the country. Known for its small storefronts occupied by one or two brokers, Independent makes its clients feel like they are dealing with a small neighborhood business instead of a large securities firm. Independent takes pride in providing personalized investment services to each individual client, and tends to hold onto both its employees and clients for years and years.

Independent’s good reputation is well-earned. It has have taken affirmative steps to safeguard its customer’s investments. One of the innovative programs that Independent has implemented is its succession plan to help protect investors when their broker is transitioning to retirement, leaving because of illness or, as in this case, retires because of cognitive decline. And, the succession plan worked. Andre’s clients were not left in the lurch when Andre left. The protocol provided for another broker to jump in and take over Andre’s accounts within 24 hours of Andre’s departure. This succession plan, as with any protocol Independent adopts, has to consider the customers’ welfare, the brokerage firm’s responsibilities and the broker’s rights.

Of course, nothing is perfect. There is no recommended industry practice for brokerage firms to follow to help identify a broker with early-onset cognitive decline. There will always be this ambiguous line between normal error and the more serious cognitive decline. That’s life. All a firm can do is provide good supervision, and that is what Independent does. Even family, friends and significant others say it takes some time before they realize a loved one is experiencing cognitive decline. Identifying an individual’s cognitive decline and intervening in a timely and respectful manner is a societal-wide challenge. Independent should not be blamed that it did not recognize Andre’s decline sooner.

Even though Independent did everything it could, there will always be those ungrateful customers who seek to unfairly game the system. Just look at Tracy Hardwill! How

outrageous that Tracy was more than happy to silently enjoy the economic benefits of Andre's mistakes when the stocks that were purchased in error were making Tracy money. Now after waiting over six weeks, Tracy has the audacity to ask for a refund for the Kendosol-Rx loss because the error went against (her)(him). What gall! Tracy just wants to put (his)(her) hands in the deep pockets of Independent.

Alex Buono has been a Registered Principal and Andre Watkins' supervisor at Independent for the last 18 years. Alex has a great reputation as a supervisor, manager and sales person. All the brokers that Alex managed had clean records. (S)he's only a few years older than Andre, and feels like (s)he's known him forever. Alex was consistently successful and has a host of loyal clients to show for it. Since Andre ran one of Independent's small-neighborhood storefronts by himself, Alex did (his)(her) best to check in with Andre and review his activities on a regular basis.

When Alex was promoted to supervisor, (s)he took a training course about supervision. To this day, Alex follows the training to the book. In the training, Alex learned the importance of checking in on brokers through regular conversations about their client's accounts. Alex found that this method was most successful and was the one (s)he most often employed with Andre. Despite (his)(her) recent busy schedule, Alex still made sure (s)he spoke with Andre by email or phone at least once a day. The two worked together so closely over the years that Alex could tell whether Andre was having a good or bad day by the way he answered the phone. Alex eventually trusted Andre so deeply that most of their conversations quickly switched from work-related business to details of their personal lives.

Until (his)(her) first conversation with Tracy, Alex wasn't acutely aware of any red flags or changes in Andre's behavior that would make (him)(her) take a deeper look into Andre's work. For example, Andre didn't receive other customer complaints, make inappropriate investments, display lifestyle changes, or exhibit any differences in (his)(her) personality. When Alex received a call from a Tracy claiming Andre had lost over \$100,000 of (his)(her) money due to an unauthorized trade, Alex could hardly believe (his)(her) ears. Alex recognized Tracy's name as a long-time client of Andre's,

but Alex doubted what Tracy was saying. Still, Alex did (his)(her) best to reassure Tracy that there was no way the Andre (s)he knows would flippantly make such an egregious mistake. Tracy sounded like nothing more than an investor who was only dissatisfied because (s)he lost some money. However, Andre advised Tracy that (s)he would investigate Tracy's complaint. Alex was confident that when (s)he looked further into this incident, there was nothing (s)he would find.

After Alex ended the call with Tracy, Alex remembered an incident that Alex had had with Andre about six weeks earlier, approximately around the time the trade in question had taken place. However, Alex had previously brushed that off as a one-time anomaly. That morning, Alex had placed (his)(her) routine call to Andre. They had discussed Andre's most important accounts and then moved into a discussion about the previous night's hockey game. Later that same afternoon, Alex happened to be near Andre's office following a business lunch that ran very late. Alex decided (s)he'd drop by Andre's office to see (his)(her) old friend in-person for the first time in weeks. When Alex arrived, the office was locked, and Andre was nowhere to be found. Alex let (himself)(herself) into the office. Andre's belongings were at his desk, but there was no sign of him in the office, and no note indicating when he would be back. Alex was concerned, but assumed Andre had run out for an emergency or a quick errand. There was no doubt in Alex's mind that (s)he would see Andre walk through the door any minute.

In fact, seven minutes passed before Andre appeared in the doorway of the storefront office. He was holding a taco in one hand, which he held out to Alex as he approached. When Alex asked where Andre had been, Andre said nothing, but thrust the taco into Alex's hand. Andre then continued to the back of the office. Alex chuckled to (himself)(herself) about how (his)(her) friend had clearly lost his mind, and yelled something to that effect as (s)he waited for Andre to reemerge from the back.

Several minutes later, Andre looked at Alex with surprise as he stepped out from behind the back-office door. He asked Alex how (s)he was, and acted as if Alex had just appeared at that moment. Alex was a little confused, but chalked the whole incident up to (his)(her) friend becoming slightly eccentric as he grew older. Alex had not given the

incident a single thought until (s)he listened to Tracy's concern on the other end of the phone.

Dutifully, Alex and the staff at Independent conducted the investigation. Unfortunately, Alex found more than (s)he had hoped for. A detailed look at Andre's transactions over the previous two years showed seven glaring mistakes. Alex noticed that Andre had reversed or corrected seven trades over the past two years. Once a broker undoes a transaction, that triggers a red flag, and the error is investigated. Yet, when Alex looked at these errors cumulatively instead of in isolation, a pattern emerged. However, the errors had been spread out over a two-year period, so Alex overlooked this pattern. Alex still wondered how (s)he could have possibly overlooked these mistakes, but also noted that none of Andre's clients had complained to him. There was no way Alex could have noticed this pattern in isolation before now. When Alex was looking over Tracy's account, (s)he also noticed that Tracy routinely checked (his)(her) portfolio online at least weekly. Therefore, Tracy must have known about this error and the other two she mentioned, yet (s)he did nothing about it so long as these errors economically benefitted Tracy.

Concerned with protecting Independent's well-earned reputation and worried about Andre's well-being, Alex later sat down with Andre and discussed (his)(her) concerns about Andre's performance. Andre had no reasonable explanation for the mistakes, and he could hardly recall making them. Alex suggested that Andre seek a medical evaluation. The shock, Alex believes, made Andre schedule an evaluation that week. Alex also advised Andre that he could take as much leave as needed to figure out what was wrong.

Andre resigned from Independent less than two weeks after the meeting with Alex, at about the same time Independent sent the letter to Tracy. Although Alex didn't ask about the details of Andre's diagnosis, Andre confided to Alex that he had been diagnosed with early onset dementia. Andre shared that he had a family history of early onset dementia, but that he had been hoping it wouldn't impact him. Andre is now enjoying a comfortable life bicycling, reading and enjoying family and friends. As part of

Andre's therapy, Andre has adopted Got It, a schnauzer mix-breed rescue dog. Alex thinks of Andre every day. Now, Independent has to try to resolve this matter with Tracy. Is Tracy's last name a sign of what's to come?



an isolated incident, as evidenced by the two other errors Watkins had made. Presumably, Watkins had made errors in other customer accounts as well. Shortly after this incident, Watkins was no longer employed by Independent. At that point, it was clear that Watkins may have been suffering from cognitive decline; however, Independent failed to detect the decline or prevent any misconduct as a result of the decline.

Independent failed to properly supervise Watkins to ensure that he did not engage in unauthorized trading as a result of his cognitive decline. Independent violated FINRA Rule 3110 because it did not “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.” The rule further provides that “[f]inal responsibility for proper supervision shall rest with the member.”

#### **RELIEF REQUESTED**

Based upon the foregoing, Hardwill requests an award against Respondent for compensatory damages in the amount of \$127,000, and costs and attorneys’ fees associated with the filing of this arbitration.

# Independent Brokerage, LLP

December 23, 2016

Tracy Hardwill  
123 5<sup>th</sup> Avenue  
Old York City, OY 12345

Dear (Mr.)(Ms.) Hardwill:

We have completed our investigation of your complaint regarding the purchase of Kendosol-Rx on October 25, 2016. Based on our investigation, we have found no evidence that this trade, nor any other trade, was unauthorized.

Even if the trade had been unauthorized, the trade confirmation you received for the transaction provided that the transaction is conclusive and binding if it is not objected to in writing within ten days of receiving the trade confirmation. Independent did not receive any objection to the transaction within 10 days.

Independent considers this matter closed. If you have any further questions, please do not hesitate to contact us.

Sincerely,

*Alex Buono*

Alex Buono  
Manager

Exhibit A



FINRA OFFICE OF DISPUTE RESOLUTION

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In the Matter of the Arbitration Between:      :
                                                :
TRACY HARDWILL,                               :
Claimant,                                     :
vs.                                           :
                                                :
INDEPENDENT BROKERAGE, LLP,                  :
Respondent.                                  :
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This Statement of Answer is filed on behalf of Respondent, Independent Brokerage, LLP (“Independent”), in response to the Statement of Claim filed on behalf of Tracy Hardwill (“Hardwill”).

Hardwill is not entitled to compensation for the purchase and subsequent sale of Kendosol-Rx. The trade was properly authorized, and, to the extent it was not, Hardwill failed to object within a timely fashion.

On October 25, 2016, Andre Watkins placed an order to purchase \$250,000 of Kendosol-Rx stock. Following the execution of the trade, Independent sent Hardwill a confirmation of transaction, setting forth the details of the trade. On the back of the confirmation, customers are informed that the “transaction is conclusive and binding if not objected to in writing within ten days of receiving this trade confirmation.” A copy of the back of the trade confirmation is attached as Exhibit A. Hardwill did not object to the transaction within 10 days.

Instead, Hardwill decided to hold the stock. Initially the stock increased in value. However, within a few weeks, the stock had taken a turn for the worse, and dropped by over 50%. It was not until the stock dropped in value that Hardwill decided to complain. This is nothing more than a strategy of “heads I win, tails you lose.” Hardwill would not have complained at all if the stock had continued to increase in value.

After Hardwill called Alex Buono, Watkins' manager, Independent conducted an investigation to determine whether Watkins had acted improperly. Independent found no evidence that Watkins had acted improperly with respect to this transaction.

At all times, Independent had an adequate system of supervision in place. So long as a supervisory system is "reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules," there can be no violation of Rule 3110. Here, Independent had established a reasonable supervisory system, which included establishing a succession plan in the event a broker left the firm for any reason. Independent had no way to detect any potential cognitive decline of Watkins.

To the extent Watkins may have placed the trade in error, there was no way for Independent to be aware of this fact, absent notification by the customer. In this case, Independent did not receive such notification until after several weeks had passed. Customers are not permitted to wait and see how a trade works out before objecting.

#### RELIEF REQUESTED

Based upon the foregoing, Independent requests that the Statement of Claim be dismissed in its entirety, and requests that costs and attorneys' fees associated with this arbitration be assessed against Claimant.

# Independent Brokerage, LLP

## CONDITIONS

### IT IS AGREED THAT

All transactions are subject to the rules, regulations, requirements and customs of the exchange or market (and its clearing agency, of any) where executed, and the regulations of the Federal Reserve Board and the Securities and Exchange Commission.

Payment for securities purchased must be received by us no later than the Settlement Date indicated on the reverse side hereof. Payments not received by Settlement Date may be subject to late payment fees.

Securities held in margin accounts or purchased but not yet paid for in cash accounts may be hypothecated by Independent under circumstances which will permit the commingling thereof with securities of other clients.

Securities sold "long" must be on deposit in your account or delivered to us by Settlement Date.

Independent will furnish, upon written request, the date and time when the transaction took place, the name of the other party to the transaction and the source and amount of any other remuneration received or to be received by us in connection with the transaction.

Independent accepts benefits that constitute payment for order flow. Details regarding these benefits will be furnished upon written request.

When Independent is acting as principal in a reported security, the price shown is the reported trade price made in accordance with the last sale reporting requirements.

Debt securities may be redeemed in whole or in part before maturity, and such a redemption could affect any yield represented in this trade confirmation. Additional information is available upon request.

Credit rating(s), if any, contained on this trade confirmation were provided by an unaffiliated third party. In some instances, the credit rating shown is based on the issuer's credit ranking and not the credit rating of the specific security purchased or sold.

Insurance trades are subject to carrier underwriting approval.

Any inquiries regarding this transaction should be made by using the telephone number provided on the reverse side.

The transaction is conclusive and binding if not objected to in writing within ten days of receiving this trade confirmation.

This agreement shall inure to the benefit of any successor or assignee of Independent.

**FINRA ARBITRATION Submission Agreement**

**Claimant(s)**

**In the Matter of the Arbitration Between**

Name(s) of Claimant(s)

Tracy Hardwill

**and**

Name(s) of Respondent(s)

Independent Brokerage, LLP

1. The undersigned parties (“parties”) hereby submit the present matter in controversy, as set forth in the attached statement of claim, answers, and all related cross claims, counterclaims and/or third-party claims which may be asserted, to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure.
2. The parties hereby state that they or their representative(s) have read the procedures and rules of FINRA relating to arbitration, and the parties agree to be bound by these procedures and rules.
3. The parties agree that in the event a hearing is necessary, such hearing shall be held at a time and place as may be designated by the Director of Dispute Resolution or the arbitrator(s). The parties further agree and understand that the arbitration will be conducted in accordance with the FINRA Code of Arbitration Procedure.
4. The parties agree to abide by and perform any award(s) rendered pursuant to this Submission Agreement. The parties further agree that a judgment and any interest due thereon, may be entered upon such award(s) and, for these purposes, the parties hereby voluntarily consent to submit to the jurisdiction of any court of competent jurisdiction which may properly enter such judgment.
5. The parties hereto have signed and acknowledged the foregoing Submission Agreement.

Tracy Hardwill

Claimant Name (please print)

*Tracy Hardwill*

Claimant’s Signature

January 11, 2017

Date

State capacity if other than individual (e.g., executor, trustee or corporate officer)

**FINRA ARBITRATION Submission Agreement**

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Respondent(s)

**In the Matter of the Arbitration Between**

Name(s) of Claimant(s)

Tracy Hardwill

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**and**

Name(s) of Respondent(s)

Independent Brokerage, LLP

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1. The undersigned parties ("parties") hereby submit the present matter in controversy, as set forth in the attached statement of claim, answers, and all related cross claims, counterclaims and/or third-party claims which may be asserted, to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure.
2. The parties hereby state that they or their representative(s) have read the procedures and rules of FINRA relating to arbitration, and the parties agree to be bound by these procedures and rules.
3. The parties agree that in the event a hearing is necessary, such hearing shall be held at a time and place as may be designated by the Director of Dispute Resolution or the arbitrator(s). The parties further agree and understand that the arbitration will be conducted in accordance with the FINRA Code of Arbitration Procedure.
4. The parties agree to abide by and perform any award(s) rendered pursuant to this Submission Agreement. The parties further agree that a judgment and any interest due thereon, may be entered upon such award(s) and, for these purposes, the parties hereby voluntarily consent to submit to the jurisdiction of any court of competent jurisdiction which may properly enter such judgment.
5. The parties hereto have signed and acknowledged the foregoing Submission Agreement.

Independent Brokerage, LLP

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Respondent Name (please print)

*Alex Buono*, Branch Manager (Corporate Officer)February 16, 2017

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Respondent's Signature

Date

State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)