

AWARD
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Mel H. Schonhorst

vs.

Case Number: 13-02311
Hearing Site: Dallas, Texas

Names of Respondents

RBC Capital Markets, LLC and William Joseph Gumbert

NATURE OF THE DISPUTE

Associated Person vs. Member and Associated Person

REPRESENTATION OF PARTIES

Mel H. Schonhorst ("Claimant" or "Schonhorst") appeared pro se until on or about June 11, 2014, when a Notice of Appearance was filed by Robert M. Thornton, Esq., Kilgore & Kilgore, PLLC, Dallas, Texas.

RBC Capital Markets, LLC ("RBC") was represented by Jonathan J. Hegre, Esq., RBC Capital Markets, LLC, Minneapolis, Minnesota.

William Joseph Gumbert ("Gumbert") appeared pro se.

CASE INFORMATION

The Statement of Claim was filed on or about August 8, 2013. The Submission Agreement of Claimant, Mel H. Schonhorst, was signed on or about August 7, 2013. On or about January 26, 2014, Claimant filed a Response to Respondents' Statements of Answer.

The Statement of Answer was filed by Respondent, RBC Capital Markets, LLC, on or about October 2, 2013. The Submission Agreement of Respondent, RBC Capital Markets, LLC, was signed on or about October 1, 2013.

The Statement of Answer was filed by Respondent, William Joseph Gumbert, on or about October 2, 2013.

CASE SUMMARY

Claimant asserted the following causes of action: libel and slander on Form U5 and wrongful termination. Claimant is seeking to have his Form U5 amended to disclose that the Department of Justice ("DOJ") dropped its investigation of Claimant on or about July 2, 2012 when it reached a non-prosecution decision and that subsequently on or about August 10, 2012, the statute of limitations expired, thus Claimant was no longer a subject or target of investigation with regard to any possible action by the federal agency against Claimant related to his activities while an employee of RBC. Claimant is also seeking to have his Form U5 amended stating that Claimant was wrongfully terminated as alleged in Count One, Breach of Contract, of Claimant's Statement of Claim in previously filed FINRA Case No. 10-03097 and to the extent it was found to be part of the basis for the Award issued in FINRA Case No. 10-03097.

In its Answer, Respondent RBC does not contest Claimant's claims to have his Form U5 amended to reflect objective, uncontroverted facts concerning Claimant's prior arbitration with RBC, or the status of the government investigation. RBC takes no position here on what the governing legal standard is for such relief, or whether Claimant has satisfied his burden of proof entitling him to relief.

Unless specifically admitted in his Answer, Respondent Gumbert denied the allegations made in the Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified
Other Non-Monetary Relief	Specific Performance (Amend U5)

Respondent RBC objects to the award of any other relief than the request to amend Claimant's U5 and states that Claimant is not entitled to any other relief, monetary or otherwise.

Respondent Gumbert requested that the claims asserted against him be denied in their entirety and that he be awarded his costs.

OTHER ISSUES CONSIDERED & DECIDED

The Arbitrator acknowledges that he has read the pleadings and other materials filed by the parties.

On or about January 21, 2014, Claimant filed a Proposed Claim Resolution and Amendment of Claimant's U5 and 2011 Arbitration Award. On or about January 22, 2014, Respondent RBC filed a Response. On or about January 22, 2014, Respondent Gumbert filed a Response. On or about March 3, 2014, Claimant filed a Reply. On or about May 6, 2014, the Panel issued an Order stating: "The Panel orders an evidentiary hearing in which Schonhorst will present his proposal under oath and with any evidence he wishes to offer. The other parties may participate by telephone."

Respondent, William Joseph Gumbert, did not file with FINRA Dispute Resolution a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Arbitrator on all issues submitted.

On or about June 18, 2014, Claimant dismissed the claims with prejudice against Respondent Gumbert.

On or about August 11, 2014, FINRA was notified that the parties agreed to proceed with a single arbitrator. On September 3, 2014, the Panel issued an Order that this case will proceed with one (1) arbitrator, Louis Weber, and the evidentiary hearing will be held October 13, 2014.

Respondent, RBC Capital Markets, LLC, appeared and testified at the hearing telephonically.

The Arbitrator relied on the following evidence in recommending that Claimant's U5 be amended: Claimant's testimony in prior FINRA hearing, Case No. 10-03097, newspaper articles, U5, indictment of others in county "kickback" scheme, Statement of Claim and other offered exhibits. The Arbitrator stated that Claimant presented his entire case as stated in his complaint, a complete history of events, and Affidavit of Charles Weninger, who was an attorney hired by Claimant to contact both the FBI and Attorney General's Office in both El Paso, Texas and Washington, DC in relation to the government investigation. RBC's counsel did not oppose or dispute any of the testimony or evidence provided at the hearing.

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

1.) Arbitrator Findings

The Arbitrator makes the following findings:

Mr. Schonhorst was never charged with a crime or a violation of an investment-related statute, regulation, rule or industry standard of conduct. The USAG closed its investigation July 2012. The statute of limitations expired in August 2012 relating to any possible charge arising from Mr. Schonhorst's employment with RBC.

The Arbitrator orders Respondent, RBC Capital Markets, LLC, to file an amended Form U5, consistent with its regulatory obligations, which updates the Central Registration Depository as to the status of the USAG's investigation that the firm initially reported in the Form U5 dated August 10, 2007.

- 2.) Respondent, RBC Capital Markets, LLC, is liable for and shall pay to Claimant, Mel H. Schonhorst, the sum of \$250.00 in costs as reimbursement for the non-refundable portion of the filing fee; and
- 3.) Any relief not specifically enumerated, including attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution will retain the non-refundable filing fee* for each claim:

Initial Claim filing fee = \$ 1,250.00

**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 person at the time of the event giving rise to the dispute. Accordingly, as a party, RBC Capital Markets, LLC is assessed the following:

ARBITRATOR

Louis J. Weber, Jr. - Public Arbitrator, Presiding Chair

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:

/s/ Louis J. Weber, Jr.
Louis J. Weber, Jr.
Public Arbitrator, Presiding Chair

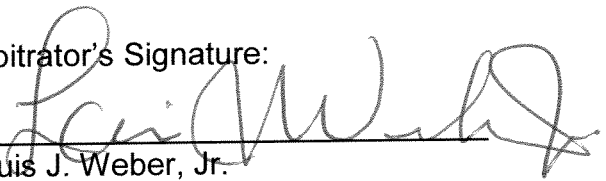
December 12, 2014
Signature Date

December 16, 2014
Date of Service (For FINRA office use only)

ARBITRATOR

Louis J. Weber, Jr. - Public Arbitrator, Presiding Chair

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:


Louis J. Weber, Jr.
Public Arbitrator, Presiding Chair

12/12/14
Signature Date

Date of Service (For FINRA office use only)