

FINRA Panel Orders Wedbush, Former Broker to Pay Investor \$2.9M

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A Financial Industry Regulatory Authority arbitration panel has ordered Wedbush Securities and one of its former brokers to pay \$2.9 million in damages and fees to an elderly investor who allegedly fell victim to a faulty investment scheme.

The investor in the case, Rick Cooper, continued working with Debbie Michelle Saleh, who previously served as his mother's broker, after she moved to Wedbush from Wachovia Securities LLC in 2004.

While working with his accounts, Cooper's attorney alleges, Saleh sent him false monthly account statements while conducting unauthorized transactions and forging Cooper's signature. That allegedly included buying unsuitable variable annuities products and selling them, then subsequently buying more unsuitable products.

While Saleh profited from fees and commissions from those transactions, funds in Cooper's accounts ultimately dwindled to less than a third of the \$1.86 million displayed in account statements, Cooper's attorney, Robert C. Rosen of Los Angeles-based law firm Rosen & Associates P.C., said.

In a strongly worded Aug. 26 decision, the FINRA arbitration panel concluded that Saleh intentionally misrepresented information about Cooper's investments while making unauthorized redemptions or withdrawals.

"The panel determined that Respondent Saleh's conduct was premeditated, egregious and unconscionable and part of a plan or scheme to defraud her customers," the FINRA panel wrote in its decision. "Respondent Saleh's conduct certainly borders on criminal misconduct, if not actually elevating her actions to actual criminal misconduct."

A Wedbush spokesperson declined to comment on the FINRA arbitration panel's decision on Wednesday. Saleh, who did not show up to the arbitration proceedings, could not be reached.

Wedbush fought against the charges in the arbitration, arguing that the variable annuities sold to Cooper were suitable and that the firm's supervision was adequate.

That supervision was not good enough, Cooper's lawyer Rosen said, as the firm did not promptly respond to a Dec. 2007 letter from the Securities and Exchange Commission following an investigation on Saleh.

Saleh ultimately stepped down from her post at Wedbush in March 2009. She was permanently barred from serving in the securities industry by FINRA in August 2009. Her registration records show that she has also previously been named in other cases involving annuities she sold to customers.

The \$2.9 million award includes special damages for emotional distress, including \$500,000 to be paid by Saleh, \$300,000 by Wedbush and \$200,000 by Wedbush Securities founder and President Edward Wedbush.

In addition, Saleh has been ordered to pay Cooper \$1 million in punitive damages. Together, Wedbush and Saleh are also set to pay \$470,885 in compensatory damages plus 10% annual interest, \$390,000 for Cooper's attorneys' fees and \$5,000 for Cooper's other costs.

Including interest, the total award totals more than \$3 million, according to Rosen.