Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

<u>Claimants</u>
Morgan Stanley Smith Barney LLC
Morgan Stanley Smith Barney Financing LLC

vs.

<u>Respondent</u>
Darryl M. Cohen

<u>Case Number</u>: 21-00741

<u>Hearing Site</u>: Los Angeles, California

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 and Non-Member vs. Associated Person

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimants Morgan Stanley Smith Barney LLC ("Morgan Stanley") and Morgan Stanley Smith Barney Financing LLC ("MSSB Financing" and, collectively, "Claimants"): Tracy L. Gerber, Esq. and Travis Chapin, Esq., Greenberg Traurig, P.A., West Palm Beach, Florida.

For Respondent Darryl M. Cohen ("Respondent"): Benjamin White, Esq., Bloch & White LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: March 19, 2021.
Amended Statement of Claim filed on or about: May 28, 2021.
Morgan Stanley signed the Submission Agreement: March 19, 2021.
MSSB Financing signed the Submission Agreement: May 28, 2021.

Statement of Answer filed by Respondent on or about: December 6, 2021.
Respondent did not sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, as amended, Claimants asserted the following causes of action: breach of eight promissory notes executed on or about June 5, 2015, July 20, 2015, September 27, 2016, July 21, 2017, July 25, 2018, February 12, 2019, August 1, 2019, and February 25, 2020 (collectively, "Notes"); breach of contract; unjust enrichment; and quantum meruit. Claimants asserted that the remaining balance of the Notes became due upon the termination of Respondent's employment with Claimants.

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

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimants requested:

1. The Arbitrator enter an award in Claimants' favor and against Respondent in the amount of $6,173,906.12, plus interest; and
2. Costs and fees in connection with pursuing collection under the Notes, or determine that Claimants are entitled to recover the costs and fees in an amount to be determined by a court of competent jurisdiction.

In the Statement of Answer, Respondent requested:

1. Morgan Stanley take nothing from Respondent;
2. Respondent is awarded his costs and attorneys' fees;
3. Morgan Stanley's Form U5 remarks are expunged from Respondent's regulatory record;
4. FINRA forum fees are assessed to Morgan Stanley; and
5. Other relief as the Arbitrator deems just and appropriate.

At the hearing, Claimants requested:

1. Compensatory damages in the amount of $8,131,454.78;
2. Interest on the amount of $8,131,454.78 at the rate of $1,024.89 per day from June 1, 2026 until the Award is paid in full;
3. Claimants' attorneys' fees in the amount of $560,945.40;
4. Claimants' costs in the amount of $12,731.25; and
5. All hearing sessions fees, including all prehearing conference fees, be assessed against Respondent.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondent did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim, appeared, and testified at the hearing, is bound by the determination of the Arbitrator on all issues submitted.

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. Respondent is liable for and shall pay to Claimants the sum of $8,131,454.78 in compensatory damages.

2. Respondent is liable for and shall pay to Claimants interest on the above-stated sum at the rate of $1,024.89 per day from the date of Award through and including the date the Award is paid in full.

3. Respondent is liable for and shall pay to Claimants the sum of $12,731.25 in costs.

4. Respondent is liable for and shall pay to Claimants the sum of $560,945.40 in attorneys' fees pursuant to paragraph 13 of the Employment Agreement between Morgan Stanley and Respondent.

5. Respondent is liable for and shall pay to Claimants $2,500.00 to reimburse Morgan Stanley for the filing fee previously paid to FINRA Dispute Resolution Services.

6. Any and all claims for relief not specifically addressed herein 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	=$	4,000.00

**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Morgan Stanley is assessed the following:

Member Surcharge	=$	3,600.00
Member Process Fee	=$	6,800.00

Late Pre-Hearing Cancellation Fees
Fees apply when a pre-hearing conference is cancelled within three business days of the scheduled conference:

February 7, 2022, cancellation requested by Parties	=$	100.00
June 11, 2024, cancellation requested by Respondent	=$	100.00
March 12, 2025, cancellation requested by Respondent	=$	100.00
Total Late Pre-Hearing Cancellation Fees	=$	300.00

The Arbitrator has assessed $150.00 of the late pre-hearing cancellation fees jointly and severally to Claimants.

The Arbitrator has assessed $150.00 of the late pre-hearing cancellation fees to Respondent.

Postponement Fees
Postponements granted during these proceedings for which fees were assessed or waived:

April 24-26, 2024, postponement requested by Respondent	=$	450.00
February 9-13, 2026, postponement requested by Parties	=$	450.00
Total Postponement Fees	=$	900.00

The Arbitrator has assessed $450.00 of the postponement fees jointly and severally to Claimants.

The Arbitrator has assessed $450.00 of the postponement fees to Respondent.

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
Respondent submitted one (1) discovery-related motion		
Total Discovery-Related Motion Fees	=$	200.00

The Arbitrator has assessed $100.00 of the discovery-related motion fees jointly and severally to Claimants.

The Arbitrator has assessed $100.00 of the discovery-related motion fees to Respondent.

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:

Six (6) pre-hearing sessions with a single Arbitrator @ $450.00/session			=$	2,700.00
Pre-Hearing Conferences:	April 13, 2023	1 session		
	June 19, 2024	1 session		
	June 26, 2025	1 session		
	November 3, 2025	1 session		
	January 16, 2026	1 session		
	May 27, 2026	1 session		
Six (6) hearing sessions @ $450.00/session			=$	2,700.00
Hearings:	June 1, 2026	2 sessions		

June 2, 2026	2 sessions
June 3, 2026	2 sessions

Total Hearing Session Fees	=$ 5,400.00

The Arbitrator has assessed $2,700.00 of the hearing session fees jointly and severally to Claimants.

The Arbitrator has assessed $2,700.00 of the hearing session fees to Respondent.

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

ARBITRATOR

Robert D. Sussin - 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

Robert D. Sussin	**08/26/2026**
Robert D. Sussin Sole Public Arbitrator	Signature Date

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August 26, 2026
Date of Service (For FINRA Dispute Resolution Services use only)