EXHIBIT A

FINANCIAL INDUSTRY REGULATORY AUTHORITY
IN THE MATTER OF ARBITRATION BETWEEN

WELLS FARGO CLEARING SERVICES, LLC f/k/a WELLS FARGO ADVISORS, LLC, and JOHN A. DOUGHERTY,	)	
Claimants,	)	
v.	)	**FINRA NO. _____**
CURTIS D. BALE	)	
Respondent.	)	

STATEMENT OF CLAIM

Claimants Wells Fargo Clearing Services, LLC f/k/a Wells Fargo Advisors, LLC ("WFCS") and John A. Dougherty ("Dougherty") (collectively "Claimants") hereby submit this Statement of Claim against Respondent Curtis D. Bale ("Bale" or "Respondent") and state as follows:

I. INTRODUCTION

Claimants seek declaratory relief and damages to put an end to Respondent Bale's forum-shopping and bad-faith tactics. Bale is a sophisticated businessman who opened multiple WFCS brokerage accounts, signed agreements confirming that he—not Claimants—retained ultimate control of his investments, and committed to arbitrate all disputes before FINRA.

Yet Bale ignored those obligations, sued in state court, and even after being compelled to arbitrate, has refused to proceed in FINRA. Claimants file this Statement of Claim to secure finality, seeking (1) a declaratory judgment confirming they have no liability for Bale's allegations and (2) damages for the costs of his wrongful prosecution and refusal to arbitrate. Without such

relief, Bale will continue to recycle unfounded claims in other forums, frustrating the arbitration agreements he executed and prejudicing Claimants, and he will no doubt refuse to reimburse the significant sums expended in connection with his breach of agreement to arbitrate any disputes with Claimants.

II. PARTIES

WFCS is a Delaware limited liability company with its principal place of business in St. Louis, Missouri. WFCS is a registered broker-dealer and member of FINRA. Through its financial advisors, WFCS provides a broad array of investment services to clients nationwide. WFCS operates under a comprehensive supervisory framework subject to oversight by FINRA, the SEC, and state regulators. In order to open an account, WFCS requires every client, including Respondent, to execute agreements that incorporate binding arbitration provisions to ensure that disputes are resolved in FINRA arbitration.

Dougherty served as a financial advisor at WFCS for nearly a decade. He later served as a financial advisor at LPL Financial, LLC before retiring from the financial advisory business. Over the course of his career as a financial advisor, Dougherty advised clients on retirement planning, investment management, and wealth preservation. Dougherty's service to his clients was based on trust, transparency, and regulatory compliance.

Respondent Bale is a sophisticated businessman who built and ran Warrior Asphalt, Inc., a business that he brought out of bankruptcy and eventually sold for approximately $9.5 million. Bale personally negotiated the sale, managed multi-million-dollar obligations including tax liabilities and partner buyouts, and oversaw the distribution of proceeds. Having created substantial wealth, Bale made deliberate choices regarding how to structure his financial life. Perhaps emboldened by his success turning around Warrior Asphalt, and given favorable interest

rates at the time, Bale chose to carry a large collateralized loan, which loan he took out and secured at Merrill Lynch/Bank of America, *before* he started doing business with Claimants.

Throughout his time working with Claimants, Bale remained actively involved in his account decisions, and he chose to make several speculative investments. These were not accidental steps but deliberate decisions consistent with his willingness to pursue available opportunities.

Although Bale now seeks to portray himself as a passive victim of others' decisions, his own complaint reveals that he was deeply involved in shaping his financial path. He is an experienced decision-maker who enjoyed years of success but now attempts to retroactively shift responsibility for the natural consequences of market volatility and his own choices onto Claimants.

III. FACTS

In approximately 2011, Bale sold Warrior Asphalt, Inc. The transaction left him with millions in liquid assets. Rather than retiring his obligations with those proceeds and, Bale chose to maintain a substantial loan facility at Merrill Lynch/Bank of America secured by his investment accounts. That decision, acknowledged in his own complaint filed in state court, enhanced his potential returns in favorable markets but necessarily increased his exposure during downturns.

In May 2013, Bale transferred his accounts from Merrill Lynch to WFCS and opened four brokerage accounts. In connection with each account, he executed Signature Pages that expressly incorporated by reference both a Client Agreement and a WFCS General Account Agreement and Disclosure Document. By signing, Bale acknowledged receipt of those agreements and agreed to be bound by their terms — including pre-dispute arbitration clauses requiring all disputes with WFCS and Dougherty to be arbitrated before FINRA.

Markets fluctuated in the years that followed, and Bale now claims his accounts declined in value and asserts that WFCS and Dougherty (among others) are to blame. Claimants, however, acted in good faith, in compliance with industry standards, and within the contractual and regulatory framework that governed their relationship with Respondent. To the extent Respondent's accounts experienced losses, those outcomes were the natural result of market conditions and his own strategic choices, including refusal to pay off debt and exceeding his budgeted annual expenses, *not* any misconduct by Claimants. As just one example, despite agreeing to budget of $306,000/year, he spent $2.7 million in one rolling three-year period.

Despite his binding arbitration agreements and FINRA Rule 12200's clear requirement that such disputes be arbitrated, Bale filed a complaint in the South Carolina Court of Common Pleas alleging breach of fiduciary duty, breach of contract, securities violations, and unfair trade practices against Claimants and others. Claimants moved to compel arbitration pursuant to the Federal Arbitration Act and FINRA Rule 122002. Despite numerous agreements, Bale refused to adhere to his obligations to arbitrate. After extensive briefing, the court compelled Bale to arbitrate his claims against Claimants (and Bale, continuing his breach, filed multiple motions to reconsider, which the Court likewise denied). To compound this breach of contract, Bale has now filed a frivolous appeal of the arbitration and reconsideration orders, despite appeal not being permitted at this time.[1]

Despite those orders, Bale has still not filed for arbitration with FINRA. Claimants therefore bring this Statement of Claim to secure a final and binding resolution in the appropriate forum and to recover the costs incurred as a result of Respondent's bad-faith litigation tactics.

[1] *See Toler's Cove Homeowners Ass'n, Inc. v. Trident Const. Co.*, 355 S.C. 605, 611, 586 S.E.2d 581, 585 (2003) (holding order granting a motion to compel arbitration is not immediately appealable).

IV. LEGAL CLAIMS

A. Mandatory Arbitration (FINRA Rule 12200)

FINRA Rule 12200 provides that FINRA members and their associated persons must arbitrate disputes with customers if (1) arbitration is required by a written agreement, or (2) the dispute arises in connection with the business activities of a member or associated person. Here, both prongs are satisfied: Respondent's claims arise from his brokerage accounts at WFCS and Dougherty's financial advisory services, and Respondent's agreements with WFCS, governing those accounts and advisory services, expressly included binding arbitration provisions. Courts consistently enforce Rule 12200, compelling customers to arbitrate even when they prefer litigation. *See, e.g., UBS Financial Service, Inc. v. Carilion Clinic*, 706 F. 3d 319 (4th Cir. 2013).

B. Eligibility (FINRA Rule 12206)

FINRA Rule 12206 imposes a six-year eligibility requirement for customer claims measured from the occurrence or event giving rise to the claim. The rule does not extend the deadline based on state court filings. Accordingly, Respondent's refusal to timely file in FINRA risks extinguishing the opportunity for FINRA to resolve disputes between customers and its members. Allowing Respondent to evade Rule 12206 undermines the very purpose for which FINRA was formed, "to exercise comprehensive oversight over 'all securities firms that do business with the public.'" *UBS Fin. Servs., Inc. v. W. Va. Univ. Hosp., Inc.*, 660 F. 3d 643, 648 (2d Cir. 2011) (quoting 72 Fed. Reg. 42169, 42170 (Aug. 1, 2007)).

C. Respondents are entitled to declaratory relief from the Panel.

Arbitrators have broad authority to grant declaratory relief, and courts recognize arbitrators' discretion to resolve disputes by declaration when appropriate. *See, e.g., Sheldon v. Vermonty*, 269 F.3d 1202, 1206 (10th Cir. 2001) ("Arbitrators shall be empowered to award any

relief that would be available in a court of law"). FINRA Rule 13802 likewise authorizes arbitrators to award any relief available in court.

Declaratory judgment is proper when a complaint alleges an actual controversy of sufficient immediacy and reality to warrant relief. *Volvo Constr. Equip. N. Am., Inc. v. CLM Equip. Co.*, 386 F. 3d 581, 592 (4th Cir. 2004). To establish standing, a claimant must show: (1) an actual or threatened injury that is not conjectural, (2) an injury fairly traceable to the challenged conduct, and (3) a favorable decision likely to redress the injury. *Miller v. Brown*, 462 F.3d 312, 316 (4th Cir. 2006).

Claimants meet these requirements. They have already suffered actual injury by defending Respondent's lawsuit in the wrong forum and face ongoing prejudice from his dilatory refusal to arbitrate. A declaratory judgment from this Panel will redress that harm by providing finality, preventing re-litigation, and confirming that Respondent's claims cannot succeed.

Applying these principles here, declaratory relief is not only proper but essential. Respondent's allegations — whether framed as fiduciary duty, contract, fraud, securities violations, or unfair trade practices — are foreclosed by the express terms of the agreements he executed, the limits of South Carolina law, and applicable statutes of limitation. The agreements Bale signed confirm that most of his accounts were ***discretionary*** (in other words, that Bale gave Claimants the right to make decisions in his accounts)[2], that Claimants made no guarantees of

[2] Bale had primarily fee-based advisory accounts with WFCS. He had an individual advisory account, in which trades were discussed with and approved by Bale. The largest part of his accounts were discretionary accounts operated by professional money managers working on the Wells Fargo platform. Bale was involved in selecting the money managers and could have changed the handling of his accounts at any time had he chosen to change them to, e.g., commission-based non-discretionary brokerage accounts.

outcomes, and that disputes must be arbitrated before FINRA. Against that backdrop, Respondent cannot transform his own speculative choices and market losses into actionable misconduct.

A declaratory judgment will provide the finality and certainty required under the agreements and FINRA rules. It will confirm that Claimants bear no liability for Respondent's unfounded claims, prevent further forum-shopping, and preserve arbitration as the exclusive forum to which Respondent agreed. Each of Respondent's claims independently fails for the reasons set forth below.

1. Bale cannot recover for breach of fiduciary duty.

To prevail on a breach of fiduciary duty claim under South Carolina law, a plaintiff must prove: (1) the existence of a fiduciary duty, (2) breach, and (3) damages proximately resulting from the alleged breach. *RFT Mgmt. Co., LLC v. Tinsley & Adams LLP*, 732 S.E.2d 166, 171 (S.C. 2012). While courts recognize that an individual who undertakes to provide financial advice may owe a fiduciary duty, the scope of that duty is defined by the facts and the parties' agreements. *Cowburn v. Leventis*, 619 S.E.2d 437, 449 (S.C. Ct. App. 2005).

Here, the agreements Bale executed expressly confirm that most of his accounts were discretionary. *See generally* Client Agreement. But Bale remained involved in the handling of the accounts. Bale's own allegations underscore this structure. He acknowledges that he: (1) opened four brokerage accounts with WFCS in 2013, (2) chose to carry a large collateralized loan rather than retire debts with sale proceeds, (3) pursued speculative private investments, and (4) remained actively engaged in approving or acquiescing to account activity. That he ultimately remained involved and had ultimate authority over the accounts demonstrates that he cannot prevail on a breach of contract claim.

Even if Bale could show a fiduciary duty and breach, his claim is time-barred. Such claims carry a three-year limitations period. S.C. Code § 15-3-530; *Stokes-Craven Holding Corp. v.*

Robinson, 787 S.E.2d 485, 489 (S.C. 2016). The period begins when a reasonable person would be on notice of a potential claim. By his own account, Bale was aware of his account performance and use of collateralized loans for over a decade before filing suit in January 2023.

Accordingly, Bale's fiduciary duty theory fails: his own admissions confirm that he retained control, and any such claim is independently time-barred.

2. Bale's breach of contract claim fails.

To establish a breach of contract under South Carolina law, a plaintiff must show: (1) a binding contract, (2) breach, and (3) damages caused by the breach. *Agape Senior Primary Care, Inc. v. Evanston Ins. Co.*, 304 F. Supp. 3d 492 (D.S.C. 2018).

The agreements between Bale and WFCS — including the Signature Pages, Client Agreement, and General Account Agreement — define Claimants' obligations narrowly. They required WFCS and Dougherty to provide brokerage services consistent with regulatory standards, while placing final decision-making authority with Bale. They also contained arbitration provisions requiring disputes to be resolved in FINRA arbitration.

Bale does not allege that Claimants failed to perform those obligations. To the contrary, he concedes that Dougherty advised him, WFCS maintained his accounts, and he himself approved or acquiesced in transactions. Moreover, the agreements specifically disclaim guarantees, stating that "[r]ecommendations will not serve as a primary basis for investment decisions."

Here, Bale cannot point to an identifiable contractual duty that Respondents breached. He identifies no such provision in his agreements with WFCS, and his dissatisfaction with results does not create one. In fact, the only clear breach is Bale's own — by refusing to honor the arbitration provisions and filing suit in state court. A party cannot maintain a breach of contract claim when he himself has disregarded the very terms of the contract he seeks to enforce. *See e.g. Mason v. Mason*, 770 S.E. 2d 405, 419 (S.C. 2015) (The doctrine of unclean hands precludes a plaintiff from

recovering in equity if he acted unfairly in a matter that is the subject of litigation to the prejudice of the defendant.).

Accordingly, Respondent cannot succeed on a breach of contract theory.

3. Bale cannot succeed on his claim for breach of contract accompanied by a fraudulent act.

A claim for breach of contract accompanied by a fraudulent act requires: (1) a breach of contract, (2) fraudulent intent relating to the breach, and (3) a fraudulent act accompanying it. *Armstrong v. Collins*, 621 S.E. 2d 368, 377 (S.C. Ct. App. 2005). Courts caution that the claim requires more than mere dissatisfaction—it demands clear proof of fraud. *Shelton v. Oscar Mayer Foods Corp.*, 459 S.E. 2d 851, 857 (S.C. Ct. App. 1995). Fraud is not presumed, but must be shown by clear, cogent, and convincing evidence. *Inman v. Ken Hyatt Chrysler Plymouth, Inc.*, 363 S.E. 2d 691 (S.C. 1988). In order to prove fraud, the following elements must be shown: (1) a representation; (2) its falsity; (3) its materiality; (4) either knowledge of its falsity or a reckless disregard of its truth or falsity; (5) intent that the representation be acted upon; (6) the hearer's ignorance of its falsity; (7) the hearer's reliance on its truth; (8) the hearer's right to rely thereon; and (9) the hearer's consequent and proximate injury. *Id*.

Here, Bale's claim fails each element of the test. First, there is no breach of contract. Bale's own allegations acknowledge that Dougherty provided advice, WFCS maintained the accounts, and Bale approved or acquiesced in all transactions. Those facts show full compliance with the governing agreements.

Second, Bale cannot establish fraudulent intent or any of the essential elements of fraud. There was no false representation. There was no falsity or omission, as the General Account Agreement and Disclosure Document fully explained the nature of margin borrowing, investment risk, and market volatility.

There was also no intent to deceive; Claimants' conduct was transparent, recorded in account statements, and consistent with regulatory supervision. Bale cannot claim ignorance of the facts, because he managed collateralized loans, approved purchases, and even pursued independent private investments.

Nor can he show reliance or right to rely on any supposed misrepresentation—he was an experienced businessman who negotiated the sale of a multimillion-dollar company and managed substantial financial assets on his own terms. And he suffered no proximate injury caused by deception; any losses stemmed from market conditions and his own risk choices, not from any misstatement by Claimants.

Third, Bale identifies no separate "fraudulent act" apart from the alleged breach itself. Armstrong makes clear that a fraudulent act must be distinct—such as falsifying records, fabricating documents, or concealing material facts. 621 S.E. 2d at 377 (citing *Floyd v. County Squire Mobile Homes, Inc.*, 336 S.E. 2d 502 (S.C. Ct. App. 1985)). Bale alleges none of these. The record reflects routine account management within the scope of disclosed account terms, not any independent act of fraud.

Accordingly, Respondent cannot prevail on his claim for breach of contract accompanied by a fraudulent act. His complaint lacks any factual basis for breach, fails to plead or prove the elements of fraud under *Inman*, and identifies no distinct fraudulent act as *Armstrong* requires.

4. Bale's claim for violation of the South Carolina Uniform Securities Act of 2005 cannot succeed.

Bale alleges violations of S.C. Code Ann. §§ 35-1-501, 502, and 509. Sections 501 and 502 prohibit fraud in the offer or sale of securities, but they do not themselves provide a private cause of action. The only relevant subsection is § 35-1-509(f), which creates liability if a person receiving compensation for investment advice engages in fraud or deceit.

Bale's claims are time-barred. Section 35-1-509 (j) (2) imposes a three-year discovery deadline and five-year absolute bar. By Bale's own account, he knew of his investments and account structure for over a decade before filing in 2023.

Moreover, Bale cannot prove the elements of such a claim. He would have to demonstrate that Claimants "employ[ed] a device, scheme, or artifice to defraud the other person or engage[d] in an act, practice, or course of business that operates or would operate as a fraud or deceit on the other person…" S.C. Code Ann. § 509(f). Here, there is no evidence of any device, scheme, or artifice to defraud Bale, so the claim fails at the most basic level.

Accordingly, Respondent's securities claim cannot succeed.

5. Bale cannot prevail under the South Carolina Unfair Trade Practices Act.

To recover under the UTPA, a plaintiff must show: (1) an unfair or deceptive act in trade or commerce, (2) an effect on the public interest, and (3) resulting monetary loss. *Wright v. Craft*, 640 S.E. 2d 486, 498 (S.C. Ct. App. 2006). Bale's allegations do not fit within this framework.

The UTPA is limited to acts "in the conduct of any trade or commerce," S.C. Code Ann. § 39-5-10(b), defined as the "advertising, offering for sale, sale or distribution" of goods or services. Bale's complaint does not identify misrepresentations in advertising or sales; it concerns dissatisfaction with account performance. Courts have consistently found such allegations outside the UTPA's scope. *Health Promotion Specialists, LLC v. S.C. Bd. of Dentistry*, 743 S.E. 2d 808, 816 (S.C. 2013).

Second, Bale cannot show an effect on the public interest. His claims involve his individual accounts and decisions, not practices that affect consumers at large. Courts have held that the UTPA is not a vehicle for private investment disputes. *Wright*, 640 S.E. 2d at 498.

Third, even if Bale could meet those elements, the UTPA expressly exempts regulated conduct. § 39-5-40(a). The securities industry, including WFCS's and Dougherty's activities, is

comprehensively regulated by the SEC, FINRA, and state authorities. Courts have treated this exemption as a strong bar to applying the UTPA in securities cases. *Taylor v. Medenica*, 479 S.E. 2d 35, 44 (S.C. 1996).

Accordingly, Respondent's UTPA claim cannot succeed: his allegations fall outside the statute's scope, do not implicate the public interest, and involve conduct exempted as subject to regulatory authority.

6. Conclusion

Respondent's claims—whether styled as fiduciary duty, contract, fraud, securities, or unfair trade practices—are all foreclosed by the agreements he signed and the limits of South Carolina law. Without declaratory relief, Respondent will remain free to recycle these unfounded theories in other forums, prolonging costly and duplicative proceedings. A declaratory judgment is therefore essential to provide finality, bar re-litigation, and uphold the arbitration framework to which Respondent agreed.

D. <u>Claimant is guilty of Malicious Prosecution.</u>

Respondent's deliberate misuse of the courts to evade his binding arbitration obligations exemplifies malicious prosecution. Filing claims in a forum where they are not maintainable, and persisting in that forum despite a binding arbitration obligation, constitutes wrongful conduct. Bale's wrongful conduct forced Claimants to expend substantial resources defending claims that never belonged in that forum to begin with. Courts and panels alike may award attorneys' fees and costs when a party engages in bad faith litigation tactics. *See Chambers v. NASCO, Inc.*, 501 U.S. 32 (1991) (recognizing inherent authority to sanction bad faith litigation). Respondent's course of conduct—knowingly suing in state court, resisting arbitration, and now refusing to file in FINRA—falls squarely within that doctrine.

To recover in a malicious prosecution action, a plaintiff must prove: (1) the institution or continuation of original judicial proceedings; (2) by or at the instance of the defendant; (3) termination of such proceedings in plaintiff's favor; (4) malice in instituting such proceedings; (5) lack of probable cause; and (6) resulting injury or damage. *Parrott v. Plowden Motor Co.*, 143 S.E. 2d 607, 608 (S.C. 1965). Claimants can prove each element here. Respondent filed his lawsuit against Claimants in the South Carolina Court of Common Pleas in January 2023. After extensive briefing, the court compelled Respondent to arbitrate his claims. Despite that order, Respondent has not filed the arbitration as required. Instead, he appears to be deliberately delaying. In fact, he just filed a frivolous appeal of the arbitration orders, despite the clear precedent of the South Carolina Supreme Court making clear that an order granting a motion to compel arbitration not being immediately appealable.

Accordingly, Claimants seek damages for Respondent's wrongful filing in the wrong forum, his continued pursuit of litigation despite a binding arbitration obligation, and his present refusal to arbitrate—all of which required Claimants to file this Statement of Claim. Respondent's conduct has forced Claimants to incur substantial and continuing legal expenses and constitutes wrongful, bad-faith prosecution. Declaratory judgment alone is insufficient; without damages, Respondent will remain free to recycle his unfounded theories in other forums, prolonging costly and duplicative proceedings. An award of damages is necessary not only to make Claimants whole but also to deter further forum-shopping and to protect the integrity of FINRA arbitration as the exclusive forum to which Respondent agreed.

V. REQUESTED RELIEF

WHEREFORE, Claimants Wells Fargo Clearing Service, LLC f/k/a Wells Fargo Advisory, LLC, and John A. Dougherty respectfully request that the Panel enter judgment in their favor, tax all costs of the arbitration to Respondent, and award Claimants the following relief:

a) Declare that Claimants are not liable to Respondent on the claims alleged in his complaint filed in the South Carolina Court of Common Pleas and attached hereto as **Exhibit A**;

b) Attorneys' fees, costs, and expenses, including attorneys' fees and costs incurred as a result of Respondent's wrongful filing and ongoing litigation in the South Carolina Court of Common Pleas; and

c) Such other relief as the Panel may deem appropriate.

s/ Victor L. Hayslip
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EXHIBIT A

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	FIFTH JUDICIAL CIRCUIT
Curtis D. Bale,	)	Civil Action No. 2023-CP-40-_____
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
John A. Dougherty; Wachovia Securities Financial Holdings, LLC; Wells Fargo Clearing Services, LLC, f/k/a Wells Fargo Advisors, LLC; Wells Fargo & Company; Wells Fargo Bank, N.A.; and LPL Financial, LLC,	)	**COMPLAINT (Jury Trial Demanded)**
	)	
Defendants.	)	
	)	

Plaintiff Curtis D. Bale complains of Defendants and would respectfully show as follows:

THE PARTIES

1. Mr. Bale is a citizen and resident of Beaufort County, South Carolina.

2. Upon information and belief, Defendant John A. Dougherty is a citizen and resident of Montgomery County, Pennsylvania.

3. Upon information and belief, Defendant Wells Fargo Clearing Services, LLC is, and at all times relevant was, a Delaware limited liability company with its principal place of business in St. Louis, Missouri, and is a successor-in-interest to Wells Fargo Advisors, LLC, which also is, and at all times relevant was, a Delaware limited liability company with its principal place of business in St. Louis, Missouri.

4. Upon information and belief, Defendant Wachovia Securities Financial Holdings, LLC is, and at all relevant times was, a Delaware limited liability company with its principal place of business in Richmond, Virginia, and at all times relevant was the parent company of Defendant

Wells Fargo Clearing Services, LLC, f/k/a Wells Fargo Advisors, LLC. Defendants Wells Fargo Clearing Services, LLC, Wells Fargo Advisors, LLC, and Wachovia Securities Financial Holdings, LLC are referred to collectively as the WFA Defendants.

5. Defendants Wells Fargo Clearing Services, LLC and Wells Fargo Advisors, LLC are registered to do business in South Carolina and are in good standing with the South Carolina Secretary of State.

6. Upon information and belief, Defendant Wells Fargo & Company is, and at all times relevant was, a financial holding corporation organized under the laws of the State of Delaware with its principal place of business in San Francisco, California.

7. Upon information and belief, Defendant Wells Fargo Bank, N.A. is, and at all times relevant was, a national bank subsidiary of Defendant Wells Fargo & Company and is organized under the laws of the State of Delaware with its principal place of business in Sioux Falls, South Dakota.

8. Defendants Wells Fargo & Company and Wells Fargo Bank, N.A. are registered to do business in South Carolina and are in good standing with the South Carolina Secretary of State. Defendants Wells Fargo & Company and Wells Fargo Bank, N.A. are collectively referred to in this Complaint as the Wells Fargo Bank Defendants.

9. Defendants Wells Fargo Clearing Services, LLC, Wells Fargo Advisors, LLC, Wachovia Securities Financial Holdings, LLC, Wells Fargo & Company, and Wells Fargo Bank N.A. are collectively referred to in this Complaint as the Wells Fargo Defendants.

10. Upon information and belief, Defendant LPL Financial, LLC is, and at all times relevant was, a California limited liability company with its principal place of business in Fort

Mill, South Carolina. Defendant LPL Financial LLC is registered to do business in South Carolina and is in good standing with the South Carolina Secretary of State.

11. The Wells Fargo Defendants and LPL are referred to collectively in this Complaint as the Corporate Defendants.

12. From approximately April 26, 2013, through January 13, 2021, Defendant Dougherty was a registered representative of the WFA Defendants. From approximately January 4, 2021 through the present, Defendant Dougherty has been a registered representative of LPL.

13. At all times relevant to this case, Defendant Dougherty was an agent, representative, servant and/or employee of the Corporate Defendants. All of his actions, inactions, omissions and wrongdoing were performed for and on behalf of the Corporate Defendants in the course and scope of his agency and/or employment with the Corporate Defendants. Therefore, in addition to Defendant Dougherty's personal liability for his own actions, inactions and omissions, the Corporate Defendants are directly liable and also jointly, severally, and totally liable and fully accountable for the mismanagement, misconduct, wrongdoing, actions and/or omissions of Defendant Dougherty under agency law and common law principles of *respondeat superior*.

VENUE AND JURISDICTION

14. Defendants engage in continuous and systematic activities within the State of South Carolina, including the use of the courts of this State to enforce contractual and other rights against citizens of South Carolina. Defendants presently conduct business and, at all relevant times, conducted business and performed acts in South Carolina and have sufficient contacts and business within South Carolina to be subject to the *in personam* jurisdiction of this Court pursuant to the laws of South Carolina.

15. All claims arising under this Complaint arise out of a common nucleus of operative facts. All Defendants therefore are subject to the *in personam* jurisdiction of this Court.

16. All claims arising under this Complaint are covered by the laws of the State of South Carolina. Venue is proper in Richland County, South Carolina because the Wells Fargo Defendants' principal place of business in South Carolina is in Richland County.

FACTUAL ALLEGATIONS

17. Mr. Bale trusted Defendants to invest approximately $9.5 million of his hard-earned money, generate income for him, and manage his obligations. Defendants developed a "strategy" which ensured substantial profits for them but, unbeknownst to Mr. Bale, exposed him to imprudent, excessive, and unwarranted substantial risk. In March 2020, in the midst of the COVID pandemic, Defendant Dougherty and the Wells Fargo Defendants' risky "strategy" obliterated his holdings. Under those volatile market conditions, Defendant Dougherty and the Wells Fargo Defendants took action to protect their own interests by selling out Mr. Bale's holdings. While other investors suffered merely temporary "paper" losses, Defendant Dougherty and the Wells Fargo Defendants' self-protective actions in response to their overleveraged "strategy" locked out Mr. Bale as the market rebounded. Instead, in apparent attempt to recoup the substantial losses they caused, Defendant Doughtery and the Wells Fargo Defendants began to engage in increasingly frantic and imprudent trading with millions of dollars moving in and out of Mr. Bale's accounts each month.

18. This completely imprudent and unsustainable trading continued after Mr. Bale was convinced to move his assets to LPL. It was only then that Mr. Bale learned Defendants had grossly mismanaged his accounts and caused him great harm. As a result of Defendants' actions,

Mr. Bale lost millions of dollars, was forced to sell his house, and lost the financial security he worked a lifetime to obtain.

19. Mr. Bale was born and raised in Kentucky and had a successful career in the oil refining industry. In the mid-1980s, he purchased a refinery called Warrior Asphalt, Inc. in Tuscaloosa, Alabama. Through years of grit, hard work, and tireless dedication, Mr. Bale brought Warrior out of Chapter 11 bankruptcy and built it into a successful asphalt terminal which serviced infrastructure and construction projects throughout the Southeast.

20. Mr. Bale purchased Warrior together with three partners. As Warrior returned to profitability, Mr. Bale bought out two partners. The third partner later died, and that partner's estate acquired his interest. After decades of hard work, Mr. Bale decided to retire, sell Warrior, and enjoy the fruits of his labor.

21. Mr. Bale ultimately sold Warrior in December 2010 and received approximately $9.5 million. At that time, Mr. Bale also had approximately $5 million in obligations, including capital gains taxes from the sale of his interest in Warrior, the buyout of his deceased partner's estate, and a real estate loan.

22. Mr. Bale knew Defendant Dougherty from the latter's service managing Warrior's employee retirement plans. Through that work as a fiduciary to Mr. Bale's company and its employees, Defendant Dougherty solicited, encouraged, and engendered Mr. Bale's utmost trust and confidence. Defendant Dougherty actively solicited Mr. Bale as a personal client after learning Mr. Bale would receive substantial proceeds from selling Warrior. Defendant Dougherty told Mr. Bale that he had would act in Mr. Bale's best interests, and Defendant Dougherty thereafter continued to seek and engender Mr. Bale's trust and confidence. In reliance on Defendant Dougherty's representations and the trust Defendant Dougherty sought and obtained, Mr. Bale

entrusted his assets and financial future to Defendant Dougherty, who assured Mr. Bale that he knew how to best manage the proceeds from Warrior's sale and how to best satisfy Mr. Bale's obligations. Defendant Dougherty continued to serve as Mr. Bale's financial advisor and continued the same course of imprudent, excessively risky, and harmful conduct after Mr. Bale moved to South Carolina.

23. Defendant Dougherty recommended a three-pronged investment strategy. First, that he be entrusted with the entirety of Mr. Bale's $9.5 million Warrior proceeds in exchange for a management fee based on the gross value of Mr. Bale's investments. Second, that Mr. Bale not use his Warrior sale proceeds to satisfy his existing obligations and instead take out a $5 million loan for that purpose from Defendant Dougherty's then employer, secured by his investment accounts. Finally, Defendant Dougherty did not recommend that Mr. Bale pay down the loan, and instead used Mr. Bale's accounts solely to generate income to pay interest on the loan, management fees, and for living expenses. Defendant Dougherty assured Mr. Bale that this was a prudent, wise, safe, and smart financial plan. Defendant Dougherty knew, but intentionally failed to disclose to Mr. Bale, the substantial risks inherent in his plan to carry so much debt. Trusting Defendant Dougherty's reputation, knowledge, and advice, and not knowing the risks of Mr. Doughterty's plan, Mr. Bale accepted Defendant Dougherty's recommendation in full.

24. Defendant Dougherty's proposal ensured that he would maximize his and his employer's own earnings despite the risks to Mr. Bale. He could benefit from the charging of management fees on Mr. Bale's gross investment of approximately $9.5 million, while simultaneously receiving credit for interest payments on the secured loan, even though this arrangement left Mr. Bale unknowingly exposed to great market risk and the potential for financial

ruin. By recommending and executing this plan, Defendant Dougherty and those acting in connection with him put their own interests ahead of Mr. Bale's best interests.

25. In approximately April 2013, Defendant Dougherty became registered with the WFA Defendants. At Defendant Dougherty's urging, Mr. Bale transferred his accounts to Wells Fargo so that Defendant Dougherty could continue to manage them. The WFA Defendants accepted the transfer of Mr. Bale's investment accounts, and the Wells Fargo Bank Defendants issued a loan to Mr. Bale collateralized by his investments. The Wells Fargo Defendants induced Mr. Bale's utmost trust and confidence in their ability to prudently manage his investments and collateral account.

26. The Wells Fargo Defendants had an opportunity and obligation to conduct appropriate due diligence on, and upon information and belief were in fact made aware of the nature of, Mr. Bale's holdings, his secured loan, his needs and interests, and Defendant Dougherty's excessively risky and imprudent "strategy" for Mr. Bale. With the full understanding of Mr. Bale's holdings and collateralized loan, and of the fees and interest they would receive as a result, the Wells Fargo Defendants adopted the same faithless wrongful conduct and strategy Defendant Dougherty previously used, and they authorized and actively supported Defendant Dougherty to continue that strategy.

27. The Wells Fargo Defendants, upon accepting the transfer of Mr. Bale's account, failed to advise Mr. Bale of the risks associated with Defendant Dougherty's "strategy." Instead, by accepting the investment accounts and issuing a collateralized loan without comment or warning to Mr. Bale and accepting the management fees and interest generated from them, the Wells Fargo Defendants ratified Defendant Dougherty's existing recommendations and actions. Indeed, Defendant Dougherty's "strategy" was consistent with the Wells Fargo Defendants' policy

of cross-selling unnecessary products to customers solely to generate additional fees and interest. Upon information and belief, the Wells Fargo Defendants expressly authorized, allowed, permitted, and encouraged Defendant Dougherty to continue the "strategy" he devised for Mr. Bale. These actions ensured that Defendant Dougherty was able to continue concealing the great risk in Mr. Bale's account, and thereby hiding from Mr. Bale the knowledge he needed to protect his investments and financial well-being, while still generating substantial fees and interest for Defendant Dougherty and his employers.

28. The interest rate charged by Wells Fargo Bank on the secured loan collateralized by Mr. Bale's securities holdings was variable. Although that rate tripled between 2016 and 2019 greatly increasing the cost of the "strategy" to Mr. Bale, Defendant Dougherty never advised Mr. Bale of the excessive risks or recommended a strategy to pay off the principal of the loan.

29. Instead, while Defendant Dougherty was registered with the WFA Defendants and associated with the Wells Fargo Bank Defendants, each time the topic of Mr. Bale paying down his collateralized loan arose, Defendant Dougherty recommended that Mr. Bale not pay down his loan to Wells Fargo and assured Mr. Bale that he could earn sufficient living expenses from his investment accounts. At no point did Defendant Dougherty recommend that Mr. Bale pay down the balance of the loan. Mr. Bale, trusting Defendant Dougherty's advice and being unaware that Defendant Dougherty profited personally from Mr. Bale's continued indebtedness, accepted that recommendation and continued with Defendant Dougherty's "strategy."

30. Furthermore, Defendant Dougherty, in his capacity as Mr. Bale's financial advisor employed by the WFA Defendants, recommended that Mr. Bale invest in Jamaica Cures, LLC, a medical marijuana grower with operations in Jamaica. Defendant Dougherty represented to Mr. Bale that Defendant Dougherty had personally invested in the company and was a member of its

board of directors. Defendant Dougherty also told Mr. Bale that income from investments in Jamaica Cures would replace a substantial portion of the income generated by Mr. Bale's other investments. However, Defendant Dougherty failed to provide Mr. Bale with documentation and disclosures (including a prospectus) regarding Jamaica Cures which Defendant Dougherty was required to provide and which Defendant Doughterty knew or should have known were important for potential investors like Mr. Bale to review. Defendant Dougherty did not disclose the serious risks of investing in Jamaica Cures, the overall absence of other meaningful investors in the company, or the personal benefits Defendant Dougherty would receive from Mr. Bale's investment in the company.

31. Relying on the recommendation of Defendant Dougherty and the trust and confidence engendered by Defendant Dougherty and the WFA Defendants, Mr. Bale made three investments totaling $300,000 in Jamaica Cures. Mr. Bale would not have invested in Jamaica Cures but for the recommendation Defendant Dougherty and his position with the WFA Defendants. Upon information and belief, Defendant Dougherty used his firsthand knowledge of when Mr. Bale had cash in or coming into his account, information which Defendant Dougherty obtained solely as Mr. Bale's trusted financial advisor and fiduciary, to time his requests that Mr. Bale invest in Jamaica Cures.

32. As 2020 began, after nearly seven years of being "advised" by Defendant Dougherty and the WFA Defendants, Mr. Bale's assets were still excessively leveraged as collateral pledged to secure the nearly $5 million he still owed to financial institutions which were supposedly acting as his fiduciaries. Moreover, that $5 million loan required Mr. Bale to pay nearly $11,000 per month in interest (over $167,000 in 2019) and he was also being charged advisory fees averaging nearly $8,000 per month (over $93,000 in 2019). His securities accounts

therefore needed to generate an over 3.5% return just to pay the charges from his fiduciaries before he received any funds for living expenses.

33. But prudent fiduciaries know that markets do not remain calm and ever-increasing. Consequently, when the volatile market conditions triggered by the COVID pandemic hit, Defendant Dougherty and the WFA Defendants' highly leveraged and imprudent strategy was positioned for disaster.

34. When the pandemic came, Defendant Dougherty did not act to protect Mr. Bale's interests, but instead chose to protect those of the Wells Fargo Defendants. On March 10, 2020, a few weeks after the market began its precipitous drop following the declaration of a public health emergency, Defendant Dougherty began selling off Mr. Bale's holdings. By month's end, he had sold about $2.9 million including both equities and bonds and both short-term and long-term holdings. During this indiscriminate sell off, Defendant Dougherty did not even bother to discontinue purchases by the unified managed account program he had enrolled Mr. Bale in, which led to some stocks being purchased on an automated basis only to be sold days later.

35. The proceeds of these sales were held in a money market fund, a cash equivalent. Holdings in this money market fund were listed as a mutual fund on the Portfolio Summary provided by Wells Fargo Advisors. This method of reporting disguised the cash nature of Mr. Bale's holdings.

36. The market began its rebound from the COVID-induced crash in mid-March 2020, even as Defendant Dougherty was moving all Mr. Bale's holdings to cash. Despite this, throughout April 2020, Defendant Dougherty continued to sell Mr. Bale's holdings indiscriminately, including all remaining bonds, with reported sales of another $2.9 million. Once again, simultaneously with these bulk sales, automated purchases by the unified managed account program continued

unabated, with some being sold again just days later to further Defendant Dougherty's sell-off. By month's end, Mr. Bale's holdings had been reduced to roughly $5.8 million in cash and cash equivalents, with only $130,000 in equities.

37. Defendant Dougherty, in concert with the WFA Defendants, undertook to sell off Mr. Bale's securities holdings preemptively to protect the Wells Fargo Defendants' interest in obtaining repayment of the loan debt by converting all Mr. Bale's holdings into cash. This scheme protected Wells Fargo (and its loan) from any further market fluctuations, while locking Mr. Bale out from benefiting from any rebound, which was already occurring even as Defendant Dougherty completed the sell-off.

38. In early May 2020, the market continued its rebound. Now that stock values had increased from the low points where he sold out Mr. Bale's investments, Defendant Dougherty did an about-face and began repurchasing many of the same stocks he had sold for substantially less just days or weeks earlier. But the damage had been done; those few weeks spent out of the market to protect the Wells Fargo Defendants' interest locked in losses for Mr. Bale.

39. In June and July 2020, as the market continued to climb, Defendant Dougherty engaged in even more erratic activity, apparently in a desperate attempt to recoup losses. He sold all the investments purchased in May 2020 and any remaining earlier holdings. He then began buying precious metal stocks and traded in and out of many stocks, with holding periods of less than a week. This frantic trading occurred primarily in an account with an investment objective/risk tolerance of "moderate growth" with a moderate time horizon of 5-10 years. Despite this mis-match between the account's stated objectives and the trading activity, no one from Wells Fargo's management ever reached out to Mr. Bale to question this imprudent trading, nor was any action taken to stop it.

40. Throughout the second half of 2020, Defendant Dougherty continued his short-term in-and-out trading, including day-trading in Vanguard Exchange Traded Funds (ETFs), all in the account coded for "moderate growth." Trading volume increased from around $800,000 in August to over $3 million in September, $11 million in October, $12 million in November, and over $9 million in December 2020. None of this frantic and absurdly improper trading recouped the losses caused by the self-serving initial strategy of retaining substantial debt compounded by the overly defensive moves taken to protect the Wells Fargo Defendants at great risk and damage to Mr. Bale.

41. At the end of 2020, Mr. Bale also first discovered that his investments in Jamaica Cures were worthless.

42. Defendant Doughterty and the Wells Fargo Defendants' wrongful and imprudent actions and omissions caused Mr. Bale to lose substantial principal, lose income, and pay substantial fees and interest.

43. In approximately January 2021, Defendant Dougherty transferred his registration to LPL. At Defendant Dougherty's urging, and still unable to fully comprehend how Defendant Dougherty had mismanaged his accounts, Mr. Bale transferred his accounts to continue under Defendant Dougherty's management. LPL induced Mr. Bale's utmost trust and confidence in its ability to prudently manage his investments and collateral account.

44. LPL had an opportunity and obligation to conduct appropriate due diligence on, and upon information and belief was in fact made aware of the nature of, Mr. Bale's holdings, his debt obligations, his needs and interests, and Defendant Dougherty's "strategy" for Mr. Bale. With the understanding of Mr. Bale's holdings and debt, and of the fees and/or interest they would receive as a result, LPL adopted the same faithless wrongful conduct and strategy Defendant

Dougherty and the Wells Fargo Defendants used, and it authorized Defendant Dougherty to continue just as he had when affiliated with those other financial institutions.

45. LPL, upon accepting the transfer of Mr. Bale's accounts, failed to advise Mr. Bale of the risks associated with Defendant Dougherty's "strategy." Instead, by accepting the accounts without comment and accepting the advisory fees generated from them, LPL ratified Defendant Dougherty's recommendations and actions while associated with the Wells Fargo Defendants. Upon information and belief, LPL expressly authorized, allowed, permitted, and encouraged Defendant Dougherty to continue the "strategy" he devised for Mr. Bale so Defendant Dougherty could continue recovering substantial fees for himself and LPL.

46. Defendant Dougherty continued to engage in substantial short-term in-and-out trading while with LPL. As at Wells Fargo, this frantic trading did not rebuild the account or recoup Mr. Bale's losses. Instead, his investments continued to drop in value, further eroding the little equity he had left. Defendant Doughterty and LPL's actions and omissions caused Mr. Bale to lose substantial principal, lose income, and pay substantial fees and interest.

47. Defendant Dougherty still failed to recommend that Mr. Bale reduce the principal of his collateralized loan. Facing a forced sale of his entire investment account if its value dropped below $5 million, Mr. Bale transferred his assets out of LPL in approximately August 2021.

48. As a result of Defendants' egregious and unlawful conduct, Mr. Bale was forced to make drastic changes to his standard of living that he had worked so long to achieve and sell his beloved retirement home in Bluffton. Meanwhile, upon information and belief, Defendants enjoyed substantial profits.

FOR A FIRST CAUSE OF ACTION
(Breach of Fiduciary Duty – All Defendants)

49. The relevant allegations contained in the preceding and subsequent paragraphs are reasserted and reincorporated as if fully set forth verbatim herein, insofar as they are not inconsistent with the allegations of this cause of action.

50. Mr. Bale expressly sought the safety and security of fiduciary management for his irreplaceable assets, because in his retirement he intended to delegate investment responsibilities and the management of his assets to professional fiduciaries and Defendants agreed to act as his fiduciaries. Defendant Dougherty, who was already serving as a fiduciary for the retirement plan for Mr. Bale's company, undertook to provide fiduciary wealth management and investment advisory services to Mr. Bale. Such relationships are fiduciary and, upon information and belief, were recognized as such by the Corporate Defendants in their respective codes of ethics.

51. Mr. Bale's relationship with Defendants involved a relationship of the utmost trust and confidence because of the parties' preexisting relationships, the nature of the transactions in question, and the parties' agreements. This relationship was, by its essential nature, intrinsically fiduciary, calling for Defendants to act with perfect good faith and undivided loyalty in the interests of Mr. Bale.

52. As the fiduciaries of Mr. Bale, Defendants owed a clear duty to Mr. Bale of undivided loyalty, absolute faithfulness, and a duty to exercise due care and diligence with respect to the wealth management and control of Mr. Bale's investments, assets, and accounts.

53. With this fiduciary relationship also came the duties and obligations to keep Mr. Bale fully informed of all facts and risks pertinent to any recommended investments or related financial transactions (including but not limited to the loans collateralized by his investment accounts) which Defendants arranged for Mr. Bale, to make full disclosure of all facts and risks

that could materially affect his financial well-being, to avoid conflicts of interests where Defendants could or did place their interests and/or their affiliates' interests above Mr. Bale's interests, to promptly disclose to Mr. Bale any actual or potential conflict of interest, and to exercise reasonable care, diligence, and prudence in the performance of its duties.

54. Mr. Bale entrusted his assets to Defendants, who agreed to accept them and to act as his fiduciaries in providing wealth management and investment advice. Defendants breached their fiduciary duties in one or more of the following particulars:

a. Defendants placed their own interests ahead of Mr. Bale's by creating, recommending, and advocating a risky and flawed wealth management and investment strategy that was imprudent, aggressive, uninformed, conflicted, and reckless for Mr. Bale;

b. Defendants placed their own interests ahead of Mr. Bale's thus treating him as a profit center and cross-selling opportunity, instead of as their fiduciary principal;

c. Defendants repeatedly advocated and recommended a collateralized loan strategy that failed to meet Mr. Bale's investment objectives and needs while guaranteeing substantial profits for Defendants;

d. Defendants failed to advise Mr. Bale of the patent conflicts of interest inherent in their promotion of a wealth management and investment strategy premised upon his continuing to maintain a substantial debt collateralized by his investments;

e. Despite knowing that their plan was speculative, risky, and imprudent, Defendants nonetheless created and recommended to Mr. Bale a wealth management and investment plan based on the maintenance of a substantial debt collateralized by his investments without advising him of its known speculative nature, nor of the

substantial risks, interest, and fees associated with the plan devised and recommended by Defendants;

f. Defendants created a multi-level fee structure when they advised Mr. Bale to maintain a substantial loan (for which they charged significant interest) collateralized (for Defendants' protection) by his investment holdings (for which Defendants charged additional management fees), which promoted Defendants' self-interests at the expense of Mr. Bale's;

g. Defendants knew, but failed to disclose to Mr. Bale, the speculative nature of their "wealth management" strategy and its dangers under volatile market conditions;

h. Defendants knew of, but failed to disclose to Mr. Bale their own financial interests in recommending a combination strategy involving a collateralized loan and fee-based advisory services;

i. Defendant Dougherty and the Wells Fargo Defendants placed their own interests ahead of Mr. Bale's by converting his holdings into cash or cash equivalents in a volatile market, thus protecting their interest in the collection of their collateralized loan over the interests of Mr. Bale as their fiduciary principal;

j. Defendant Dougherty and the Wells Fargo Defendants failed to exercise reasonable care, diligence, and prudence in the performance of their duties when they engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by their own failed strategy and their self-protective sell-off;

k. Defendant Dougherty and the WFA Defendants placed their own interests ahead of Mr. Bale's by suggesting and recommending that Mr. Bale invest in a risky and speculative medical marijuana business on whose board of directors Defendant

Dougherty served, by failing to advise Mr. Bale of their conflicts of interest in that investment, by failing to provide Mr. Bale with relevant disclosures about the company and the risks inherent in the investment, and by falsely advising Mr. Bale that the investment was sound, prudent, and would enable him to achieve his financial goals; and/or

l. Defendant Dougherty and Defendant LPL failed to exercise reasonable care, diligence, and prudence in the performance of its duties when it engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by its predecessors' failed strategy and self-protective sell-off.

55. In one or more of the preceding particulars, Defendants acted willfully, wantonly, and recklessly and with imprudence, fraudulent intent, and bad faith and thereby breached the fiduciary duties owed to Mr. Bale, proximately causing him to suffer damages.

56. Mr. Bale is therefore informed and believes that he is entitled to (1) actual damages, including the disgorgement of fees and interest charged in violation of Defendants' fiduciary obligations, (2) consequential damages, (3) punitive damages for the recklessness, willful misconduct, bad faith, and/or misrepresentations and omissions, (4) costs, (5) prejudgment interest, and (6) such other relief as is just, equitable and proper.

FOR A SECOND CAUSE OF ACTION
(Breach of Contract – All Defendants)

57. The relevant allegations contained in the preceding and subsequent paragraphs are reasserted and reincorporated as if fully set forth verbatim herein, insofar as they are not inconsistent with the allegations of this cause of action.

58. Upon the opening of Mr. Bale's accounts with each of the Corporate Defendants, and then as those accounts began to be managed by Defendants, Defendants entered into both

express agreements and implied agreements with the Mr. Bale. These agreements constituted contracts between the Mr. Bale and the respective Defendants (hereinafter "the Agreements").

59. As a customer of the Corporate Defendants and also pursuant to the Agreements, Defendants owed Mr. Bale a duty to advise him honestly, fairly, competently, and prudently, and in accordance with his needs, goals and best interests.

60. In addition, under South Carolina law a duty of good faith and fair dealing is implied in every contract, including the Agreements.

61. Defendants breached their Agreements with Mr. Bale in one or more of the following particulars:

a. Defendants repeatedly advocated and recommended a collateralized loan strategy that failed to meet Mr. Bale's investment objectives and needs while guaranteeing substantial profits for Defendants;

b. Defendants failed to advise Mr. Bale of the patent conflicts of interest inherent in their promotion of a wealth management and investment strategy premised upon his maintenance of a substantial debt collateralized by his investments;

c. Despite knowing that their plan was speculative, risky, and imprudent, Defendants nonetheless created and recommended to Mr. Bale a wealth management and investment plan based on the maintenance of a substantial debt collateralized by his investments without advising him of its known speculative nature, nor of the substantial risks, interest, and fees associated with the plan devised and recommended by Defendants;

d. Defendants created a multi-level fee structure when they advised Mr. Bale to maintain a substantial loan (for which they charged significant interest)

collateralized (for Defendants' protection) by his investment holdings (for which Defendants charged additional management fees), which promoted Defendants' self-interests at the expense of Mr. Bale's;

e. Defendants knew, but failed to disclose to Mr. Bale, the speculative nature of their "wealth management" strategy and its dangers under volatile market conditions;

f. Defendants knew of, but failed to disclose to Mr. Bale their own financial interests in recommending a combination strategy involving a collateralized loan and fee-based advisory services;

g. Defendants failed to ascertain or understand the nature and type of securities it promoted to Mr. Bale and whether or not they were imprudent for him at his age and position as a retired person;

h. Defendant Dougherty and the Wells Fargo Defendants placed their own interests ahead of Mr. Bale's by converting his holdings into cash or cash equivalents in a volatile market, thus protecting their interest in the collection of their collateralized loan over the interests of Mr. Bale as their fiduciary principal;

i. Defendant Dougherty and the Wells Fargo Defendants failed to exercise reasonable care, diligence, and prudence in the performance of their duties when they engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by their own failed strategy and their self-protective sell-off;

j. Defendant Dougherty and the WFA Defendants placed their own interests ahead of Mr. Bale's by suggesting and recommending that Mr. Bale invest in a risky and speculative medical marijuana business on whose board of directors Defendant Dougherty served, by failing to advise Mr. Bale of their conflicts of interest in that

investment, by failing to provide Mr. Bale with relevant disclosures about the company and the risks inherent in the investment, and by falsely advising Mr. Bale that the investment was sound, prudent, and would enable him to achieve his financial goals; and/or

k. Defendant Dougherty and Defendant LPL failed to exercise reasonable care, diligence, and prudence in the performance of its duties when it engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by its predecessor's failed strategy and self-protective sell-off.

62. Defendants' acts and omissions constitute failures to abide by the terms of the Agreements and constitute breaches of the Agreements entered into with Mr. Bale. Mr. Bale has been directly and proximately damaged as a result of Defendants' breaches.

63. Mr. Bale is therefore informed and believes that he is entitled to (1) actual damages, including the disgorgement of fees and interest, (2) consequential damages, (3) attorneys' fees, (4) costs, (5) prejudgment interest at the highest legal rate, and (6) such other relief as is just, equitable, and proper.

FOR A THIRD CAUSE OF ACTION
(Breach of Contract Accompanied by a Fraudulent Act – All Defendants)

64. The relevant allegations contained in the preceding and subsequent paragraphs are reasserted and reincorporated as if fully set forth verbatim herein, insofar as they are not inconsistent with the allegations of this cause of action.

65. As a customer of each of the Defendants and pursuant to the Agreements, Defendants owed Mr. Bale a duty of good faith and fair dealing as well as a duty to advise him honestly, fairly and in accordance with her needs, goals and best interests.

66. Defendants' fraudulent misconduct, actions, and inactions, as alleged in this Complaint, constitute a failure to abide by the terms of Defendants' contracts with Mr. Bale, including the Agreements, and constitute a breach of these agreements entered into with Mr. Bale. Mr. Bale has been directly and proximately damaged as a result of Defendants' breaches.

67. Moreover, in breaching the Agreements with Mr. Bale, Defendants exhibited a fraudulent intent relating to those breaches.

68. Defendant's breaches of the Agreements were accompanied by fraudulent acts and/or omissions on the part of Defendants in one or more of the following particulars:

a. Defendants breached the Agreements when their strategy premised upon Mr. Bale maintaining a substantial debt collateralized by his investments failed to protect Mr. Bale's investment portfolio and resulting net worth after representing to Mr. Bale that they would provide such protections and then, through the acts and omissions alleged in this Complaint, attempted to disguise the shortcomings of the strategy known to Defendants by misrepresenting and/or failing to disclose to Mr. Bale accurate and truthful information related to the costs and risks of the strategy based upon the collateralized loan.

b. Defendants breached the Agreements by placing their own interests ahead of Mr. Bale's by creating, recommending, and executing a risky and flawed wealth management and investment strategy that was imprudent, aggressive, uninformed, conflicted, negligent, and reckless, while assuring Mr. Bale that the strategy was instead defensive, prudent, and desirable for him.

c. Defendants breached the Agreements by allowing Mr. Bale to maintain a substantial debt collateralized by his investments which guaranteed substantial

profits for Defendants but failed to meet Mr. Bale's investment objectives and needs, while assuring Mr. Bale that this strategy was defensive, prudent, and desirable for him.

d. Defendants breached the Agreements by repeatedly recommending and executing wealth management and investment schemes premised upon Mr. Bale continuing to maintain a substantial debt collateralized by his investments which advanced Defendants' interests but failed to meet Mr. Bale's investment objectives, while repeatedly assuring Mr. Bale that this strategy was defensive, prudent, and desirable.

e. Defendants breached the Agreements by recommending and executing a wealth management and investment plan premised upon Mr. Bale's continuing to maintain a substantial debt collateralized by his investments known to Defendants to be speculative and costly, while Defendants repeatedly assured Mr. Bale that this strategy was defensive, prudent, and desirable and simultaneously failed to advise him of the substantial risks, costs and fees associated with the plan devised and recommended by Defendants;

f. Defendants breached the Agreements by providing advice which was tainted with the patent conflicts of interest inherent in their promotion of a wealth management and investment strategy based upon Mr. Bale continuing to maintain a substantial debt to Defendants collateralized by his investments while failing to disclose this conflict of interest;

g. Defendants breached the Agreements by recommending and promoting an investment strategy as being prudent and desirable for Mr. Bale, when in fact they

knew that such strategy was imprudent for Mr. Bale at his age and position as a retired person;

h. Defendants breached the Agreements by representing to Mr. Bale that his continuing to maintain a substantial debt to Defendants collateralized by his investments was a reasonable and sound strategy by which Mr. Bale could attain his investment goals, while providing liquid funds to sustain his lifestyle, when they knew or should have known that this strategy was overly risky, doomed to failure as a result of market volatility and that the undisclosed information was material to Mr. Bale;

i. Defendant Dougherty and the Wells Fargo Defendants breached their Agreements when they placed their own interests ahead of Mr. Bale's by converting his holdings into cash or cash equivalents in a volatile market, thus protecting their interest in the collection of their collateralized loan over the interests of Mr. Bale as their fiduciary principal; and then, through the acts and omissions alleged in this Complaint, attempted to disguise that failure by misrepresenting and/or failing to disclose to Mr. Bale accurate and truthful information related to the losses in his accounts;

j. Defendant Dougherty and the Wells Fargo Defendants breached their Agreements when they engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by their own failed strategy and self-protective sell-off of Mr. Bale's long-term investments and then, through the acts and omissions alleged in this Complaint, attempted to disguise that breach by misrepresenting and/or failing

to disclose to Mr. Bale accurate and truthful information related to the losses in his accounts;

k. Defendant Dougherty and the WFA Defendants breached their Agreements when they suggested and recommended that Mr. Bale invest in a risky and speculative medical marijuana business on whose board of directors Defendant Dougherty served, failed to advise Mr. Bale of their conflicts of interest in that investment, failed to provide Mr. Bale with relevant disclosures about the company and the risks inherent in the investment, and falsely advised Mr. Bale that the investment was sound, prudent, and would enable him to achieve his financial goals; and/or

l. Defendant Dougherty and Defendant LPL breached its Agreement when it engaged in reckless and imprudent trading schemes in a futile effort to recover losses caused by its predecessor's failed strategy and self-protective sell-off of Mr. Bale's long-term investments and then, through the acts and omissions alleged in this Complaint, attempted to disguise that breach by misrepresenting and/or failing to disclose to Mr. Bale accurate and truthful information related to the losses in his accounts.

69. As a direct, consequent, and proximate result of Defendants' breach of contract accompanied by fraudulent acts, Mr. Bale has suffered injury all in direct violation of the laws of the State of South Carolina.

70. Mr. Bale is therefore informed and believes that he is entitled to (1) actual damages, including the disgorgement of fees and interest, (2) consequential damages, (3) punitive damages for the fraudulent acts accompanying the breaches of the Agreements, (4) costs, (5) prejudgment interest, (6) and such other relief as is just, equitable, and proper.

FOR A FOURTH CAUSE OF ACTION
(Violation of the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.* – All Defendants)

71. The relevant allegations contained in the preceding and subsequent paragraphs are reasserted and reincorporated as if fully set forth verbatim herein, insofar as they are not inconsistent with the allegations of this cause of action.

72. In the course of their fiduciary duties to Mr. Bale, Defendants recommended and advised that he enter into imprudent transactions involving *inter alia*, Mr. Bale's continuing to maintain a substantial debt collateralized by his investments and Mr. Bale's investment in a risky medical marijuana venture on whose board of directors Defendant Dougherty served, in a manner known to Defendants to be unduly risky and costly, and in so doing, misrepresented the risk of the strategy and collateralized loan to Mr. Bale and thereby defrauded him as is set forth in more detail in ¶¶ 20-51 of this Complaint.

73. Defendants also failed to disclose to Mr. Bale the gross conflict of interest existing when they advised him about the maintenance of a substantial loan secured by assets under their management, and when Defendants Doughterty and the WFA Defendants recommended that Mr. Bale invest in a risky medical marijuana venture on whose board of directors Defendant Dougherty served, as is set forth in more detail in ¶¶ 20-51 of this Complaint.

74. The actions of Defendants were wrongful, fraudulent, and in violation of S.C. Code Ann. §§ 35-1-501, -502, and -509, and the regulations regulating broker conduct established thereunder.

75. As a direct, consequent, and proximate result of the fraud perpetrated by Defendants, Mr. Bale suffered substantial damages.

76. Mr. Bale is therefore informed and believes that he is entitled to (1) actual damages, (2) costs, (3) attorneys' fees, (4) prejudgment interest at the highest legal rate, and (5) such other relief as is just, equitable, and proper.

FOR A FIFTH CAUSE OF ACTION
(Violation of the South Carolina Unfair Trade Practices Act, S.C. Code Ann. § 39-5-10, *et seq.* – All Defendants)

77. The relevant allegations contained in the preceding and subsequent paragraphs are reasserted and reincorporated as if fully set forth verbatim herein, insofar as they are not inconsistent with the allegations of this cause of action.

78. To the extent that the collateralized loans or any other product or service recommended or sold to or performed for Mr. Bale are not considered "securities" under South Carolina law, Defendants engaged in an unfair method of competition and/or an unfair or deceptive act or practice in the conduct of trade or commerce.

79. Defendants' unfair acts and practices included recommending and implementing an investment scheme premised upon Mr. Bale's continuing to maintain a substantial debt collateralized by his investments known to Defendants to be speculative and costly, while Defendants repeatedly assured Mr. Bale that this strategy was defensive, prudent, and desirable and simultaneously failed to advise him of the substantial risks, costs and fees associated with the plan devised and recommended by Defendants, as is set forth in more detail in ¶¶ 20-32, 35-43, and 45-51 of this Complaint.

80. The unfair and deceptive acts and practices committed by Defendants in the conduct of their trade and commerce have a potential for repetitive impact on the public interest.

81. Such unfair acts and practices constitute a violation of the South Carolina Unfair Trade Practices Act, S.C. Code Ann. § 39-5-10, *et seq.*

82. Insofar as they do not involve securities, Defendants' unfair acts and practices described above constituted willful, intentional, and knowing violations of the Unfair Trade Practices Act.

83. Mr. Bale has suffered damages as a result of the aforementioned unfair and deceptive acts and practices of Defendants in that he has paid substantial interest to Defendants in connection with the collateralized loans, paid substantial fees to Defendants for the management of his investments, suffered losses as a result of Defendants' sell-off of his assets to protect their own interests, incurred substantial tax liabilities, and suffered other financial harms as a result of the scheme concocted by Defendants.

84. Mr. Bale is therefore informed and believes that he is entitled to (1) actual damages, including the disgorgement of fees and interest, (2) treble damages, (3) costs, (4) attorneys' fees, (5) prejudgment interest at the highest legal rate, and (6) such other relief as is just, equitable, and proper.

WHEREFORE, having set forth his claims, Plaintiff prays for judgment against Defendants as follows:

a. For actual damages;

b. For consequential damages;

c. For treble damages pursuant to S.C. Code Ann. § 39-5-140;

d. For punitive damages;

e. For disgorgement of the fees and interest Defendants received from Plaintiff's accounts;

f. For reasonable attorneys' fees and costs of investigation and litigation;

g. For the costs of this action;

h. For pre-judgment interest at the highest legal rate; and

i. For such other and further relief as is just, equitable, and proper.

Respectfully submitted,

WILLOUGHBY HUMPHREY & D'ANTONI, P.A.

/s/ *R. Walker Humphrey, II*
R. Walker Humphrey, II, SC Bar No. 79426
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Telephone Number: 843-619-4426
whumphrey@willoughbyhoefer.com

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ezeck@willoughbyhoefer.com

Attorneys for Plaintiff

This 17th day of January 2023

EXHIBIT B

FINRA ARBITRATION Submission Agreement

In the Matter of the Arbitration Between

Name(s) of Claimant(s)

John Aloysius Dougherty
Wells Fargo Clearing Services, LLC

25-02287

Name(s) of Respondent(s)

Curtis D. Bale

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 FINRA Dispute Resolution Services 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.

Curtis D. Bale Date
State Capacity if other than individual (e.g., executor, trustee, corporate officer)

LC43A: SUBMISSION AGREEMENT
idr: 08/18/2021

RECIPIENTS:
Curtis D. Bale
c/o R. Walker Humphrey of Willoughby Humphrey etal, 133 River Landing Drive, Suite 200, Charleston, SC 29492

EXHIBIT C

TO: Victor L. Hayslip, Esq.
R. Walker Humphrey, II, Esq.

From: Rebecca Feinberg
Senior Case Specialist

Subject: FINRA Dispute Resolution Services Arbitration Number 25-02287
Wells Fargo Clearing Services, LLC f/k/a Wells Fargo Advisors, LLC and John A. Dougherty vs. Curtis D. Bale

Date: February 17, 2026

The Director of FINRA Dispute Resolution Services ("Director") is in receipt of your request to decline FINRA's arbitration forum and to stay the matter. The Director has denied your requests. Accordingly, the case will proceed in this forum, absent a court order staying the matter. If you have any questions, please do not hesitate to contact me at 561-443-8159 or by email at Rebecca.Feinberg@finra.org.

RF1:rf1:LC53X
idr: 08/19/2021

RECIPIENTS:
Victor L. Hayslip, Esq., Burr & Forman LLP, 420 North 20th Street, Suite 3400, Birmingham, AL 35203
On Behalf Of: Wells Fargo Clearing Services, LLC; John A. Dougherty

R. Walker Humphrey, II, Esq., Willoughby Humphrey & D'Antoni, P.A., 133 River Landing Drive, Suite 200, Charleston, SC 29492
On Behalf Of: Curtis D. Bale

EXHIBIT D

FINANCIAL INDUSTRY REGULATORY AUTHORITY
IN THE MATTER OF ARBITRATION BETWEEN

WELLS FARGO CLEARING SERVICES, LLC f/k/a WELLS FARGO ADVISORS, LLC, and JOHN A. DOUGHERTY,	)	
Claimants,	)	**FINRA NO. 25-02287**
v.	)	
CURTIS D. BALE	)	
Respondent.	)	

NOTICE OF EXTENSION FOR CLAIMANTS' RESPONSE

PLEASE TAKE NOTICE THAT the Parties have agreed to extend the January 12, 2026 deadline for Claimants' response to Respondent Curtis D. Bale's Motion to Dismiss or Stay to January 20, 2026. Parties have also agreed to stay the deadline for arbitrator selection until the later of February 27 or thirty (30) days after a ruling on Respondent's Motion to Dismiss or Stay.

s/ Victor L. Hayslip
Victor L. Hayslip
Benjamin B. Coulter

Attorneys for Claimants
WELLS FARGO CLEARING SERVICES, LLC
F/K/A WELLS FARGO ADVISORS, LLC AND
JOHN A. DOUGHERTY

OF COUNSEL:

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Birmingham, Alabama 35203
Telephone: (205) 251-3000
Facsimile: (205) 458-5100
vhayslip@burr.com
bcoulter@burr.com

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing via email on January 7, 2026:

R. Walker Humphrey, II, Esq.
WILLOUGHBY HUMPHREY & D'ANTONI, P.A.
133 River Landing Drive, Suite 200
Charleston, SC 29492
WHumphrey@whdlawyers.com

/s/ Victor L. Hayslip
OF COUNSEL