UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION

# George Franklin Wells v. Versaille Capital Advisors, LLC, FundTeq, and Michigan Department of Licensing and Regulatory Affairs

Wells · No. 2:24-CV-13324-TGB-APP · Decided March 9, 2026

## SUMMARY


The United States District Court for the Eastern District of Michigan granted the Michigan Department of Licensing and Regulatory Affairs' motion to dismiss George Franklin Wells's petition to confirm a JAMS arbitration award. The court held that 9 U.S.C. § 9 does not independently confer federal subject-matter jurisdiction, and that neither federal-question nor diversity jurisdiction was established. The court dismissed the case without reaching LARA's public-policy arguments concerning expungement of registration records.


## CASE DETAILS

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| COURT | United States District Court for the Eastern District of Michigan, Southern Division |
| WRITING FOR THE COURT | Terrence G. Berg |
| JURISDICTION | United States District Court for the Eastern District of Michigan, Southern Division |
| DECIDED | March 9, 2026 |
| DOCKET | 2:24-CV-13324-TGB-APP |
| DISPOSITION | dismissed |
| PROCEDURAL POSTURE | Petition to confirm a private JAMS arbitration award under 9 U.S.C. § 9; the Michigan Department of Licensing and Regulatory Affairs moved to dismiss for lack of subject matter jurisdiction. |
| STANDARD OF REVIEW | On a facial Rule 12(b)(1) challenge, the court accepts the material allegations in the pleading as true and construes them in the light most favorable to the nonmoving party; the plaintiff bears the burden of establishing subject matter jurisdiction. |
| PRECEDENTIAL VALUE | Unknown |
| PARTIES | George Franklin Wells v. Versaille Capital Advisors, LLC, FundTeq, Michigan Department of Licensing and Regulatory Affairs |

## TOPICS

subject matter jurisdiction · motions to dismiss · arbitration · commercial litigation · civil procedure

## PRACTICE AREAS

civil procedure · commercial litigation · administrative law · arbitration

## QUESTIONS PRESENTED

1. Whether 9 U.S.C. § 9 of the Federal Arbitration Act independently confers federal subject matter jurisdiction over a petition to confirm an arbitration award.
2. Whether FINRA Rule 2080, SEC approval of FINRA rules, or the federal securities regulatory framework supplies an independent basis for federal-question jurisdiction over a petition seeking expungement of CRD information.
3. Whether diversity jurisdiction exists where the petitioner is a Michigan citizen, the business respondents are located in Michigan, LARA is a state agency, and the requested relief concerns expungement of records.

## HOLDINGS

1. Section 9 of the Federal Arbitration Act does not independently confer federal subject matter jurisdiction. A petition to confirm an arbitration award under the FAA requires diversity jurisdiction or another independent basis for federal jurisdiction.
2. FINRA Rule 2080, SEC approval of FINRA rules, and the federal securities regulatory framework do not supply federal-question jurisdiction for a petition seeking confirmation of a private JAMS arbitration award and expungement of CRD information when the petitioner does not allege a violation of federal securities law, FINRA's statutory authority, or a FINRA duty.
3. Diversity jurisdiction does not exist because the pleaded parties do not establish complete diversity and the requested relief does not satisfy an amount-in-controversy requirement.

## KEY QUOTATIONS

> *“While the [FAA] creates federal substantive law requiring the parties to honor arbitration agreements, it does not create any independent federal-question jurisdiction under 28 U.S.C. § 1331 (1976) or otherwise.”* (PageID.183-186)

> *“Therefore, “although FINRA rules require SEC approval, the rules do not come within the meaning of 15 U.S.C. § 78a et seq., which gives a federal court exclusive jurisdiction over violations of rules and regulations promulgated under the SEA.””* (PageID.226-227)

## FACTUAL BACKGROUND

Wells, a Michigan-registered investment adviser representative and owner of Versaille Capital Advisors and FundTeq, sought expungement of customer-dispute information from his registration records. Neither Wells nor his companies were registered with FINRA, and FINRA determined that it lacked regulatory authority over the investment-adviser-only information. A JAMS arbitrator issued a final award recommending expungement of three disclosures and denying expungement as to another. Wells then sought federal confirmation of the award and an order directing removal of the disclosures from FINRA's CRD system.

### PROCEDURAL HISTORY

Wells initiated JAMS arbitration seeking expungement of customer-dispute disclosures from his registration records. After the arbitrator issued a final award recommending expungement of three disclosures and denying expungement as to one, Wells filed a federal petition to confirm the award and direct expungement from FINRA's CRD system. LARA moved to dismiss, asserting that the Federal Arbitration Act did not independently confer federal jurisdiction and that diversity jurisdiction was absent. The court granted the motion and dismissed the case without reaching LARA's public-policy arguments.

### DISPOSITION

dismissed

### CASES CITED

- Fiero v. Financial Industry Regulatory Authority, Inc., 660 F.3d 569, 571 (2d Cir. 2011)
- Desiderio v. National Association of Securities Dealers, 191 F.3d 198, 201 (2d Cir. 1999)
- Ogle v. Church of God, 153 F. App'x 371, 375 (6th Cir. 2005)
- Hermiz v. Miller, No. 22-12707, 2023 WL 6163480, at *1 (E.D. Mich. Sept. 21, 2023)
- Gentek Building Products, Inc. v. Sherwin-Williams Co., 491 F.3d 320, 330 (6th Cir. 2007)
- United States v. Ritchie, 15 F.3d 592, 598 (6th Cir. 1994)
- Scheuer v. Rhodes, 416 U.S. 232, 235-37 (1974)
- Michigan Southern Railroad Co. v. Branch & St. Joseph Counties Rail Users Association, Inc., 287 F.3d 568, 573 (6th Cir. 2002)
- Moir v. Greater Cleveland Regional Transit Authority, 895 F.2d 266, 269 (6th Cir. 1990)
- Owen Equipment & Erection Co. v. Kroger, 437 U.S. 365, 374 (1978)
- Kitzmann v. Local 619-M Graphic Communications Conference of the International Brotherhood of Teamsters, 415 F. App'x 714, 716 (6th Cir. 2011)
- Caterpillar Inc. v. Williams, 482 U.S. 386, 392 (1987)
- Southland Corp. v. Keating, 465 U.S. 1, 15 n.9 (1984)
- Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1, 25-26 & n.32 (1983)
- Ford v. Hamilton Investments, Inc., 29 F.3d 255, 257-59 (6th Cir. 1994)
- Voltage Pictures, LLC v. Gussi, S.A. de C.V., 92 F.4th 815, 822 (9th Cir. 2024)
- Baltin v. Alaron Trading Corp., 128 F.3d 1466, 1470 (11th Cir. 1997)
- Turbeville v. FINRA, 874 F.3d 1268, 1273-77 (11th Cir. 2017)
- ACAP Financial, Inc. v. U.S. Securities & Exchange Commission, 783 F.3d 763, 765 (10th Cir. 2015)
- Blum v. Yaretsky, 457 U.S. 991, 1004 (1982)

- Lucido v. Mueler, No. 08-15269, 2009 WL 3190368, at *4 (E.D. Mich. Sept. 29, 2009), aff'd sub nom. Lucido v. FBI, 427 F. App'x 497 (6th Cir. 2011)
- Janus Distrib. LLC v. Roberts, No. 16-cv-2130-WJM-MJW, 2017 WL 1788374, at *4 (D. Colo. May 5, 2017)
- Apollo Property Partners, LLC v. Newedge Financial, Inc., No. H-08-1803, 2009 WL 778108, at *2 (S.D. Tex. Mar. 20, 2009)
- Intervest International Equities Corp. v. Aberlich, No. 12-CV-13750, 2013 WL 1316997, at *4 (E.D. Mich. Mar. 29, 2013)
- Raymond James & Associates, Inc. v. National Association of Securities Dealers, 844 F. Supp. 1504, 1507 (M.D. Fla. 1994)
- Flowers v. Financial Industry Regulatory Authority, Inc., No. 15CV2390 DMS (JMA), 2015 WL 9487450, at *2 (S.D. Cal. Dec. 24, 2015)
- Doe v. Financial Industry Regulatory Authority, Inc., No. CV 13-06436 DDP ASX, 2013 WL 6092790, at *1 (C.D. Cal. Nov. 19, 2013)
- Spalding v. FINRA, No. 1:12-CV-1181-RWS, 2013 WL 1129396, at *4-5 (N.D. Ga. Mar. 19, 2013)
- In re Lickiss, No. C-11-1986 EMC, 2011 WL 2471022, at *3-4 (N.D. Cal. June 22, 2011)
- St. Clair v. XPO Logistics, Inc., 6 N.W.3d 408, 409 (Mich. 2024)
- Badon v. General Motors Corp., 470 N.W.2d 436, 439 (Mich. Ct. App. 1991)