

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant

Case Number: [REDACTED]

vs.

Respondent

Larson Financial Securities, LLC

Hearing Site: St. Louis, Missouri

Nature of the Dispute: Associated Person vs. Member

REPRESENTATION OF PARTIES

For Claimant [REDACTED] ("Claimant"): Dochter Kennedy, Esq. and Eric Litow, Esq., AdvisorLaw, LLC, Broomfield, Colorado.

Respondent Larson Financial Securities, LLC ("Respondent") did not appear.

CASE INFORMATION

Statement of Claim filed on or about: June 23, 2017.

Claimant signed the Submission Agreement: June 23, 2017.

CASE SUMMARY

Claimant asserted the following cause of action: expungement. The cause of action related to underlying customer complaints against Claimant. The customers in the underlying complaints ("Customers") alleged professional negligence, breach of fiduciary duty, fraud, unjust enrichment, unsuitable recommendations, failure to disclose, and omissions related to various investments including variable universal life ("VUL") policies, Roth IRAs, and 401k plans.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of all references to Occurrence Numbers [REDACTED], [REDACTED], and [REDACTED] from registration records maintained by the Central Registration Depository ("CRD") and \$1.00 in compensatory damages.

At the telephonic expungement hearing, Claimant withdrew his request for an award of damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondent did not file with FINRA Office of Dispute Resolution a properly executed Submission Agreement or a Statement of Answer, but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and is bound by the determination of the Arbitrator on all issues submitted.

Upon review of the file, the Arbitrator determined that Respondent had been properly served with the Statement of Claim and received due notice of the hearing by regular mail, as well as an Overdue Notice by certified mail, as evidenced by the signed signature card on file, and that arbitration of the matter would proceed without said Respondent present, in accordance with the Code.

On or about August 23, 2017, Claimant served the Statement of Claim on the Customers.

On or about October 13, 2017, Claimant filed a Notice of Request for Arbitration with a Telephonic Expungement Hearing ("Motion for Telephonic Hearing"). No Response was filed.

In the Initial Pre-Hearing Conference Order dated October 27, 2017, the Arbitrator made the following determinations:

1. Service was deemed not sufficient upon the Customers and Claimant was given a deadline of December 8, 2017, to file an Affidavit of Service with FINRA.
2. Several deficiencies were cited regarding the request for expungement of Occurrence Numbers [REDACTED], [REDACTED], and [REDACTED] and Claimant was given a deadline of January 10, 2018, to cure the deficiencies.
3. The Arbitrator granted the Motion for Telephonic Hearing.

On or about November 28, 2017, Claimant filed service letters to the Customers ("Service Letters") notifying them of the time and date of the telephonic expungement hearing, and informing them of their right to participate. The Customers did not respond to the Service Letters.

In the Arbitrator's Order dated November 29, 2017, Claimant was given a deadline of December 30, 2017, to submit additional information related to service on the Customers. On or about December 1, 2017, Claimant responded to the Arbitrator's Order.

In the Arbitrator's Order dated December 5, 2017, the parties were advised that the requirement related to service on the Customers was satisfied.

On or about December 27, 2017, Claimant filed an Affidavit of Service detailing the efforts made to locate and serve the Customers.

On or about January 10, 2018, Claimant filed his Submission of Expungement Hearing Exhibits in order to satisfy the Arbitrator's Order dated October 27, 2017.

The Arbitrator conducted a recorded, telephonic hearing on January 30, 2018, so Claimant could present testimony and evidence on his request for expungement.

Respondent did not participate in the expungement hearing and did not contest the request for expungement.

The Customers did not participate in the expungement hearing and did not contest the request for expungement.

On the record, at the hearing, Claimant withdrew his request for \$1.00 in compensatory damages.

The Arbitrator reviewed the BrokerCheck® Report for [REDACTED] and the settlement documents, considered the amount of payments made to any party, and considered other relevant terms and conditions of the settlements. The Arbitrator found that the settlements were not conditioned on the Customers not opposing the request for expungement. In regards to Occurrence Number [REDACTED], the Arbitrator also found that [REDACTED] did contribute to the settlement amount, but that the amount paid by [REDACTED] was an economic decision to save the costs of a trial.

The Arbitrator found that [REDACTED] did not previously file a claim requesting expungement of the same disclosures in the CRD.

In recommending expungement for Occurrence Number [REDACTED] the Arbitrator relied upon the following documentary or other evidence: the Complaint and Demand for Jury Trial filed in the Superior Court for the State of California for the County of Los Angeles filed by the customers in Occurrence Number [REDACTED] ("Customer LC"), the New Permanent for Life Application for Customer LC, the testimony of Claimant that there was no knowledge of Customer LC's pending divorce before selling a second VUL, the detailed testimony of Claimant explaining how VUL worked for Customer LC, and the testimony of Claimant explaining the settlement defense by the insurance company.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the Arbitrator has decided in full and final resolution of the sole issue of expungement submitted for determination as follows:

1. Paul Douglas Larson's request for expungement of Occurrence Numbers [REDACTED] and [REDACTED] from his CRD records is denied.
2. The Arbitrator recommends the expungement of all references to Occurrence Number [REDACTED] from registration records maintained by the CRD, for Claimant [REDACTED] (CRD # [REDACTED] with the understanding that, pursuant to Notice to Members 04-16, Claimant [REDACTED] must obtain confirmation

from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by FINRA, parties seeking judicial confirmation of an arbitration award containing expungement relief must name FINRA as an additional party and serve FINRA with all appropriate documents.

Pursuant to Rule 13805 of the Code, the Arbitrator has made the following Rule 2080 affirmative finding of fact:

The claim, allegation, or information is false.

The Arbitrator has made the above Rule 2080 finding based on the following reasons:

Customer LC bought her first VUL in May, 2011. She then repurchased an additional VUL in March, 2013, indicating that she was not unhappy with the first purchase. Unbeknownst to Claimant, Customer LC was going through a divorce during that time. On October 31, 2013, Customer LC sent an email saying she had some extra expenses and requested a decrease in premiums which was done in early November, 2013. Then on October 15, 2014, the lawsuit was filed by the Customers who were all part of the Young Physicians Organization. The New Permanent for Life Application for Customer LC demonstrates Customer LC was shown information in regard to the policy (similar to what was done for the customers in Occurrence Numbers [REDACTED] and [REDACTED]). Customer LC purchased another VUL almost two years after purchasing the first VUL. Settlement (except for the amount for the deductible) was paid and was decided by Claimant's insurance carrier under errors and omissions insurance coverage.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

FINRA Office of Dispute Resolution assessed a filing fee* for each claim:

| | |
|--------------------------|------------|
| Initial Claim Filing Fee | = \$ 50.00 |
|--------------------------|------------|

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, as a party, Larson Financial Securities, LLC is assessed the following:

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| Member Surcharge | = \$ 150.00 |
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ARBITRATOR

Julius Z. Frager

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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

/s/ Julius Z. Frager

Julius Z. Frager
Sole Public Arbitrator

February 13, 2018

Signature Date

February 13, 2018

Date of Service (For FINRA Office of Dispute Resolution office use only)

ARBITRATOR

Julius Z. Frager

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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



Julius Z. Frager
Sole Public Arbitrator

February 13, 2018
Signature Date

Date of Service (For FINRA Office of Dispute Resolution office use only)