Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimant [redacted]

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"): Armin Sarabi, Esq., AdvisorLaw LLC, Broomfield, Colorado.

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

CASE INFORMATION

Statement of Claim filed on or about: August 22, 2017.
Claimant signed the Submission Agreement: August 22, 2017.

Respondent did not file a Statement of Answer.
Respondent did not sign the Submission Agreement.

CASE SUMMARY

Claimant asserted the following cause of action: expungement. The cause of action related to Claimant's allegation that a complaint was filed by a customer ("Customer") who asserted that a Nationwide YourLife Variable Universal Life Policy with a death benefit was not suitable for his investment needs ("Underlying Complaint"). Claimant alleged that the Underlying Complaint resulted in a disclosure on his registration records which is misleading, has no regulatory value, and should be expunged.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence [redacted] from his registration records maintained by the Central Registration Depository ("CRD"), an award of $1.00 in compensatory damages, and other appropriate relief.

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 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.

Respondent did not appear at the evidentiary hearing. Upon review of the file and the representations made on behalf of Claimant, the Arbitrator determined that Respondent has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the Code.

In the Initial Pre-Hearing Conference Scheduling Order ("IPHCSO"), the Arbitrator provided Respondent until January 2, 2018, to answer or otherwise plead. The Arbitrator also ordered Claimant to provide written notice of the hearing, the Statement of Claim, and the IPHCSO to the Customer and his attorney, and to provide proof of service for the Arbitrator's consideration.

On or about January 2, 2018, Claimant provided notices that the Customer and his attorney in the Underlying Complaint had been served with notice of the hearing, the Statement of Claim, and the IPHCSO.

The Arbitrator conducted a recorded telephonic hearing on February 26, 2018, so the parties could present oral argument and evidence on Claimant's request for expungement.

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

Neither the Customer nor his attorney in the Underlying Complaint participated in the expungement hearing or contested the request for expungement.

The Arbitrator reviewed Claimant's BrokerCheck® Report and the settlement documents, considered the amount of payments made to any party, and considered other relevant terms and conditions of the settlement. The Arbitrator found that Claimant contributed to the settlement amount. The Arbitrator found that the settlement amount and the amount contributed to the settlement by Claimant were nominal vis-à-vis the Customer's settlement demand.

The Arbitrator found that the settlement was not conditioned on the Customer not opposing the request for expungement.

The Arbitrator found that Claimant did not previously file a claim requesting expungement of the same disclosure in the CRD.

On the record at the hearing, Claimant withdrew his request for compensatory damages.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's BrokerCheck® Report (Claimant's Exhibit 1); the letter from the Customer's attorney dated February 26, 2015 (Claimant's Exhibit 13), the Letter from Respondent dated July 29, 2015 (Claimant's Exhibit 3), and (Settlement) Release Agreement dated December 23, 2015 (Claimant's Exhibit 14).

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 issues submitted for determination as follows:

1. The Arbitrator recommends the expungement of all references to Occurrence [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 factually impossible or clearly erroneous.

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

   > Claimant seeks expungement of the reference to a customer complaint dated February 26, 2015, and which is described in the BrokerCheck® Report as a claim that a recommended investment was unsuitable. The complaint is fully described in Claimant's Exhibit 13, a letter from the Customer's attorney to Respondent. Respondent responded with a letter from its attorney dated July 29, 2015 (Claimant's Exhibit 13). Looking only at the Customer's attorney's letter, the following facts are undisputed:
   >
   > - At the time in question, the customer was a 37 year old medical doctor.
   >
   > - The Customer met with Claimant and his colleagues on multiple occasions, during which they recommended the purchase of the product at issue, a variable universal life plan from Nationwide Insurance ("VUL"). The prospectus given to the Customer described the compensation which the selling broker could receive.

- The Customer is currently consulting another advisor and discussing the purchase of the same product with a $4.9 million value. The Customer's attorney states "Reasonable due diligence on Claimant's part would have revealed that the Customer did not need a life insurance policy, but rather, a solid investment plan. Furthermore, even if it was determined that the Customer could benefit from having life Insurance as part of his financial plan, he certainly did not need $7 million of life insurance." Thus, there is at least some agreement that (1) the Customer wanted to invest in some comprehensive way, and (2) the product was appropriate as part of a larger plan, but not the amount.

The following facts stated in Respondent's response and Claimant's testimony were never addressed by the Customer's attorney and are unrebutted:

- During his meetings with Larson Financial, the Customer also stated "Income Replacement, Retirement Planning and Estate Planning" as primary goals (on VUL Disclosures form referenced in Claimant's Exhibit 3).

- The Policy's $7 million death benefit is well within the advisable range of death benefits recognized in the industry.

- The Customer was shown a number of financial planning options and was provided with recommendations in addition to the VUL Policy ("Policy").

- The difference between the $4.9 million death benefit suggested and the $7 million benefit of the Policy over twenty years would have had an inconsequential impact on the Policy's rate of return.

- The Customer attended several meetings where he was presented with illustrations and was sent the prospectus. The illustrations and prospectus not only describe the costs and fees associated with the Policy but also explain the commissions paid to Respondent.

- The Policy was, at all times, shown to the Customer as a long-term life insurance product, consistent with the Customer's stated Time Horizon of "8 years or more" (the longest end of the range on his Client Account Form). The Customer was advised, at all times, that the Policy needed to be appropriately funded in order to avoid large surrender charges and other potential adverse effects. The Customer's decision to stop funding the Policy after only two years caused him to lose the Policy's cash value.

The suitability rule requires a member to have a reasonable basis for a recommendation. The Customer's attorney's letter fails to offer support for his claim that this standard was violated, but, rather contains a series of accusations and conclusions unsupported by facts or relevant authorities. That the Customer may have paid fees, may have made more money elsewhere, or may have changed his mind is irrelevant. Therefore, the Arbitrator finds that the complaint

is clearly erroneous under Rule 2080(b)(1)(A) and has no value to the investing public.

The settlement agreement does not affect the Arbitrator's conclusion. The Arbitrator finds that the nominal amounts paid to the Customer and his attorney evidence a desire to avoid litigation and not an attempt to compensate for any rule violation.

2. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees
FINRA 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, Respondent is assessed the following:

Member Surcharge	=$150.00

Hearing Session Fees and Assessments
The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with a single arbitrator @ $50.00/session			=$ 50.00
Pre-hearing conference:	December 18, 2017	1 session	
One (1) hearing session on expungement request @ $50.00/session			=$ 50.00
Hearing Date:	February 26, 2018	1 session	
Total Hearing Session Fees			=$100.00

The Arbitrator has assessed the $100.00 of hearing session fees to Claimant.

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

ARBITRATOR

Jonathan B. Gilbert - 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/ Jonathan B. Gilbert 03/16/18

Jonathan B. Gilbert Signature Date
Sole Public Arbitrator

03/16/18

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

ARBITRATOR

Jonathan B. Gilbert - 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

Jonathan B. Gilbert

Jonathan B. Gilbert
Sole Public Arbitrator

Signature Date

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