

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: Nashville, Tennessee

Nature of the Dispute: Associated Person vs. Member

REPRESENTATION OF PARTIES

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

For Respondent Larson Financial Securities, LLC ("Respondent"): Steven Cervantes, CCO, Larson Financial Securities, LLC, St. Louis, Missouri.

CASE INFORMATION

Statement of Claim filed on or about: February 7, 2018.

Claimant signed the Submission Agreement: February 7, 2018.

Respondent did not file a Statement of Answer or properly signed Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Claimant asserted a claim seeking expungement of a customer complaint, Occurrence Number [REDACTED] from her registration records maintained by the Central Registration Depository ("CRD").

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Number [REDACTED] from the CRD, \$1.00 in compensatory damages, and all other relief that the Arbitrator deems just and equitable.

On record at the hearing, Claimant withdrew her request for \$1.00 in compensatory 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, but participated in the Initial Pre-Hearing Conference held on May 31, 2018, and is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code").

On or about September 18, 2018, Claimant filed a copy of the letter sent to the customer for Occurrence Number [REDACTED] ("Customer"), providing him with the Statement of Claim, notice of the expungement hearing date and time, and the option to participate in the expungement hearing. On or about October 3, 2018, Claimant filed an Affidavit of Service for the letter sent to the Customer.

The Arbitrator conducted a recorded, telephonic hearing on October 22, 2018, so the parties could present oral argument and evidence on Claimant's request for expungement. Neither Respondent nor the Customer appeared at the evidentiary hearing. Upon review of the file, the Arbitrator determined that both Respondent and the Customer have been properly served with the Statement of Claim and received due notice of the hearing.

The Arbitrator reviewed the BrokerCheck® Report for Claimant 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 noted that Claimant contributed to the settlement but that the contribution amount was for its nuisance value. The Arbitrator also noted 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.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: email communications between Claimant and the Customer, including a February 2012 email; Claimant's testimony; and a copy of the issued policy.

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 Number [REDACTED] from the 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 findings of fact:

- The claim, allegation, or information is factually impossible or clearly erroneous; and
- The claim, allegation, or information is false.

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

The claim is false because all aspects of the issued policy ("Policy") were disclosed to the Customer. The Customer understood and acknowledged his understanding of the Policy. The Customer was an investment banker prior to becoming a medical doctor, with prior investment experience, and had a very good understanding of how different insurance and investment products worked, especially the Policy. Claimant worked under R.M., a senior advisor. Together, Claimant and R.M. explained to the Customer, and the Customer acknowledged that he understood, that borrowing money from the Policy would affect the Policy's return. Claimant disclosed the surrender charges to the Customer verbally on several occasions and in several written documents, which required Customer's signature acknowledging the disclosure and his understanding of the surrender charges, terms, and suitability of the Policy. Further, the Customer acknowledged to the insurance company that provided the Policy ("Insurance Company") that he was told he could not use the Policy funds for the first ten years, during the surrender period.

Moreover, the claim is factually impossible because the Customer acknowledged his understanding of and the suitability of the Policy verbally and in writing to Claimant. Investigations by the Insurance Company and Respondent found the recommendation was suitable for the Customer based upon his investment objectives, risk tolerance, financials, time horizon, and liquidity needs and that R.M. had disclosed all material facts regarding recommendation.

Additionally, the claim is clearly erroneous because Claimant, R.M., and Respondent repeatedly ensured that the Customer was provided with all of the required documents and disclosed all material facts regarding the recommendation.

The Customer acknowledged verbally and in writing that he understood all of the terms of the Policy, including the time horizon, potential surrender charges, loan options, and fees. Further, all investments made in the Customer's portfolio, and maintained by Claimant, were invested in accordance with the Customer's stated investment risk tolerance, time horizon, and liquidity needs.

Indeed, the Policy was suitable for the Customer because of his tax bracket and income, investment experience, and experience working in the financial industry. The Policy was chosen because it offered the Customer preferred rates. Other carriers had declined to offer the Customer coverage or would have put ratings on the policies that would have made it difficult for them to be used as an accumulation vehicle. The Policy funds were invested in line with the Customer's moderate risk tolerance, as he had not expressed any need for liquidity. The Customer also shared personal information that made the Policy suitable for the Customer.

The funding was to come from the Customer's future monthly savings and not current assets. A high death benefit amount was chosen for the initial underwriting to give him maximum flexibility on the final death benefit amount that would be put in force. Claimant also wanted to make sure that the Customer could increase his funding level in the future, if he so desired. The final death benefit choice was going to be driven by the funding level that the Customer was willing to commit to it.

Claimant was involved in the alleged actions, however, she worked under the supervision of R.M., who is a seasoned professional. R.M. reviewed all of the case work and presented recommendations to the Customer. The Customer's complaint was directed at R.M., as he was the senior advisor on the case. Claimant worked in a professional manner and the allegations against her are false, factually impossible, and clearly erroneous.

For the afore-stated reasons, the Arbitrator finds that the requirements for expungement under FINRA Rule 2080(b)(1)(A) and 2080(b)(1)(C) have been fully met, and as such, expungement is granted.

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
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**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 firms 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
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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: May 31, 2018	1 session

One (1) hearing session on expungement request @ \$50.00/session	= \$ 50.00
Hearing Date: October 22, 2018	1 session

Total Hearing Session Fees	= \$ 100.00
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The Arbitrator has assessed \$100.00 of the hearing session fees to Claimant.

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

ARBITRATOR

Mauricio Arcadier

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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



Mauricio Arcadier
Sole Public Arbitrator

11/1/18
Signature Date

November 1, 2018

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