

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

UBS Financial Services Inc.
and UBS Credit Corp.

Case Number: 20-00928

vs.

Respondent

Julian F. Pace, Jr.

Hearing Site: Jacksonville, Florida

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Member and Non-Member vs. Associated Person

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimants UBS Financial Services Inc. (“UBSFS”) and UBS Credit Corp., (collectively, “Claimants”): Anthony J. Borrelli, Esq. and Hunt S. Ricker, Esq., Riker Danzig Scherer Hyland & Perretti, LLP, Morristown, New Jersey.

For Respondent Julian F. Pace, Jr. (“Respondent”): Jarrod J. Malone, Esq., Shumaker, Loop & Kendrick, LLP, Sarasota, Florida.

CASE INFORMATION

Statement of Claim filed on or about: March 23, 2020.

Answer to Counterclaim filed on or about: October 19, 2020.

Claimants signed the Submission Agreement: March 20, 2020.

Statement of Answer and Counterclaim filed on or about: September 14, 2020.

Respondent signed the Submission Agreement: June 3, 2020.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action: breach of promissory notes and unjust enrichment. The causes of action related to Claimants’ allegation that Respondent entered into six promissory notes (“Notes”) on June 7, 2010, February 26, 2013, August 9, 2013, February 25, 2016, February 24, 2017, and March 13, 2018. Claimants asserted that Respondent voluntarily resigned from Claimants’ employ on February 22, 2019

and, pursuant to the terms of the Notes, the amounts became immediately due and payable.

Unless specifically admitted in the Statement of Answer and Counterclaim, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. Respondent asserted the following causes of action: breach of duty of good faith and fair dealing, unjust enrichment, equity, violation of New Jersey Statute 34:11-4.4, violation of New York Statute § 195-2.1, and violation of FINRA Rule 2010. The causes of action related to Respondent's allegation that Claimants were unjustly enriched by the monthly deductions taken from Respondent's pay, refusal to apply a pro rata to the Notes repayment based upon work performed, and by their failure to pay departed employees compensation they rightfully earned.

Unless specifically admitted in the Answer to Counterclaim, Claimants denied the allegations made in the Counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested an award requiring Respondent to repay the outstanding principal amount of the loan he received in the amount of \$207,822.46; requiring Respondent to pay interest, pursuant to the terms and conditions agreed to in writing by the parties; requiring Respondent to pay all costs of collection, including all expenses, disbursements, forum fees and attorneys' fees incurred in connection with this arbitration proceeding pursuant to the terms and conditions agreed to in writing by the parties; and for such other and further relief as the Panel deems just and equitable.

In the Statement of Answer and Counterclaim, Respondent requested compensatory damages; punitive damages in an amount to be determined by the Panel; pre-award interest; forum fees and costs, including expert witness fees; attorneys' fees; cancelation of the balance of the Notes; disgorgement by Claimants of ill-gotten gains; a regulatory referral against Claimants under Rule 13104; and such other and further relief as may be appropriate.

In the Answer to the Counterclaim, Claimants requested dismissal of Respondent's Counterclaim with prejudice; award Claimants' attorneys' fees and costs in defending the Counterclaim; award Claimants the damages sought in the Statement of Claim; and for any such other relief to which Claimants may be entitled.

At the hearing, Claimants requested \$207,822.46 for the outstanding principal amount due and owing on the Notes and \$13,770.90 in interest.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On October 11, 2021, Claimants filed a Motion for a Zoom Hearing. On October 21, 2021, Respondent filed a Response in Opposition to the Motion for a Zoom Hearing. On October 21, 2021, Claimants filed a Reply in Support of the Motion for a Zoom Hearing. In an Order dated October 22, 2021, the Panel granted the Motion for a Zoom Hearing.

On the record, at the evidentiary hearing, Respondent made an oral motion to strike Claimants' request for attorneys' fees. The Panel herein grants the motion to strike.

The Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and any post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimants the sum of \$210,000.00 in damages.
2. Respondent is liable for and shall reimburse Claimants \$1,000.00 for the non-refundable portion of Claimants' filing fee.
3. Respondent's Counterclaim is denied.
4. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, treble damages, and attorneys' fees, are denied.

FEES

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

Filing Fees

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

Initial Claim Filing Fee	= \$ 2,125.00
Counterclaim Filing Fee	= \$ 1,575.00

**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, UBSFS is assessed the following:

Member Surcharge	= \$ 1,700.00
Member Process Fee	= \$ 3,750.00

Hearing Session Fees and Assessments

The Panel 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), which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with a single Arbitrator @ \$450.00/session	= \$ 450.00
Pre-Hearing Conference: October 14, 2021	1 session

Two (2) pre-hearing sessions with the Panel @ \$1,125.00/session		= \$	2,250.00
Pre-Hearing Conferences: October 26, 2020	1 session		
August 31, 2021	1 session		
Three (3) hearing sessions @ \$1,125.00/session		= \$	3,375.00
Hearings: November 8, 2021	2 sessions		
November 9, 2021	1 session		
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Total Hearing Session Fees		= \$	6,075.00

The Panel has assessed \$2,756.25 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$3,318.75 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Langfred W. White	-	Public Arbitrator, Presiding Chairperson
Cindy L. Anderson	-	Public Arbitrator
Barry Allen Barr	-	Non-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.

Concurring Arbitrators' Signatures

Langfred W. White

Langfred W. White
Public Arbitrator, Presiding Chairperson

11/23/2021

Signature Date

Cindy L. Anderson

Cindy L. Anderson
Public Arbitrator

11/23/2021

Signature Date

Barry Allen Barr

Barry Allen Barr
Non-Public Arbitrator

11/24/2021

Signature Date

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November 24, 2021

Date of Service (For FINRA Dispute Resolution Services use only)