

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Alexander Schwartz

Case Number: 20-01683

vs.

Respondent
Allstate Financial Services, LLC

Hearing Site: Philadelphia, Pennsylvania

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: Associated Person vs. Member

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimant Alexander Schwartz: Robert C. Ewing, Esq., Media, Pennsylvania.

For Respondent Allstate Financial Services, LLC: J. Scott Humphrey, Esq., Benesch Friedlander Coplan & Aronoff, LLP, Chicago, Illinois.

CASE INFORMATION

Statement of Claim filed on or about: May 29, 2020.

Amended Statement of Claim filed on or about: July 16, 2020.

Seconded Amended Statement of Claim filed on or about: December 29, 2020.

Alexander Schwartz signed the Submission Agreement: May 28, 2020.

Statement of Answer filed by Respondent on or about: August 4, 2020.

Answer to the Second Amended Statement of Claim filed on or about: February 19, 2021.

Allstate Financial Services, LLC signed the Submission Agreement: August 4, 2020.

CASE SUMMARY

In the Second Amended Statement of Claim, Claimant asserted a claim seeking expungement of Form U5 termination entry based on the defamatory nature of the entry in Claimant's Central Registration Depository ("CRD") records.

Unless specifically admitted in the Answer to the Second Amended Statement of Claim, Respondent denied the allegations made in the Second Amended Statement of Claim and asserted various defenses.

RELIEF REQUESTED

In a Second Amended Statement of Claim, Claimant requested compensatory damages in the amount of \$1,103,000.00; damages in an unliquidated amount for emotional distress; punitive damages; and expungement of Form U5 termination entry based on the defamatory nature of the entry in Claimant's CRD records.

In the Answer to Second Amended Statement of Claim, Respondent requested that Claimant be required to present sufficient evidence to establish the allegations in his Amended Statement of Claims and that his Amended Statement of Claims be dismissed when he fails to do so; that no award or order be sought against Respondent; that no monetary damages be awarded to Claimant; and that all arbitration costs and fees be attributed to Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

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

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. The Panel denies Claimant's expungement request with the limited exception of the below relief:

The Panel recommends the expungement of the Termination Explanation in Section 3 of Alexander Schwartz's (CRD Number 5383949) Form U5 filed by Allstate Financial Services, LLC (CRD Number 18272) on April 30, 2020 and maintained by the Central Registration Depository ("CRD"). The Reason for Termination shall remain the same. The Termination Explanation shall be replaced with the following language:

"Termination by Parent Property and Casualty Insurance Company after allegations of paying the down payments on some customers' property and casualty insurance policies, which is not in strict compliance with Allstate Insurance Company's corporate policy, but not related to, or in violation of, securities regulations followed by Allstate Financial Services."

This directive shall apply to all references to the Termination Explanation.

2. The Panel further recommends that the response to the "Allegation(s)" question (Question 4) of the Termination DRP related to Occurrence Number 2071738 maintained by the CRD for Alexander Schwartz be replaced with the following language:

"Termination by Parent Property and Casualty Insurance Company after allegations of falsifying payment information by paying the down payments on customers' property and

casualty insurance policies. Not securities related. While true, there were allegations made concerning 'investment-related' statutes, regulations, rules or industry standards of conduct, an arbitration Panel unanimously found, that Alexander Schwartz actually violated no 'investment-related' guidance of any kind."

3. The above recommendations are made with the understanding that the registration records are not automatically amended. Alexander Schwartz must obtain confirmation of this Award from a court of competent jurisdiction, before the CRD will execute the expungement directive, and must forward a copy of the Court Order to FINRA's Credentialing, Registration, Education and Disclosure Department for the amendments to be incorporated into the Registration Records.
4. Claimant's request for compensatory damages is denied.
5. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, are denied.

ARBITRATORS' EXPLANATION OF AWARD

The Claimant has requested an expungement, however, the fundamental basis for an expungement is a foundation that the charge is in error or impossible to have a cause in fact or likewise. In this instance the entry in the Form U5 in question for expungement is "...an allegation has been made." There is absolutely no error or falsehood that an allegation was made because it is a matter of fact that Allstate made a claim or allegation. However, the Panel found after listening to the witnesses and reviewing the exhibits offered and accepted, that there is no validity to Allstate's allegation. Simply, the allegation, although made, is without merit and any reader of this Panel's Order and/or the U-5 document should just ignore the allegation Allstate made; it is worthless.

FEES

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

Filing Fees

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

Initial Claim Filing Fee	=\$ 2,000.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

FINRA Dispute Resolution Services previously deferred Claimant's filing fee of \$ 2,000.00. Upon conclusion of the matter, the Panel determined to waive the \$600.00 non-refundable portion of the filing fee.

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 Allstate Financial Services, LLC is assessed the following:

Member Surcharge	= \$	3,025.00
Member Process Fee	= \$	6,175.00

Contested Motion for Issuance of Subpoena Fees

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) decision on a contested motion for the issuance of a subpoena with the Panel @ \$600.00	= \$	600.00
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Total Contested Motion for Issuance of Subpoena Fees	= \$	600.00
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The Panel has assessed the total contested motion for issuance of subpoena fees to Claimant.

Late Pre-Hearing Cancellation Fees

Fees apply when a pre-hearing conference is cancelled within three business days of the scheduled conference:

April 9, 2021 cancellation requested by the parties	= \$	100.00
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Total Late Pre-Hearing Cancellation Fees	= \$	100.00
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The Panel has assessed \$50.00 of the late pre-hearing cancellation fees to Claimant.

The Panel has assessed \$50.00 of the late pre-hearing cancellation fees to Respondent.

Postponement Fees

Postponements granted during these proceedings for which fees were assessed:

June 28, 2021 postponement requested by the parties	= \$	1,400.00
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Total Postponement Fees	= \$	1,400.00
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The Panel has assessed \$700.00 of the postponement fees to Claimant.

The Panel has assessed \$700.00 of the postponement fees to Respondent.

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

Two (2) pre-hearing sessions with the Panel @ \$1,400.00/session	= \$	2,800.00
Pre-Hearing Conferences: October 20, 2020	1 session	
June 7, 2021	1 session	

Two (2) hearing sessions @ \$1,400.00/session	= \$	2,800.00
Hearings: October 5, 2021	2 sessions	

Total Hearing Session Fees	= \$	5,600.00
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The Panel has assessed \$2,800.00 of the hearing session fees to Claimant.

The Panel has assessed \$2,800.00 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Thomas Benjamin Salzer	-	Public Arbitrator, Presiding Chairperson
Christin Kim	-	Public Arbitrator
John T. Hausladen	-	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

Thomas Benjamin Salzer

Thomas Benjamin Salzer
Public Arbitrator, Presiding Chairperson

02/01/2022

Signature Date

Christin Kim

Christin Kim
Public Arbitrator

02/01/2022

Signature Date

John T. Hausladen

John T. Hausladen
Non-Public Arbitrator

02/01/2022

Signature Date

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February 02, 2022

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