

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Anthony Charles Hladek

Case Number: 20-01848

vs.

Respondent
Trustmont Financial Group, Inc.

Hearing Site: Pittsburgh, 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 Anthony Charles Hladek: Jennifer P. Farrar, Esq., Farrar Law, PLLC, Tomball, Texas.

For Respondent Trustmont Financial Group, Inc.: Anthony C. Hladek, Trustmont Financial Group, Inc., Greensburg, Pennsylvania.

CASE INFORMATION

Statement of Claim filed on or about: August 19, 2020.

Amended Statement of Claim filed on or about: March 4, 2021.

Corrected Amended Statement of Claim filed on or about: March 22, 2021.

Anthony Charles Hladek signed the Submission Agreement: June 11, 2020.

Statement of Answer filed by Respondent on or about: September 9, 2020.

Trustmont Financial Group, Inc. signed the Submission Agreement: September 4, 2020.

CASE SUMMARY

In the Statement of Claim, Amended Statement of Claim, and Corrected Amended Statement of Claim, Claimant asserted a claim seeking expungement of customer dispute information from registration records maintained by the Central Registration Depository (“CRD”).

In the Statement of Answer, Respondent did not oppose Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Amended Statement of Claim, and Corrected Amended Statement of Claim, Claimant requested expungement of Occurrence Number 1945313, compensatory damages in the amount of \$1.00 from Respondent, and any and all other relief that the Arbitrator deems just and equitable.

In the Statement of Answer, Respondent requested that the Arbitrator deny Claimant's request for \$1.00 in compensatory damages.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

A Statement of Claim filed on June 11, 2020 but did not include the Occurrence Number of the customer dispute information Claimant was requesting to be expunged. Claimant submitted another Statement of Claim with the Occurrence Number on August 19, 2020. Therefore, the Statement of Claim filed on June 11, 2020 was not served on Respondent or considered by the Arbitrator.

The Statement of Claim filed on August 19, 2020 listed an incorrect customer. The Amended Statement of Claim filed on March 4, 2021 listed an incorrect arbitration number in the underlying arbitration.

On February 12, 2021, Claimant advised that the customers in Occurrence Number 1945313 ("customers") were served with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded hearing by videoconference on March 4, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent participated in the expungement hearing and, as stated in the Statement of Answer, did not oppose the request for expungement.

The customers did not participate in the expungement hearing. The Arbitrator found that the customers had notice of the expungement request and hearing. By correspondence dated March 4, 2021, the underlying customers supported Claimant's request for expungement.

The Arbitrator reviewed Claimant's BrokerCheck® Report. The Arbitrator noted that a prior arbitration panel or court did not previously rule on expungement of the same occurrence in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Number 1945313, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Arbitrator noted that the settlement was not conditioned on any party to the settlement not opposing the expungement request and that Claimant did not contribute to the settlement amount.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: the pleadings, the customers' letter dated March 4, 2021, Claimant's testimony, settlement documents, and Claimant's BrokerCheck® Report.

AWARD

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

1. Claimant's claim for \$1.00 in compensatory damages is denied.
2. The Arbitrator recommends the expungement of all references to Occurrence Number 1945313 from registration records maintained by the CRD for Claimant Anthony C. Hladek (CRD Number 2700432) with the understanding that, pursuant to Notice to Members 04-16, Claimant Anthony C. Hladek 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 of Arbitration Procedure ("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 registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

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

Evidence and testimony presented at the hearing demonstrated that Anthony Charles Hladek was not initially a named party in the underlying proceeding and was later added in his capacity as President of the Respondent only to gain access to officer's Error and Omission Insurance. He was not the firm's compliance officer, was not involved in supervising the rogue representative or his accounts, and the transactions which were complained of occurred completely outside of the firm's business activities. In fact, the firm had no knowledge of the rogue representative's capital raise activities, which he kept hidden. This conclusion is further buttressed by the fact that the SEC revoked the rogue representative's license, but no disciplinary actions were taken against Claimant or the firm.

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

ARBITRATOR

John J. Neely

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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

John J. Neely

John J. Neely
Sole Public Arbitrator

03/23/2021

Signature Date

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March 23, 2021

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