

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
LPL Financial LLC

Case Number: 20-02080

vs.

Respondent
Scott Alan Kaufman

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: Member vs. Associated Person

REPRESENTATION OF PARTIES

For Claimant LPL Financial LLC: David J. Sensenig, Esq. and Andrew R. Park, Esq., Park Sensenig, LLP, Richmond, Virginia.

For Respondent Scott Alan Kaufman: Michael R. McFarlin, Esq., Rick Stock Law, Pottstown, Pennsylvania.

CASE INFORMATION

Statement of Claim filed on or about: July 1, 2020.

LPL Financial LLC signed the Submission Agreement: June 30, 2020.

Scott Alan Kaufman did not file a Statement of Answer or signed the Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of promissory note and breach of contract.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested \$54,333.34 the principal balance due and owing under Note 1; interest at the rate of 9.85% on the balance due and owing under Note 1 from the date of default (September 4, 2019) through the date of payment; \$55,116.84 the principal balance due and owing under Note 2; interest at the rate of 6.85% per annum on the balance due and owing under Note 2 from the date of default (September 4, 2019) through the date of

payment; \$12,445.16 the principal balance due and owing on the fees; interest at the rate of 7% per annum on the balance due and owing on the fees owed under the Representative Agreement from October 28, 2019; costs of collection including attorneys' fees as agreed to under the terms of the Notes and Representative Agreement; and any and all further relief that this Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

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

Respondent did not file a Statement of Answer or properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") is bound by the determination of the Panel on all issues submitted.

Respondent Scott Alan Kaufman did not appear at the evidentiary hearing. Upon review of the file, the Panel determined that Respondent Scott Alan Kaufman received due notice of the hearing and that arbitration of the matter would proceed without said Respondent present, in accordance with the Code.

The Claim Notification letter notified Respondent Scott Alan Kaufman that FINRA rules require parties to use the online DR Portal on a mandatory basis (except pro se investors) and that failure to register for the DR Portal will prevent the submission of pleadings, selection of arbitrators, and receipt of notification relating to case information and deadlines. Respondent Scott Alan Kaufman failed to register for the DR Portal.

The Panel determined that Respondent Scott Alan Kaufman is, therefore, bound by the Panel's ruling and determination.

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

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, 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 Claimant the sum of \$54,333.34 in compensatory damages, which includes the balance due under the Promissory Note dated July 6, 2017 ("Note 1") through September 4, 2019.
2. Respondent is liable for and shall pay to Claimant interest at the default rate on the balance due and owing under note 1, from September 4, 2019 through December 18, 2020 in the amount of \$7,001.98
3. Respondent is liable for and shall pay to Claimant post-award interest at the default rate of the minimum federal rate per annum plus an additional 8% per annum on the balance due and owing under Note 1, from December 18, 2020 through the date of satisfaction of the award.

4. Respondent is liable for and shall pay to Claimant the sum of \$55,116.84 in compensatory damages, which includes the balance due under the Term Commitment Note dated November 8, 2018 (“Note 2”) through September 4, 2019.
5. Respondent is liable for and shall pay to Claimant interest on the above-stated sum at the default rate of 6.85% on the balance due and owing under Note 2 from September 4, 2019 through December 18, 2020 in the amount of \$4,939.62.
6. Respondent is liable for and shall pay to Claimant post-award interest at the default rate of minimum federal rate per annum plus an additional 5% per annum on the balance due from December 18, 2020 through the date of satisfaction of the award.
7. Respondent is liable and shall pay to Claimant \$12,445.16 in fees owed to Claimant following his departure.
8. Respondent is liable for and shall pay to Claimant interest at the default rate of 7% on the balance due and owing in fees from October 28, 2019 to December 18, 2020 in the amount of \$1,009.10.
9. Respondent is liable for and shall pay to Claimant post-award interest at the default rate of the prime rate plus 2% per annum on the balance due and owing of the fees from December 18, 2020 through the date of satisfaction of the award.
10. Respondent is liable for and shall pay to Claimant the sum of \$7,118.90 in costs.
11. Respondent is liable for and shall pay to Claimant the sum of \$7,598.50 in attorneys’ fees pursuant to the terms of the Promissory Notes and Representative Agreement.
12. Any and all claims for relief not specifically addressed herein are denied.

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	=\$ 2,125.00
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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 firm that employed the associated person at the time of the event giving rise to the dispute. Accordingly, as a party, Claimant LPL Financial LLC is assessed the following:

Member Surcharge	=\$ 1,700.00
Member Process Fee	=\$ 3,250.00

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:

Two (2) pre-hearing sessions with the Panel @ \$1,125.00/session		= \$ 2,250.00
Pre-hearing Conferences: October 28, 2020	1 session	
December 2, 2020	1 session	
One (1) hearing session @ \$1,125.00/session		= \$ 1,125.00
Hearing Date: December 18, 2020	1 session	
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Total Hearing Session Fees		= \$ 3,375.00

The Panel has assessed the total hearing session fees to Respondent.

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

ARBITRATION PANEL

Mark H. Stein	-	Public Arbitrator, Presiding Chairperson
John J. Jordan	-	Public Arbitrator
Robert C. Scanlan	-	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

Mark H. Stein

Mark H. Stein
Public Arbitrator, Presiding Chairperson

01/06/2021

Signature Date

John J. Jordan

John J. Jordan
Public Arbitrator

01/04/2021

Signature Date

Robert C. Scanlan

Robert C. Scanlan
Non-Public Arbitrator

01/04/2021

Signature Date

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January 06, 2021

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