

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Christopher Mark Paglia

Case Number: 20-02314

vs.

Respondent
Citigroup Global Markets, Incorporated

Hearing Site: Jersey City, New Jersey

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

REPRESENTATION OF PARTIES

For Claimant Christopher Mark Paglia: Stephan Louviere, Esq., Louviere Law Firm, P.A., Pompano Beach, Florida.

For Respondent Citigroup Global Markets, Incorporated: Adam M. Kauff, Esq., Kauff Laton Miller LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: July 22, 2020.

Amended Statement of Claim filed on or about: January 12, 2021.

Christopher Mark Paglia signed the Submission Agreement: July 22, 2020.

Statement of Answer filed by Respondent on or about: September 15, 2020.

Citigroup Global Markets, Incorporated signed the Submission Agreement: September 16, 2020.

CASE SUMMARY

In the 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 Amended Statement of Claim, Claimant requested expungement of Occurrence Number 1200284; and compensatory damages in the amount of \$1.00 from Respondent.

In the Statement of Answer, Respondent objected to Claimant's request for \$1.00 in compensatory damages.

At the hearing, Claimant withdrew the request for \$1.00 in damages.

OTHER ISSUES CONSIDERED AND DECIDED

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

On January 14, 2021, Claimant advised that the customer in Occurrence Number 1200284 was served with the Statement of Claim and notice of the date and time of the expungement hearing.

On January 27, 2021, the customer submitted correspondence not opposing Claimant's expungement request.

The Arbitrator conducted a recorded, telephonic hearing on February 3, 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 customer did not participate in the expungement hearing and did not oppose the expungement request. The Arbitrator found that the customer had notice of the expungement request and hearing.

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 noted that the dispute related to Occurrence Number 1200284 was not settled. The Arbitrator also noted that the customer complaint was denied by Respondent and the customer did not pursue the matter further. Therefore, there was no settlement document to review.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: the pleadings, exhibits, Claimant's BrokerCheck® Report, and Claimant's testimony.

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. The Arbitrator recommends the expungement of all references to Occurrence Number 1200284 from registration records maintained by the CRD for Claimant Christopher Mark Paglia (CRD Number 2281000) with the understanding that, pursuant to Notice to Members 04-16, Claimant Christopher Mark Paglia 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 finding of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

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

Claimant has one customer dispute disclosure on his CRD record after a 28-year career in the financial services industry. According to his BrokerCheck® Report, while Claimant was employed by Respondent, the customer “alleged misrepresentation with respect to investments – September 2003-May 2004. Damages unspecified.” Based on the record, it appears that the “alleged misrepresentation” concerns whether the accounts were managed by Claimant or not managed by Claimant. The BrokerCheck® Report states that the customer complaint was received on May 17, 2004. Following an investigation, Respondent denied the complaint on July 6, 2004. The customer did not pursue the matter further.

Claimant testified that he holds five (5) securities licenses, a Life and Health Insurance license, and is a Certified Financial Planner. He testified that he manages approximately \$180+ million in assets.

At the hearing, Claimant credibly testified that on behalf of the customer, he recommended and opened 529 college savings plans (“529 plans”) for each of the customer’s children, totaling approximately \$50,000, and a joint brokerage account for the customer and his wife in the amount of approximately \$50,000.

Claimant explained that the 529 plans were “professionally managed” by a third party with “limited investment choices.” He stated that he did not choose the asset allocations within those 529 plans. He further explained that the 529 plans were comprised of “equity and fixed income” with “different asset allocations” as the child ages and that “there is no choice in asset mix.”

Claimant also testified that the joint brokerage account was “not managed” but rather set up as a “self-directed brokerage account.” In support of this testimony, Claimant recalled that the customer specifically requested that Claimant buy currency. The Arbitrator did not find this surprising as the customer was a currency trader. Claimant testified that he did not have discretion over the joint brokerage account. He explained that he needed the customer’s approval each time before he can proceed with a transaction in the joint brokerage account. Claimant credibly testified that he never represented to the customer that the joint brokerage account was a managed account. Claimant also explained that the account statements

would indicate whether an account is managed because the name of the manager would appear on the statements of those managed accounts.

As mentioned above, the customer is a former currency trader. Claimant testified that when the market declined, the value of the customer's accounts also declined. It was then that the customer wrote a complaint letter to Respondent. As mentioned above, Respondent denied the complaint, and the customer did not pursue the dispute. Claimant testified that the customer continued to be his client for an additional five (5) to six (6) months thereafter.

The Arbitrator noted that discovery failed to reveal the customer's original complaint letter to Respondent or any account documents. For evidentiary purposes, it is problematic that this customer dispute occurred almost seventeen (17) years ago. The relevant documents were not available in discovery, which is likely due to the passage of time. Claimant candidly stated this in his Amended Statement of Claim.

Upon notice of the expungement hearing, the customer did, however, contact FINRA in writing twice - by email sent December 17, 2020 (Arbitrator's Exhibit No. 1) and by statement dated January 24, 2021 (Claimant's Hearing Exhibit G). Although the customer disputed some facts in Claimant's original Statement of Claim, most of the disputed facts are not relevant to the issue of expungement, but rather are personal in nature. Claimant subsequently amended his Statement of Claim as directed by the Arbitrator.

Claimant testified that it appears that the customer was and is confused about which of the accounts - the 529 plans or the joint brokerage account - was managed and by whom. Claimant testified that the 529 plans were managed while the joint brokerage account was not managed. According to correspondence from Claimant's counsel to the customer, dated December 22, 2020 (Arbitrator's Exhibit No. 1), the customer was under the impression that the joint brokerage account was managed. In his statement of January 24, 2021 (Claimant's Hearing Exhibit G), the customer stated that he "agreed to invest \$100,000 in a managed account," thus mistakenly conflating the accounts into a single, managed account.

Claimant's expungement request was not opposed by either Respondent or the customer, who affirmatively stated that he was not opposing the request in his written statement and opted not to participate in the hearing.

The Arbitrator finds that the claim was clearly erroneous. Reliance is placed, in significant part, on the fact that Claimant has a single disclosure on his CRD after 28 years in the financial services industry. Reliance is also placed on Respondent's denial of the claim, which occurred shortly after the complaint was brought and as the result of an internal investigation. Finally, the fact that the customer did not pursue his complaint further is also telling. As such, the Arbitrator finds that the allegation on Claimant's BrokerCheck® Report is clearly erroneous. Equity and fairness dictate that this customer dispute be expunged from Claimant's CRD record.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services 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 firm that employed the associated person at the time of the event giving rise to the dispute. Accordingly, as a party, Respondent Citigroup Global Markets, Incorporated 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, including a pre-hearing conference with the Arbitrator, which 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: November 16, 2020 1 session		

One (1) hearing session on expungement request @ \$50.00/session	=\$	50.00
Hearing: February 3, 2021 1 session		

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

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

ARBITRATOR

Annamaria Boccia Smith

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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

Annamaria Boccia Smith

Annamaria Boccia Smith
Sole Public Arbitrator

02/09/2021

Signature Date

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February 09, 2021

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