

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Margaret D. Rivera

Case Number: 20-02654

Respondent
Citicorp Investment Services

Hearing Site: New York, New York

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 Margaret D. Rivera: Dochter Kennedy, MBA, J.D., and Zachary Morse, Esq. AdvisorLaw, LLC, Westminster, Colorado.

For Respondent Citicorp Investment Services: Adam M. Kauff, Esq., Kauff Laton Miller LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: August 18, 2020.

Amended Statement of Claim filed on or about: September 15, 2020.

Second Amended Statement of Claim filed on or about: July 20, 2021.

Margaret D. Rivera signed the Submission Agreement: August 18, 2020.

Statement of Answer to the Amended Statement of Claim filed by Respondent on or about: March 19, 2021.

Citicorp Investment Services signed the Submission Agreement: March 26, 2021.

CASE SUMMARY

In the 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 denied any allegations of wrongdoing but did not oppose Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Amended Statement of Claim, and Second Amended Statement of Claim, Claimant requested expungement of Occurrence Number 1092450; compensatory damages in the amount of \$1.00; and any and all other relief that the Arbitrator deems just and equitable.

In the Statement of Answer to the Amended Statement of Claim, Respondent requested that Claimant's claim for compensatory damages be denied.

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.

By Affidavit dated March 12, 2021, Claimant advised FINRA Dispute Resolution Services of the efforts to locate and serve the customers in Occurrence Number 1092450 ("Customers") with the Statement of Claim and notice of the date and time of the expungement hearing. The Customers were from Venezuela, and Claimant advised that they used all relevant documents and information in their possession to search public information available on the Lexis Nexis database. However, despite these efforts, Claimant was unable to locate any information in order to serve the Customers with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded telephonic hearing on July 20, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent participated in the expungement hearing and did not oppose the request for expungement.

The Customers did not participate in the expungement 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 did not review the settlement documents in Occurrence Number 1092450. The Arbitrator noted that, upon diligent search, the settlement documents could not be produced due to the age of the complaint. Respondent is a terminated firm. Respondent's counsel confirmed in writing that it had no responsive documents to produce for the underlying Occurrence Number 1092450 and Claimant did not have a copy of the settlement agreement. Claimant did not participate in the arbitration or the settlement agreement.

The Arbitrator considered the amount of payments made to any party to the settlement and noted that the date of the settlement preceded the effective date of the rule against conditioned settlements. The Arbitrator also noted that Claimant did not contribute to the settlement amount.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's BrokerCheck® Report and testimony, Claimant's Affidavit regarding failure to locate the Customers in the underlying dispute, and Claimant's letter regarding her inability to produce the settlement agreement.

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 1092450 from registration records maintained by the CRD for Claimant Margaret D. Rivera (CRD Number 1952387) with the understanding that, pursuant to Notice to Members 04-16, Claimant Margaret D. Rivera 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 false.

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

Claimant, a financial advisor, has worked in the brokerage industry at various institutions since August 1991, and is currently employed by Insigneo Securities and Insigneo Advisory LLC, an organization that specializes in fixed-income investments. While employed by Citicorp Investment Services from June 2000 - May 2007, Claimant acquired the Customers, a middle-aged Venezuelan couple, when their previous investment advisor retired, and they were transferred to Claimant. At the time of transfer, the Customers' portfolio consisted of mainly money market accounts and certificates of deposit totaling between \$400,000 - \$500,000. They told Claimant they were looking for a better rate of return than what they were earning on their money market accounts and certificates of deposit. Based on their investment objective of income, Claimant recommended, among other options, the WorldCom Bond, which was rated Investment Grade and not considered high risk according to a well-known Citigroup analyst Jack Grubman, who had a buy recommendation on this bond. Claimant provided the Customers with Jack Grubman's research, a proprietary product, and explained to them the risks associated with fixed income investments in general, and with this investment in particular. In late 2001, the Customers purchased the WorldCom Bond. Due to the age of this case and the unavailability of extant records, it is not known what the Customers paid for their purchase nor what percentage of their total portfolio was invested in the WorldCom Bond. At the time of purchase, the Customers received a Prospectus along with the trade confirmation. In June 2002, WorldCom disclosed that it had improperly accounted for in excess of \$3.8 billion of expenses. Due to this scandal and the rapid erosion of its profits, on July 21, 2002, WorldCom filed the then-largest bankruptcy in

U.S. financial history. The same day that the bankruptcy filing was announced, Claimant notified Customers and asked if they wanted to sell their WorldCom Bond, which was trading at 1/3 its original value. The Customers replied that they would come to New York to meet with Claimant and her manager to discuss what to do, which they did shortly thereafter.

When the complaint was initiated, Claimant consulted her attorney, who advised her not to participate in it because the District Attorney for the State of New York had found a conflict of interest with respect to Respondent and WorldCom. Claimant did not contribute to the settlement offer.

The Arbitrator found that the allegation is false. The Arbitrator concluded that the WorldCom Bond was an investment grade bond that was not considered high risk at the time it was recommended and purchased. Up until a few days before WorldCom declared bankruptcy, Citigroup analyst Jack Grubman was still recommending the WorldCom Bond. What followed was unprecedented and events unraveled so quickly thereafter that Claimant could not have foreseen what would happen. She did notify the Customers immediately upon learning of the bankruptcy filing and asked if they wanted to sell then. They elected to wait until after they met with Claimant and her manager and decided to file a complaint. This is the only occurrence on Claimant's CRD report, spanning a career of 30 years. She has not previously sought expungement for this. There is no meaningful investor protection or regulatory value in keeping this complaint on Claimant's record.

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

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 events giving rise to the dispute. Accordingly, as a party, Respondent Citicorp Investment Services is assessed the following:

Member Surcharge	= \$	150.00
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Postponement Fees

Postponements granted during these proceedings for which fees were assessed or waived:

April 16, 2021, postponement requested by the parties		WAIVED
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Last-Minute Cancellation Fees

Fees apply when a hearing on the merits is cancelled within ten calendar days before the start of a scheduled hearing session:

April 16, 2021, cancellation requested by the parties WAIVED

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: January 12, 2021	1 session	
One (1) hearing session on expungement request @ \$50.00/session	= \$	50.00
Hearing: July 20, 2021	1 session	
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Total Hearing Session Fees	= \$	100.00

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

Karen Isabel Bedrosian -
Richardson

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

Karen Isabel Bedrosian - Richardson

Karen Isabel Bedrosian - Richardson
Sole Public Arbitrator

08/05/2021

Signature Date

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August 06, 2021

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