

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Shannon K. Klug

Case Number: 20-02963

vs.

Respondents
Hantz Financial Services, Inc. and
Royal Alliance Associates, Inc.

Hearing Site: Detroit, Michigan

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. Members

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimant Shannon K. Klug (“Claimant”): Louis Tambaro, Esq., Offit Kurman, P.A., Iselin, New Jersey and David Herskovic, Esq., Freedman & Herskovic, PLC, Southfield, Michigan.

For Respondent Hantz Financial Services, Inc. (“Hantz”): Ashley D. Shea, Esq., Shea Aiello, PLLC, Southfield, Michigan.

For Respondent Royal Alliance Associates, Inc. (“Royal”): Eric A. Michaels, Esq. and Piotr Krypciak, Esq., Saretsky Hart Michaels & Gould, PC, Birmingham, Michigan.

CASE INFORMATION

Statement of Claim filed on or about: September 3, 2020.
Claimant signed the Submission Agreement: September 2, 2020.

Statement of Answer filed by Hantz on or about: November 2, 2020
Hantz signed the Submission Agreement: October 29, 2020.

Statement of Answer filed by Royal on or about: November 12, 2020.
Royal signed the Submission Agreement: November 12, 2020.

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”).

Unless specifically admitted in the Statement of Answer, Hantz denied the allegations made in the Statement of Claim but did not oppose Claimant’s expungement request.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Numbers 1608125 and 1884155, 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, Respondents Hantz did not request any relief.

In the Statement of Answer, Respondents Royal did not request any relief.

At the hearing, Claimant withdrew the 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.

On May 18, 2021, Claimant advised that the customers in Occurrence Numbers 1608125 and 1884155 (“Customers”) were served with the Statement of Claim and notice of the date and time of the expungement hearing (“Notices”). Claimant also filed a copy of the USPS tracking information available for the Notices.

The Arbitrator conducted a recorded hearing by videoconference on June 7, 2021, so the parties could present oral argument and evidence on Claimant’s request for expungement.

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

Royal 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.

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 occurrences in the CRD.

The Arbitrator noted that the disputes related to Occurrence Numbers 1608125 and 1884155 were not settled and, therefore, there were no settlement documents to review.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's testimony, witness testimony, and Claimant's Exhibits B1-B5.

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 request for expungement of Occurrence Number 1884155 from his registration records maintained by the CRD is denied.
2. The Arbitrator recommends the expungement of all references to Occurrence Number 1608125 from registration records maintained by the CRD for Claimant Shannon Kelly Klug (CRD Number 2451747) with the understanding that, pursuant to Notice to Members 04-16, Claimant Shannon Kelly Klug 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 claim, allegation, or information is false.

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

The testimony and exhibits established that Hantz conducted a thorough investigation in response to the Customer's complaint letter. The investigation included a review of internal notes and documentation and found no violations. The great preponderance of the evidence established that the purchase of the annuity contracts was authorized, the Customer was fully advised, and the signatures appear to be genuine. The Arbitrator also noted that, while no offer of settlement was made to Customer, the Customer did not pursue his claim.

3. 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

**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as parties, Hantz and Royal are each assessed the following:

Member Surcharge = \$ 150.00

Postponement Fees

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

May 3, 2021, postponement requested by Claimant = \$ 50.00

Total Postponement Fees = \$ 50.00

The Arbitrator has assessed the total postponement fees to Claimant.

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:

Two (2) pre-hearing sessions @ \$50.00/session = \$ 100.00
Pre-Hearing Conferences: January 6, 2021 1 session
April 8, 2021 1 session

Two (2) hearing sessions on expungement request @ \$50.00/session = \$ 100.00
Hearing: June 7, 2021 2 sessions

Total Hearing Session Fees = \$ 200.00

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

Robert J. Scafuri

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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

Robert J. Scafuri

Robert J. Scafuri
Sole Public Arbitrator

06/14/2021

Signature Date

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June 14, 2021

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