

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant

Galit Dermer Trust, Galit Dermer Trustee

Case Number: 20-03500

vs.

Respondents

First Financial Equity Corporation
Laurence Ethan Goldstein

Hearing Site: Phoenix, Arizona

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: Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

For Claimant Galit Dermer Trust, Galit Dermer Trustee (“Claimant”): Michael S. Hill, Esq., Menzer & Hill, P.A., Boca Raton, Florida.*

For Respondents First Financial Equity Corporation (“First Financial”) and Laurence Ethan Goldstein (“Goldstein”): Jason L. Cassidy, Esq., Ryley Carlock & Applewhite, Phoenix, Arizona.

Hereinafter, First Financial and Goldstein will collectively be referred to as “Respondents.”

*FINRA recorded the appearance of Claimant’s counsel at the time of filing of the Statement of Claim. Counsel’s representation of Claimant may have ended with the parties’ settlement. Please see the Other Issues Considered and Decided section of this Award for information on whether Claimant’s counsel appeared at the expungement hearing.

CASE INFORMATION

Statement of Claim filed on or about: October 12, 2020.

Claimant signed the Submission Agreement: October 12, 2020.

First Financial did not file a Statement of Answer.

Goldstein did not file a Statement of Answer.

Respondents signed the Submission Agreement: November 29, 2020.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: breach of contract and warranties, promissory estoppel, violation of state securities statutes, breach of fiduciary duty, negligence and gross negligence, misrepresentation/omission and negligent misrepresentation/omission, unjust enrichment, failure to supervise, common law and statutory claims under Arizona law, and vicarious and control person liability. The causes of action relate to Claimant's investments in Franklin Square Capital Corporation II and Cole Office Industrial REIT securities.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested:

1. Compensatory damages in the amount of approximately \$74,000.00;
2. Award of statutory damages pursuant to state laws:
 - a. rescissionary damages;
 - b. lost opportunity damages;
 - c. accrued statutory interest; and
 - d. attorneys' fees;
3. Punitive damages;
4. Costs;
5. Filing and hearing fees; and
6. Other remedies the Arbitrator deems proper and appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

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

On March 5, 2021, Goldstein filed a motion for expungement, to which no response was filed.

On March 23, 2021, Claimant filed a notice of voluntary dismissal with prejudice. Therefore, the Arbitrator made no determination with respect to any of the relief requests contained in the Statement of Claim.

The Arbitrator conducted a recorded, telephonic hearing on May 19, 2021, so the parties could present oral argument and evidence on Goldstein's request for expungement.

Claimant did not participate in the expungement hearing.

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

The Arbitrator also reviewed the settlement documentation, 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 request for expungement and that Goldstein did not contribute to the settlement amount.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's Statement of Claim; Goldstein's exhibits; and Goldstein's testimony at the expungement hearing.

AWARD

After considering the pleadings, the testimony and evidence presented at the 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 the above-captioned arbitration (Occurrence Number 2092282) from registration records maintained by the CRD for Respondent Laurence Ethan Goldstein (CRD Number 5749190) with the understanding that, pursuant to Notice to Members 04-16, Respondent Laurence Ethan Goldstein 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 12805 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; and

The claim, allegation, or information is false.

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

On October 12, 2020, Claimant filed a Statement of Claim alleging Goldstein solicited Claimant, on two separate occasions, to purchase two specific high-risk speculative alternative investments. Claimant alleged these two securities were misrepresented. Prior to October 12, 2020, Claimant had not complained to Goldstein about the two securities. This claim was settled by First Financial for a de minimis amount before an answer was filed.

Expungement is recommended in this matter because, as set forth below, all three elements of Rule 2080 are met. First, the claims are false as Goldstein did not solicit or sell Claimant the two specific, complained of securities. The names of the two securities in the Statement of Claim are different than the names of the two securities sold by Goldstein to Claimant.

No evidence was presented concerning any alleged misrepresentation of the two actual securities sold by Goldstein. To the contrary, there is evidence that Claimant understood

the risks of these two investments. Evidence showed that Claimant acknowledged that she was making an illiquid investment, had received a prospectus, and that the investment was speculative. In addition, as to the second investment, Claimant acknowledged that it may not be reduced to cash without a loss to principal and Claimant should have referred to the prospectus for a more detailed explanation of the risks associated with the investment. Any claims of alleged ignorance about the higher risks of these investments are false.

Furthermore, the allegation that Goldstein was attempting to speculate with her retirement funds is false, as it is belied by the investments sold by Goldstein for a separate trust.

Secondly, the claims are clearly erroneous and factually impossible as Goldstein was not involved in the alleged violations of the complained of securities because the Statement of Claim alleges the solicitation of securities that were not sold by Goldstein to Claimant.

Finally, Goldstein was not involved in the alleged investment related sales practice of the two complained of securities identified in the Statement of Claim.

No public interest is served by allowing these unsupported and false claims to remain on Goldstein's record.

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	= \$	975.00
Expungement Filing Fee	= \$	1,575.00

**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 that employed the associated person at the time of the event giving rise to the dispute. Accordingly, as a party, Respondent First Financial is assessed the following:

Member Surcharge	= \$	1,100.00
Member Process Fee	= \$	3,750.00

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 @ \$450.00/session	= \$	450.00
Pre-Hearing Conference: February 2, 2021	1 session	

One (1) hearing session on expungement request @ \$1,125.00/session	= \$	1,125.00
Hearing: May 19, 2021 1 session		

Total Hearing Session Fees	= \$	1,575.00
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The Arbitrator has assessed \$225.00 of the hearing session fees to Claimant.

The Arbitrator has assessed \$225.00 of the hearing session fees jointly and severally to Respondents.

The Arbitrator has assessed \$1,125.00 of the hearing session fees to Goldstein.

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

ARBITRATOR

Donald Dreyfus

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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

Donald Dreyfus

Donald Dreyfus
Sole Public Arbitrator

06/02/2021

Signature Date

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June 02, 2021

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