AWARD
FINRA Office of DISPUTE RESOLUTION

CASE #: [redacted] ("Claimant") vs. National Planning Corporation ("NPC") and QA3 Financial Corp. ("QA3")

REPRESENTATION OF PARTIES:
For Claimant [redacted]: Dochtor Kennedy, MBA, J.D. and Armin Sarabi, Esq., AdvisorLaw LLC, Broomfield, Colorado.

For Respondent National Planning Corporation: Chad Weaver, Esq., Freeman Mathis & Gary, LLP, Seal Beach, California.

Respondent QA3 Financial Corp. did not enter an appearance in this matter.

NATURE OF DISPUTE: Associated Person vs. Members

Statement of Claim filed on or about: February 14, 2017.

Statement of Answer filed by NPC on or about: April 25, 2017.
Amended Statement of Answer filed by NPC: July 10, 2017.

CASE SUMMARY: Claimant requested expungement of a total of seven occurrences from his Central Registration Depository ("CRD") record: three customer complaints, occurrence numbers [redacted]; and four FINRA Arbitration Cases, occurrence numbers [redacted] (FINRA Arbitration Case No [redacted]); [redacted] (FINRA Arbitration Case No. [redacted]); [redacted] (FINRA Arbitration Case No. [redacted]); and [redacted] (FINRA Arbitration Case No. [redacted]) (collectively, referred to as the "Underlying Claims").

In its Statement of Answer, NPC advised that it supports Claimant's request to expunge occurrence numbers [redacted], and [redacted], the only occurrence numbers involving NPC, from Claimant's CRD record. In its Amended Statement of Answer, NPC corrected the occurrence number previously referenced as [redacted] to [redacted].

RELIEF REQUESTED: In the Statement of Claim, Claimant requested:

1. Expungement of the Underlying Claims from his CRD record pursuant to FINRA Rule 2080(b)(1)(A) as the claim, allegation, or information is factually impossible or clearly erroneous;
2. Expungement of occurrence numbers [redacted] and [redacted] from his CRD record pursuant to FINRA Rule 2080(b)(1)(B) as Claimant was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds;
3. Expungement of the Underlying Claims from his CRD record pursuant to FINRA Rule 2080(b)(1)(C) as the claim, allegation, or information is false;
4. If the Arbitrator chooses not to recommend expungement of occurrence number [redacted] Claimant requests to amend the information included in Claimant's

BrokerCheck® Individual Snapshot Report for occurrence number [redacted] number 11B;

5. Damages in the amount of $1.00 from NPC and QA3 for their part in contributing to Claimant's injury; and
6. Any and all relief that the Arbitrator deems just and equitable.

NPC did not include any relief requests in its Statements of Answer.

OTHER ISSUES: The Arbitrator acknowledges that he has read the pleadings and other materials filed by the parties.

On or about February 11, 2011, QA3 filed for bankruptcy under the United States Bankruptcy Code. In accordance with these filings, all claims against QA3 were stayed. On March 21, 2017, QA3's bankruptcy was discharged; thereafter, the case proceeded against QA3. On June 28, 2017, FINRA served QA3 with the Statement of Claim.

QA3 did not file with FINRA Office of Dispute Resolution a property executed Submission Agreement, but is required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and is bound by the determination of the Arbitrator on all issues submitted. QA3 did not file a Statement of Answer. The Arbitrator reviewed the file and determined that QA3 had been properly served with the Statement of Claim by regular mail.

On June 23, 2017, NPC submitted a Motion for Leave to Amend its Answer to Claimant's Statement of Claim. On July 10, 2017, Claimant submitted a response advising that he has no objection to NPC's motion. By Order dated July 10, 2017, the Arbitrator granted NPC's motion and the Amended Answer became part of the record.

In the Statements of Answer, NPC stated that it does not dispute the factual representations made by Claimant as it relates to occurrence numbers [redacted], [redacted], and [redacted] and does not oppose Claimant's requests for expungement. Further, NPC confirmed that it reviewed complaints from Ms. K (underlying customer in occurrence number [redacted]), and from Mr. and Mrs. J (underlying customers in occurrence number [redacted]) concerning investments made by each through Claimant. NPC conducted an investigation into both matters and determined that Ms. K and Mr. and Mrs. J's complaints were unjustified and denied the complaints. Additionally, NPC confirmed that it received a Statement of Claim filed by Mr. and Mrs. P (underlying customers in occurrence number [redacted]) in November 2007, over six years after transferring their accounts from NPC. In an effort to obviate litigation costs, NPC settled the case. NPC further advised that Claimant did not contribute anything toward the settlement and that there was no admission of fault.

On August 15, 2017, Claimant filed copies of correspondence sent via U.S. Certified Mail to each of the customers in the Underlying Claims (collectively referred to as the "Underlying Customers"), which included the Statement of Claim. The correspondence advised the Underlying Customers that although they are not required, nor under a duty to do so, they may participate in the hearing scheduled for November 13, 2017 and November 14, 2017 at 9:00am PST, or submit written documentation. On August 16, 2017, Claimant filed an Affidavit of Service of the Statement of Claim by Certified U.S.

Mail on the Underlying Customers. The Arbitrator found that all of the Underlying Customers received notice of the request for expungement and the expungement hearing. None of the Underlying Customers filed responses.

On October 23, 2017, NPC advised that it will not participate in the expungement hearing.

The Arbitrator conducted recorded telephonic hearings on November 13 and 14, 2017, so the parties could present oral argument and evidence on Claimant's requests for expungement. None of the Underlying Customers participated in the expungement hearings. On November 13, 2017, NPC joined the hearing and advised that it would not participate in the hearing and then disconnected itself from the hearing. QA3 did not appear at the expungement hearing.

During the November 13, 2017 hearing, Claimant made an oral motion to Amend the Statement of Claim. In the Statement of Claim, Claimant requested at line 33 to change the date from 2007 to 1998, and at line 38 to change the date from 2007 to 1998. The Arbitrator granted Claimant's motion and the Amended Statement of Claim became part of the record. Claimant also withdrew his request for $1.00 in damages.

The Arbitrator notes that while drafting the award, certain questions arose concerning three of the underlying claims (namely, occurrence numbers [redacted], [redacted] and [redacted]). By order dated November 27, 2017, the Arbitrator required further information, which Claimant provided on November 29, 2017.

The Arbitrator conducted a recorded telephonic hearing on December 15, 2017, so the parties could respond on the record to the Arbitrator's November 27 Order. Only Claimant, Claimant's counsel, and Mr. F, a witness, appeared and participated in the hearing.

The Arbitrator reviewed Claimant's BrokerCheck® Report.

The Arbitrator noted that occurrence numbers [redacted], [redacted], [redacted], and [redacted] settled. The Arbitrator reviewed the settlement documents in occurrence numbers [redacted], [redacted], [redacted], and the Stipulated Award the parties entered into in occurrence number [redacted]. The Arbitrator found that there was no prior "preliminary settlement" between the parties in occurrence number [redacted] so there was no separate settlement agreement for the Arbitrator to review. The Arbitrator considered the amount of payments made to any party, and considered other relevant terms and conditions of the settlements. The Arbitrator noted that the settlements were not conditioned on the Underlying Customers not opposing the requests for expungement.

The Arbitrator noted that Claimant testified that he did not contribute to the settlement amount in occurrence number [redacted], even though his BrokerCheck® Report indicates that he did contribute. The Arbitrator further noted that Claimant contributed to the settlement amounts in occurrence numbers [redacted], [redacted], and [redacted]. In occurrence number [redacted] while Claimant was out of state on a fixed term consulting contract, he learned that QA3 had missed deadlines in a FINRA arbitration which had

not been communicated to Claimant. In order not to breach the consulting contract and to save lawyer and litigation costs, Claimant, without the assistance of counsel, agreed to settle that arbitration through a joint Stipulated Award, which he alone negotiated directly with Mr. and Mrs. M and agreed to pay $59,780.00, on a claim of $100,000.00. In occurrence number [redacted], the Arbitrator found that Claimant made a nuisance value settlement payment of $4,250.00 on a claim of $500,000.00. Claimant did sign the settlement agreement at the time in counterpart which is now included in the record of this matter. Similarly, in occurrence number [redacted] the Arbitrator found that on the claim of $556,735.00, Claimant chose to contribute $5,000.00 of the total settlement amount of $24,000.00 which was shared by three other parties (including QA3) as a nuisance value settlement payment.

The Arbitrator noted that Claimant had requested expungement in occurrence nos. [redacted] and [redacted], but did not pursue expungement in those matters. The Arbitrator further noted that Claimant did not previously file a claim requesting expungement in any other underlying claim.

In recommending expungement, the Arbitrator reviewed and relied upon Claimant's focused, clear, convincing, consistent, and credible oral testimony and documentary evidence in support of each and all of his requests for expungement. Additionally, the Arbitrator relied upon the following documentary or other evidence:

In recommending expungement of occurrence number [redacted] (in which Ms. K is the underlying customer)

- Claimant's letter to NPC regarding Ms. K's complaint dated 3/21/2001;
- NPC Complaint Report dated 5/26/2001; and
- NPC's correspondence to Ms. K regarding no further action dated 4/4/2001.

In recommending expungement of occurrence number [redacted] (in which Mr. and Mrs. J are the underlying customers)

- Mr. and Mrs. J's account statements dated 8/3/2000 to 12/29/2000;
- Confidential Client Profile and Investment Advisory Agreement;
- Clarke Lanzen Skalla Investment Firm, Inc. ("CLS") Advisory Fee Statement;
- CLS letter to Mr. J regarding new policy dated 7/19/2000;
- CLS Statement of Allocation dated 7/19/2000;
- Mr. J letter to CLS regarding allocation instructions dated 6/5/2000;
- Plan Summary; NPC Order Ticket; Quarterly Performance Evaluation for 3Q 2000; Quarterly Performance Evaluation for 2Q 2000;
- NPC letter to Mr. and Mrs. J regarding no further action dated 4/2/2001;
- NPC new account form for Mr. J dated 6/5/2000; and
- Order Ticket dated 6/5/2000.

In recommending expungement of occurrence number [redacted] (in which Mr. and Mrs. P are the underlying customers)

- Settlement Agreement and Mutual Release;
- Claimant's correspondence to QA3 regarding Mr. and Mrs. P's complaint;
- Retirement Analysis Assumptions & Summary – for 2003 through 2008;

- Mr. and Mrs. P's complaint dated 2/23/2004 to QA3;
- NPC Initial Policy Application for Mrs. P dated 4/26/2000;
- Initial Policy Application for Mr. P IRA dated 5/1/2000; and
- Initial Policy Application for Mrs. P IRA dated 5/1/2000.

In recommending expungement of occurrence number [redacted] (in which Mr. V is the underlying customer)

- Unsigned response to Mr. V's dispute; and
- Complaint filed in the Third Judicial District Court of Salt Lake County State of Utah – Salt Lake City Department.

In recommending expungement of occurrence number [redacted] (in which Mr. and Mrs. M are the underlying customers)

- Stipulation for Arbitration Award and Affidavit of Confession of Judgement;
- "A Closer Look at the DBSI Bankruptcy" Delaware Bankruptcy Litigation article dated November 12, 2008";
- "DBSI Founders Douglas L. Swenson and Mark A Ellison Sentenced for Defrauding Thousands of Investors" The United States Attorney's Office article dated August 20, 2014; and
- Claimant's Statement of Answer in FINRA Arbitration Case No. [redacted]

In recommending expungement of occurrence number [redacted] (in which Mr. and Mrs. C are the underlying customers)

- Claimant and Mr. F's BrokerCheck® Reports;
- Settlement Agreement and General Release;
- Mr. F's Statement of Answer in the underlying arbitration case;
- "A Closer Look at the DBSI Bankruptcy" Delaware Bankruptcy Litigation article dated November 12, 2008"; and
- "DBSI Founders Douglas L. Swenson and Mark A Ellison Sentenced for Defrauding Thousands of Investors" The United States Attorney's Office article dated August 20, 2014.

In recommending expungement of occurrence number [redacted] (in which Mr. and Mrs. S are the underlying customers)

- Mr. F's BrokerCheck® Report;
- Settlement Agreement and General Release;
- "A Closer Look at the DBSI Bankruptcy" Delaware Bankruptcy Litigation article dated November 12, 2008";
- "DBSI Founders Douglas L. Swenson and Mark A Ellison Sentenced for Defrauding Thousands of Investors" The United States Attorney's Office article dated August 20, 2014;
- Client Information Sheet and Financial Statement as of 5/21/2007;
- QA3 Suitability New Account Form dated April 21, 2007;
- TIC Meeting Agenda & Protocol dated April 5 to April 23, 2007;
- QFN Acknowledgement Form – Proposed 1031 Exchange dated 5/21/2007;
- QA3 1031 Exchange/Tenant-in-Common Disclosure for DBSI-sponsored Park

Plaza Retail Center dated 5/21/2007;
- Consent of LLC Formation dated 5/21/2007;
- Certificate of Borrower for Park Plaza Retail Center dated 5/21/2007;
- Mick & Associates, PC Due Diligence Review Checklist;
- Due Diligence Completion Acknowledgment dated 5/16/2007; and
- Check off List for TIC Transactions.

AWARD: After considering the pleadings, the testimony and evidence presented at the expungement hearings, 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 Underlying Claims, being Occurrence Numbers [redacted], [redacted], [redacted], [redacted], [redacted] and [redacted] from Claimant [redacted] (CRD # [redacted]) registration records maintained by the CRD, with the understanding that pursuant to Notice to Members 04-16, Claimant [redacted] 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.

Occurrence Number [redacted] (in which Ms. K is the underlying customer)
Pursuant to Rule 13805 of the 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: on June 23, 2017, NPC filed a Motion for Leave to Amend its Answer to Claimant's Statement of Claim. NPC stated that it "does not oppose Claimant's request for expungement… [and…] does not dispute the factual representations made by Claimant as it relates to Occurrence. [redacted]." Furthermore, NPC after "…conducting an investigation into [this matter] determined that the complaint(s) of Ms. K… [was] unjustified and it denied the complaint(s)."

After attending an investment seminar provided by Claimant for the faculty at Ms. K's school, Claimant had a least four meetings with Ms. K before she became a customer. Claimant understood Ms. K's age, experience, objectives, financial situation, debt planning, liquidity concerns, tax deferral wishes, risk tolerance, etc. Ms. K wanted to move from a fixed annuity. She received and signed new account, suitability, variable annuity, risk tolerance, etc. forms. There were three due diligence levels—the broker/dealer, the third party money market manager, and the annuity company. Ms. K was provided all fee and appropriate investment vehicle disclosure forms and regular mail updates. While a customer from 1995 to 2001, Claimant and Ms. K met twice a year and she was provided with 24 quarterly statements. Ms. K never complained until after the dotcom market crash in 2000-2001. This investment was not unsuitable for Ms. K.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] in which Mr. and Mrs. J are the underlying customers)
Pursuant to Rule 13805 of the 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: on June 23, 2017, NPC filed a Motion for Leave to Amend its Answer to Claimant's Statement of Claim. NPC stated that it "does not oppose Claimant's request for expungement… [and…] does not dispute the factual representations made by Claimant as it relates to Occurrence… [redacted] …" Furthermore, NPC after "…conducting an investigation into [this matter] determined that the complaint(s) of Mr. and Mrs. J… [was] unjustified and it denied the complaint(s)."

Furthermore, Mr. and Mrs. J were referred to Claimant in 1997, had a least four meetings with Claimant before deciding to invest through him, met with him two times annually for four years and did not complain until after the market crash. Their claim of unsuitability does not stand in light of their receipt of new account, suitability, variable annuity, Morningstar, risk tolerance, etc. forms, and their desire for tax deferral, moderate risk with growth opportunity for retirement income, and the actual prior-to-purchase Morningstar review of funds in the "no surrender charge" annuity. Additionally, Mr. and Mrs. J received all the disclosure information, risk tolerance, fee disclosures, and NPC, third party money market manager, and annuity company suitability reviews, as well as regular mail statements, etc.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] (in which Mr. and Mrs. P are the underlying customers)
Pursuant to Rule 13805 of the 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: on June 23, 2017, NPC filed a Motion for Leave to Amend its Answer to Claimant's Statement of Claim. NPC stated that it "does not oppose Claimant's request for expungement… [and…] does not dispute the factual representations made by Claimant as it relates to Occurrence… [redacted] … Regarding Occurrence No. [redacted], NPC confirms that it received a Statement of Claim filed by [Mr. and Mrs. P] in November 2007, over six years after transferring their accounts from NPC. In an effort to obviate litigation costs, NPC settled that case. *Claimant did not contribute anything toward settlement and there was no admission of fault."* [Emphasis added]

Initially, the FINRA six year eligibility rule would appear to bar Mr. and Mrs. P's FINRA claim. Despite Mr. and Mrs. P's initial claim in February 2004 and Claimant's response in March 2004, Mr. and Mrs. P renewed their complaint in 2007, but only cited a requested retirement projection by Claimant from 2000 to 2003. In fact, Claimant had provided them a retirement income projection for 2003 to 2008.

Mr. P was a sophisticated investor with high yield fixed annuities experience. He had been a customer of Claimant since 1989. In 2000, prior to making this investment about which Mr. P complains, he met with Claimant five times. Mr. P requested a 100% stock portfolio and listed his risk tolerance at 9.8 of 10. He wanted a high rate of return in a no load, variable annuity with no surrender costs. He insisted that the projected inflation factor be 3% and not 4%. All proper and customary disclosures, such as the Risk Tolerance Questionnaire and Income Policy Statement were made by Claimant and forms such as the Prospectus, Morningstar Report, annuity information, etc. were provided to Mr. and Mrs. P. During the four years that Claimant served as their financial advisor, Mr. and Mrs. P received 28 account statements and met eight times with Claimant, and made no complaints until after the 2002 market crash which resulted in their account losing approximately 53% in value. This matter was settled and Claimant made no contribution to the settlement amount. This investment vehicle, which also included a third party money market manager, was not unsuitable for Mr. and Mrs. P.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] (in which Mr. V is the underlying customer)
Pursuant to Rule 13805 of the Code, the Arbitrator has made the following Rule 2080 affirmative findings of fact: the claim, allegation, or information is factually impossible or clearly erroneous; 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: this unsuitability claim resulted from the fallout of a lawsuit in State Court in Utah involving co-trustees [Mr. V's son and a specialty law firm] of a trust established by Mr. V who placed approximately $20,000,000.00 in that trust in order to sell assets with a tax advantage. Apparently, that trust missed more than one deadline for payment of federal income taxes and thus allegations of blame/liability ensued. From 2005 to 2010, there had been no complaints against the trust's Financial Advisor, Mr. S, of QA3.

Initially, Claimant was referred to Mr. V's lawyers and CPA to educate them on asset allocations, income, tax issues, etc. in light of their goals for investing the $20,000,000.00. After that educational presentation, the co-trustees, Mr. V's attorneys and CPA, all sophisticated persons, chose a Financial Advisor at QA3 [Claimant's then employer], Mr. S, to establish, advise and recommend investments to the trust, *not* Claimant. Suitability reviews were made by QA3, a third-party money manager, and the co-trustees. In this relationship, Claimant's only role was that he shared offices with Mr. S who was the advisor of record. There was no suitability issue nor was Claimant involved as the financial advisor in providing any advice or making any recommendations to the trust.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] in which Mr. and Mrs. M are the underlying customers)
Pursuant to Rule 13805 of the 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: Mr. and Mrs. M claimed unsuitability, breach of fiduciary duty, and breach of the duty of loyalty, and were accredited investors referred to Claimant in 2005. Before becoming customers of Claimant at QA3, there were six meetings between them. Discussions included age, needs, tax status, objectives, risk tolerance, timing and liquidity, etc. Claimant exercised due diligence and care by advising a 50-50 split, for tax and return on revenue purposes, of their $200,000.00 investment between an annuity and DBSI, a successful 28 year TIC investment platform. There were several forms provided such as new account, private placement, suitability, custodian, etc. Also, there were several levels of review, i.e., QA3, the broker/dealer compliance department and its Real Estate Department for the private placement, and finally an independent legal review. During the six years of their relationship, Claimant met 10 times with Mr. and Mrs. M, and they received 24 account statements and did not complain.

While Claimant was out of state on a fixed term consulting contract, he learned that QA3 had missed deadlines in a FINRA arbitration which had not been communicated to Claimant. In order not to breach the consulting contract and to save lawyer and litigation costs, Claimant, without the assistance of counsel, agreed to settle that arbitration through a joint Stipulated Award, which he alone negotiated directly with Mr. and Mrs. M and agreed to pay $59,780.00. Claimant was diligent and attentive to these accredited investors, and did not recommend any unsuitable investments. Claimant did not breach either his fiduciary duty or his duty of loyalty to Mr. and Mrs. M.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] (in which Mr. and Mrs. C are the underlying customers)
Pursuant to Rule 13805 of the Code, the Arbitrator has made the following Rule 2080 affirmative findings of fact: 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: Mr. F was the advisor of record for Mr. and Mrs. C, the accredited investors who made this unsuitability claim. Based on Mr. F's due diligence, and after many meetings and several layers of review, Mr. and Mrs. C invested in a tenant in common ("TIC") through DBSI Inc. which, at that time, had an unblemished record for almost 28 years. From 2005 to 2011, they received 28 quarterly statements, yet made no complaints until the

principals of DBSI were accused of criminal misconduct and declared bankruptcy after the 2008 market correction.

The suitability complaint is inapposite, because Claimant was not the advisor of record, did not provide advice or recommendations, did not receive any commissions, and neither received communications from nor communicated with Mr. and Mrs. C. The only relationship here is that Mr. F and Claimant shared the same QA3 office. On a claim of $500,000.00, Claimant made a nuisance value settlement payment of $4,250.00.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

Occurrence Number [redacted] (in which Mr. and Mrs. S are the underlying customers)
Pursuant to Rule 13805 of the Code, the Arbitrator has made the following Rule 2080 affirmative findings of fact: 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: Mr. F was the advisor of record for Mr. and Mrs. S, who were sophisticated and knowledgeable real estate investors and owners with a substantial net worth and annual income. Mr. and Mrs. S claimed unsuitability, misrepresentation and omissions. Based on Mr. F's due diligence, and after many meetings and several layers of review, Mr. and Mrs. S effected a section 1031 exchange and invested in a TIC through DBSI Inc. which, at that time, had an unblemished record for almost 28 years. From 2007 to 2011, they initially met once every three months and thereafter once a year, and made no complaints until the principals of DBSI were accused of criminal misconduct and declared bankruptcy.

There is no need to examine the suitability, misrepresentation and omissions claim further. They are inapposite because Claimant was not the advisor of record, did not provide advice or recommendations, did not receive any commissions, and neither received communications from nor communicated with Mr. and Mrs. S. The only relationship here is that Mr. F and Claimant shared the same QA3 office. On a claim of $556,735.00, Claimant made a nuisance value settlement payment of $5,000.00.

Therefore, the Arbitrator recommends that occurrence number [redacted] be expunged from Claimant's CRD record.

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

OTHER FEES: Pursuant to the Code, the following fees are assessed:

Filing Fees
ODR 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, NPC and QA3 are assessed the following:

NPC

Member Surcharge =$ 150.00

QA3

Member Surcharge =$ 150.00

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, that 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 June 22, 2017 1 session

Four (4) hearing sessions on expungement requests @ $50.00/session =$ 200.00
Hearing Dates: November 13, 2017 2 sessions
November 14, 2017 1 session
December 15, 2017 1 session

Total Hearing Session Fees = $ 250.00

1. The Arbitrator has assessed $225.00 of the hearing session fees to Claimant.
2. The Arbitrator has assessed $25.00 of the hearing session fees to NPC.

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

ARBITRATOR

John J. Fitzpatrick, Jr. - 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

John J. Fitzpatrick, Jr.
Sole Public Arbitrator

January 12, 2018
Signature Date

January 12, 2018
Date of Service (For FINRA-ODR office use only)