

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant

George Wilson
George Wilson IRA
Janice Almeleh
Deluvina Lopez
Alan Bulotsky
Toby Bulotsky
Toby D. Bulotsky Trust
Jean Wilson
Jean Wilson IRA
Grace Lutheran Church Fremont, Ohio

Case Number: 22-01490

vs.

Respondent

AGES Financial Services, LTD.

Hearing Site: San Diego, California

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: Customers vs. Member

This case was decided by an all-public panel.

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimants George Wilson (“G. Wilson”), George Wilson IRA (“G. Wilson IRA”), Janice Almeleh (“Almeleh”), Deluvina Lopez (“Lopez”), Alan Bulotsky (“A. Bulotsky”), Toby Bulotsky (“T. Bulotsky”), Toby D. Bulotsky Trust (“T. Bulotsky Trust”), Jean Wilson (“J. Wilson”), Jean Wilson IRA (“J. Wilson IRA”) and Grace Lutheran Church Fremont, Ohio (“Grace Lutheran Church” collectively, “Claimants”): Adam J. Gana, Esq. and Adam J. Weinstein, Esq., Gana Weinstein LLP, New York, New York.

For Respondent AGES Financial Services, LTD. (“Respondent”): Kirsten Patzer, Esq., Prince Lobel Tye LLP, Boston, Massachusetts.

CASE INFORMATION

Statement of Claim filed on or about: July 1, 2022.
Amended Statement of Claim filed on or about: August 25, 2022.
G. Wilson signed the Submission Agreement: July 1, 2022.
G. Wilson IRA signed the Submission Agreement: July 1, 2022.
Almeleh signed the Submission Agreement: July 1, 2022.
Lopez signed the Submission Agreement: July 1, 2022.
T. Bulotsky signed the Submission Agreement: July 1, 2022.
A. Bulotsky signed the Submission Agreement: July 1, 2022.
T. Bulotsky Trust signed the Submission Agreement: July 1, 2022.
J. Wilson signed the Submission Agreement: July 1, 2022.
J. Wilson IRA signed the Submission Agreement: July 1, 2022.
Grace Lutheran Church signed the Submission Agreement: August 25, 2022.

Statement of Answer filed by Respondents on or about: October 10, 2022.
Respondent signed the Submission Agreement: September 12, 2022.

CASE SUMMARY

In the Statement of Claim, as amended, Claimants asserted the following causes of action: breach of fiduciary duty; suitability; fraudulent or negligent material misrepresentations and omissions of material information in the sale of investments to Claimants; violation of FINRA Rules 2010, IM-2310-2, and 2020; failure to supervise; and breach of contract. The causes of action relate to Claimants' investments in GWG Holdings, Inc.

Unless specifically admitted in the Statement of Answer, Respondent denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimants requested:

1. Compensatory damages for a sum of at least \$648,000 or alternatively, well managed portfolio damages;
2. Statutory damages;
3. Interest at the statutory rate;
4. Attorneys' fees;
5. Expert fees;
6. Forum fees;
7. Punitive damages; and
8. Any and all other relief available to Claimants, in law or equity or otherwise, which may be granted to them by the Panel.

In the Statement of Answer, Respondent did not set forth a specific relief request.

At the hearing, G. Wilson, J. Wilson and Almeleh requested emotional distress and elder abuse damages in addition to the relief requested in the Amended Statement of Claim.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On June 13, 2023, Claimants filed a motion to compel ("Motion to Compel") and motion for sanctions ("Motion for Sanctions"), to which no response was filed. By order dated August 1, 2023 ("August 1, 2023 Order"), the Panel granted Claimants' Motion to Compel and awarded Claimant the fees and costs incurred in filing the Motion to Compel as sanctions. The Panel issued deadline of August 15, 2023 for Respondent to comply with the Motion to Compel and for Claimants to submit the fees and costs incurred in bringing the Motion to Compel.

On August 14, 2023, Claimants filed a status report on Respondent's production pursuant to the Panel's August 1, 2023 Order, requested Respondent submit an affidavit of compliance with the August 1, 2023 Order ("Motion for Verification"), and requested \$10,000.00 in fees and costs as sanctions for the Motion to Compel. On August 21, 2024, Respondent filed an update on the discovery production and a motion to reconsider sanctions. By order dated August 23, 2023, the Panel granted Respondent's motion to reconsider sanctions and deferred the order on the Motion for Sanctions pending the evidentiary hearing. By order dated August 28, 2023, the Chairperson granted Claimants' Motion for Verification.

On April 2, 2024, Respondent filed a Motion to Sever. On April 10, 2024, Claimants filed an opposition to the Motion to Sever and request for sanctions ("Claimants' Second Motion for Sanctions"). On April 18, 2024, Respondent withdrew its Motion to Sever. On the same day, Claimants filed a reply and maintained the request for relief outlined in Claimants' Second Motion for Sanctions. By order dated April 24, 2024, the Panel granted Claimants' Second Motion for Sanctions and awarded Claimants \$10,000.00 in attorneys' fees as sanctions to be paid by Respondent within 30 days.

On May 29, 2024, Claimants filed a motion to enforce sanctions and for additional sanctions ("Motion to Enforce Sanctions"). On June 9, 2024, Respondent filed an opposition to the Motion to Enforce Sanctions. On June 13, 2024, Claimants filed a reply in support of their Motion to Enforce Sanctions. On June 14, 2024, the Panel granted Claimant's request to enforce sanctions and restated its April 24, 2024 Order and ordered Respondent to pay \$10,000.00 in sanctions plus 10% interest beginning May 25, 2024 until paid. The Claimants' request for an additional \$10,000.00 in sanctions per day of non-payment was denied without prejudice.

On July 24, 2024, Respondent filed a motion for sanctions ("Respondent's Motion for Sanctions"). On August 1, 2024, Claimants filed an opposition to Respondent's Motion for Sanctions and requested sanctions in return ("Claimants' Third Motion for Sanctions"). On August 6, 2024, Respondent filed a reply in support of its motion and opposition to Claimants' Third Motion for Sanctions. By order dated August 7, 2024, the Panel denied Respondent's Motion for Sanctions and Claimants' Third Motion for Sanctions without prejudice.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

G. Wilson individually and on behalf of the G. Wilson IRA

1. Respondent is liable for and shall pay to G. Wilson the sum of \$267,252.00 in compensatory damages.
2. Respondent is liable for and shall pay to G. Wilson interest on the above-stated sum at the rate of 10% per annum beginning thirty (30) days from the date of the Award until the Award is paid in full.
3. Respondent is liable for and shall pay to G. Wilson the sum of \$12,616.15 in costs.
4. Respondent is liable for and shall pay to G. Wilson the sum of \$80,176.00 in attorneys' fees pursuant to California Blue Sky law statutory basis Cal. Corp. Code Section 25501.
5. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, are denied.

Almeleh

1. Respondent is liable for and shall pay to Almeleh the sum of \$256,520.00 in compensatory damages.
2. Respondent is liable for and shall pay to Almeleh interest on the above-stated sum at the rate of 10% per annum beginning thirty (30) days from the date of the Award until the Award is paid in full.
3. Respondent is liable for and shall pay to Almeleh the sum of \$75,000.00 in emotional distress damages.
4. Respondent is liable for and shall pay to Almeleh the sum of \$12,616.15 in costs.
5. Respondent is liable for and shall pay to Almeleh the sum of \$76,956.00 in attorneys' fees pursuant to California Blue Sky law statutory basis Cal. Corp. Code Section 25501.
6. Any and all claims for relief not specifically addressed herein, including punitive damages, are denied.

Lopez

1. Respondent is liable for and shall pay to Lopez the sum of \$53,762.00 in compensatory damages.
2. Respondent is liable for and shall pay to Lopez interest on the above-stated sum at the rate of 10% per annum beginning thirty (30) days from the date of the Award until the Award is paid in full.
3. Respondent is liable for and shall pay to Lopez the sum of \$12,616.15 in costs.

4. Respondent is liable for and shall pay to Lopez the sum of \$18,817.00 in attorneys' fees pursuant to A.R.S. § 44-2002.
5. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, are denied.

A. Bulotsky, T. Bulotsky and the T. Bulotsky Trust (collectively, the "Bulotskys")

1. The Bulotskys' claims are denied in their entirety.
2. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages and attorneys' fees, are denied.

J. Wilson individually and on behalf of the J. Wilson IRA

1. Respondent is liable for and shall pay to J. Wilson the sum of \$149,372.00 in compensatory damages.
2. Respondent is liable for and shall pay to J. Wilson interest on the above-stated sum at the rate of 10% per annum beginning thirty (30) days from the date of the Award until the Award is paid in full.
3. Respondent is liable for and shall pay to J. Wilson the sum of \$75,000.00 in emotional distress damages.
4. Respondent is liable for and shall pay to J. Wilson the sum of \$12,616.15 in costs.
5. Respondent is liable for and shall pay to J. Wilson the sum of \$44,812.00 in attorneys' fees pursuant to California Blue Sky law statutory basis Cal. Corp. Code Section 25501.
6. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, are denied.

Grace Lutheran Church

1. Grace Lutheran Church's claims are denied in their entirety.
2. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages and attorneys' fees, are denied.

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	= \$ 1,740.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent is assessed the following:

Member Surcharge	= \$	2,625.00
Member Process Fee	= \$	5,225.00

Late Pre-Hearing Cancellation Fees

Fees apply when a pre-hearing conference is cancelled within three business days of the scheduled conference:

October 25, 2022, cancellation requested by Parties	= \$	300.00
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Total Late Pre-Hearing Cancellation Fees	= \$	300.00
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The Panel has assessed \$150.00 of the late pre-hearing cancellation fees jointly and severally to Claimants.

The Panel has assessed \$150.00 of the late pre-hearing cancellation fees to Respondent.

Postponement Fees

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

December 5-8 & 11-15, 2023 postponement requested by Claimants	= \$	1,325.00
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Total Postponement Fees	= \$	1,325.00
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The Panel has assessed the total postponement fees jointly and severally to Claimants.

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

Six (6) decisions on discovery-related motions on the papers with one (1) Arbitrator @ \$200.00/decision	= \$	1,200.00
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Three (3) decisions on discovery-related motions on the papers with the Panel @ \$600.00/decision	= \$	1,800.00
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Claimants submitted five (5) discovery-related motions
Respondent submitted four (4) discovery-related motions

Total Discovery-Related Motion Fees	= \$	3,000.00
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The Panel has assessed \$600.00 of the discovery-related motion fees jointly and severally to Claimants.

The Panel has assessed \$2,400.00 of the discovery-related motion fees to Respondent.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator(s), including a pre-hearing conference with the Arbitrator(s), which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with the Panel @ \$1,325.00/session	= \$	1,325.00
Pre-Hearing Conference: December 13, 2023	1 session	

Nineteen (19) hearing sessions @ \$1,325.00/session	= \$	25,175.00
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Hearings:	May 6, 2024	2 sessions
	May 7, 2024	2 sessions
	May 8, 2024	2 sessions
	May 9, 2024	2 sessions
	May 10, 2024	2 sessions
	August 12, 2024	1 session
	August 13, 2024	2 sessions
	August 14, 2024	2 sessions
	August 15, 2024	2 sessions
	August 16, 2024	2 sessions

Total Hearing Session Fees	= \$	26,500.00
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The Panel has assessed \$13,250.00 of the hearing session fees to Claimants equally.

The Panel has assessed \$13,250.00 of the hearing session fees to Respondents.

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

ARBITRATION PANEL

Janice L. Sperow	-	Public Arbitrator, Presiding Chairperson
Randy R. Maher	-	Public Arbitrator
Helen W. Kinnaird	-	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.

Concurring Arbitrators' Signatures

Janice L. Sperow

Janice L. Sperow
Public Arbitrator, Presiding Chairperson

09/06/2024

Signature Date

Randy R. Maher

Randy R. Maher
Public Arbitrator

09/06/2024

Signature Date

Helen W. Kinnaird

Helen W. Kinnaird
Public Arbitrator

09/06/2024

Signature Date

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September 06, 2024

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