

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

Arthur Sitelman and Edna Sitelman,
individually and in their representative capacities
for Arthur Sitelman IRA, The Good Daughter, LLC,
and Faraway Assets, LLC

Case Number: 21-00811

vs.

Respondents

Independent Financial Group, LLC
Armando Roman
Independent Financial Group, Inc.

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: Customers vs. Member, Associated Person, and Non-Member

This case was decided by a majority-public panel.

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimants Arthur Sitelman IRA, Faraway Assets, LLC, The Good Daughter, LLC, Arthur Sitelman, and Edna Sitelman (collectively, “Claimants”): Thomas C. Frost, Esq., The Frost Firm, San Diego, California.

For Respondents Independent Financial Group, LLC (“IFG”), Armando Roman (“Roman”) and Independent Financial Group, Inc. (“IFG Inc.”): Edward S. Zusman, Esq., Markun Zusman Freniere & Compton LLP, San Francisco, California.

Hereinafter, IFG, Roman and IFG Inc. are collectively referred to as “Respondents”.

CASE INFORMATION

Statement of Claim filed on or about: March 26, 2021.

Arthur Sitelman signed the Submission Agreement: March 24, 2021.

Edna Sitelman signed the Submission Agreement: March 24, 2021.

Arthur Sitelman IRA signed the Submission Agreement: March 24, 2021.
The Good Daughter, LLC signed the Submission Agreement: March 24, 2021.
Faraway Assets, LLC signed the Submission Agreement: March 24, 2021.

Statement of Answer filed by Respondents on or about: July 2, 2021.
IFG signed the Submission Agreement: June 16, 2021.
Roman signed the Submission Agreement: June 16, 2021.
IFG Inc. signed the Submission Agreement: June 16, 2021.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action: breach of fiduciary duty; fraud; fraudulent concealment; elder abuse; conversion; violations of state and federal securities laws; violations of FINRA, NASD and NYSE rules; negligence; negligent misrepresentation; and breach of contract. The causes of action relate to Claimants' investments in various Direct Participation Programs ("DPPs"), including Strategic Storage Trust, Inc., Griffin-American Healthcare REIT III Inc., FS KKR Capital Corporation III; American Realty Capital Trust V Inc. American Realty Capital Healthcare II Inc, Walton US Land Fund 3, LP, NorthStar Healthcare Income, CION Investment Corp and Griffin Capital Essential Asset REIT II.

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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. Compensatory damages in an amount to be proven at hearing, estimated to exceed \$3,500,000.00;
2. Fees and other compensation wrongfully usurped by Respondents for their mismanagement of their accounts;
3. Attorneys' fees;
4. Costs;
5. Punitive damages pursuant to applicable uniform elder financial abuse laws; and
6. Such other and further relief as the Panel may deem just and proper.

In the Statement of Answer, Respondents requested:

1. All causes of action and claims be dismissed with prejudice in their entirety;
2. Claimants take nothing by way of the Statement of Claim;
3. Respondents' portion of the forum fees be assessed against Claimants;
4. Expungement of all references to Occurrence Number 2129722 from Central Registration Depository ("CRD") registration records for Armando G. Roman (CRD Number 4414526); and
5. Such other and further relief as the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

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

The Award in this matter may be executed in counterpart copies.

AWARD

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

1. Respondents are jointly and severally liable for and shall pay to Arthur Sitelman IRA the sum of \$400,000.00 in compensatory damages.
2. Respondents are jointly and severally liable for and shall pay to The Good Daughter, LLC the sum of \$100,000.00 in compensatory damages.
3. Respondents are jointly and severally liable for and shall pay to Faraway Assets, LLC the sum of \$500,000.00 in compensatory damages.
4. Roman's request for expungement of Occurrence Number 2129722 from registration records maintained by the CRD is denied.
5. 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	= \$	2,250.00
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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, IFG is assessed the following:

Member Surcharge	= \$	4,025.00
------------------	------	----------

Member Process Fee = \$ 7,000.00

Postponement Fees

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

April 4-8, 2022, postponement requested by Parties Waived
April 17-21, 2023, postponement requested by Parties Waived

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:

Two (2) pre-hearing sessions with a single Arbitrator @ \$1,500.00/session = \$ 3,000.00
Pre-Hearing Conferences: August 3, 2021 1 session
March 15, 2022 1 session

Ten (10) pre-hearing sessions with the Panel @ \$1,500.00/session = \$ 15,000.00
Pre-Hearing Conferences: October 30, 2023 2 sessions
October 31, 2023 2 sessions
November 1, 2023 2 sessions
November 2, 2023 2 sessions
November 3, 2023 2 sessions

Total Hearing Session Fees = \$ 18,000.00

The Panel has assessed \$1,500.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$16,500.00 of the hearing session fees jointly and severally to Respondents.

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

ARBITRATION PANEL

Robert Rosen	-	Public Arbitrator, Presiding Chairperson
Jay Lawrence Witkin	-	Public Arbitrator
Lanny M. Leff	-	Non-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

Robert Rosen

Robert Rosen
Public Arbitrator, Presiding Chairperson

12/14/2023

Signature Date

Jay Lawrence Witkin

Jay Lawrence Witkin
Public Arbitrator

12/14/2023

Signature Date

Lanny M. Leff

Lanny M. Leff
Non-Public Arbitrator

12/14/2023

Signature Date

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.

December 14, 2023

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