

**Award**  
**FINRA Office of Dispute Resolution**

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In the Matter of the Arbitration Between:

Claimants

John C. Medeiros, individually and as Beneficiary of the Estate of Patricia Medeiros and the John C. Medeiros Trust Dated May 5, 2016, through Karen Anne Newman, Pursuant to a Power of Attorney and as Trustee of the John C. Medeiros Trust Dated May 5, 2016

Case Number: 17-03375

vs.

Respondent

Quest Capital Strategies, Inc.

Hearing Site: Boca Raton, Florida

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Nature of the Dispute: Customers vs. Member

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For John C. Medeiros, individually and as Beneficiary of the Estate of Patricia Medeiros and the John C. Medeiros Trust Dated May 5, 2016, through Karen Anne Newman, Pursuant to a Power of Attorney and as Trustee of the John C. Medeiros Trust Dated May 5, 2016 ("Claimants"): Kalju Nekvasil, Esq., Goodman & Nekvasil, P.A., Clearwater, Florida.

For Respondent Quest Capital Strategies, Inc.: Neil S. Baritz, Esq. and Heather Cooper, Esq., Baritz & Colman LLP, Boca Raton, Florida.

**CASE INFORMATION**

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

Claimants signed the Submission Agreement: December 21, 2017.

Statement of Answer filed by Respondent on or about: March 30, 2018.

Quest Capital Strategies, Inc. signed the Submission Agreement: February 28, 2018.

**CASE SUMMARY**

Claimants asserted the following causes of action: violations of federal securities laws; violation of the Virginia securities laws; violation of the Florida Securities and Investor Protection Act; breach of contract; common law fraud; breach of fiduciary duty; and negligence and gross negligence. The causes of action relate to Claimants' investments in promissory notes of the Woodbridge Mortgage Investment Funds 1 and 2.

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

### **RELIEF REQUESTED**

In the Statement of Claim, Claimants requested: compensatory damages in the amount of at least \$200,000.00; compensatory and rescissionary damages under the Virginia Uniform Securities Act; statutory damages; non-economic damages; rescission; benefit of the bargain damages; lost opportunity costs; model portfolio damages; pre-judgment interest at the legal rate from the date of purchase; costs; attorneys' fees; punitive damages; and such other relief as was deemed proper and necessary.

In the Statement of Answer, Respondent requested the Panel: dismiss this action in its entirety; award Respondent costs incurred in connection with the defense of this matter; and grant such further relief as the Panel deemed just and proper.

At the close of hearing, Respondent requested attorneys' fees.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

### **AWARD**

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

1. Respondent is liable for and shall pay to Claimants the sum of \$235,000.00 in compensatory damages.
2. Respondent is liable for and shall pay to Claimants the sum of \$41,226.46 in costs.
3. Any and all claims for relief not specifically addressed herein, including the parties' requests for attorneys' fees and Claimants' request for punitive damages, are denied.

### **FEES**

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

#### **Filing Fees**

FINRA Office of Dispute Resolution assessed a filing fee\* for each claim:

Initial Claim Filing Fee = \$ 1,425.00

*\*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, Respondent is assessed the following:

Member Surcharge = \$ 1,700.00  
Member Process Fee = \$ 3,250.00

**Discovery-Related Motion Fee**

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

Two (2) decisions on discovery-related motions on the papers = \$ 400.00  
with one (1) arbitrator @ \$200.00/decision

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Total Discovery-Related Motion Fees = \$ 400.00

The Panel has assessed the total \$400.00 in 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), that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) pre-hearing sessions with a single arbitrator @ \$450.00/session = \$ 1,350.00

Pre-hearing conferences: October 16, 2018 1 session  
November 29, 2018 1 session  
December 17, 2018 1 session

One (1) pre-hearing session with the Panel @ \$1,125.00/session = \$ 1,125.00

Pre-hearing conference: May 18, 2018 1 session

Twelve (12) hearing sessions @ \$1,125.00/session = \$13,500.00

Hearing Dates: January 14, 2019 2 sessions  
January 15, 2019 2 sessions  
January 16, 2019 2 sessions  
January 17, 2019 3 sessions  
January 18, 2019 3 sessions

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Total Hearing Session Fees = \$15,975.00

The Panel has assessed the total \$15,975.00 in hearing session fees to Respondent.

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

**ARBITRATION PANEL**

Paul J. Burkhart	-	Public Arbitrator, Presiding Chairperson
Stacey Rosenthal	-	Public Arbitrator
Adam Lawrence Frankel	-	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**

  
**Paul Burkhart**  
Digitally signed by Paul Burkhart  
DN: cn=Paul Burkhart, o, ou,  
email=paul@paulburkhart.net, c=US  
Date: 2019.01.23 11:51:23 -05'00'

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Paul J. Burkhart  
Public Arbitrator, Presiding Chairperson

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01/23/19  
Signature Date

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Stacey Rosenthal  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Adam Lawrence Frankel  
Public Arbitrator

\_\_\_\_\_  
Signature Date

January 24, 2019

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Date of Service (For FINRA Office of Dispute Resolution office use only)

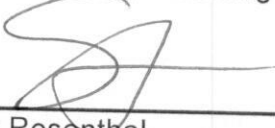
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*Adam Frankel*  
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Adam Lawrence Frankel  
Public Arbitrator

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