Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants
Johanna M. Vandermark, individually, and in her capacity as Trustee of the Living Trust under the Vandermark Trust dated May 18, 1999
Karen Anne Yeager f/k/a Karen Vandermark and Jill Underwood f/k/a Jill Vandermark, in their capacities as Trustees of the Vandermark Credit Shelter Trust under the Vandermark Trust dated May 18, 1999

vs.

Respondents
First Standard Financial Company LLC
Hilltop Securities Inc.
Jeffrey Allen Baber
Carmine A. Berardi
Danielle A. Berardi, in her capacity as Administratrix of the Estate of Carmine Anthony Berardi

Case Number: 19-00737

Hearing Site: Charlotte, North Carolina

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. Members, Non-Member, and Associated Persons.

This case was decided by a majority-public panel.

The evidentiary hearing was conducted partially by videoconference.

REPRESENTATION OF PARTIES

For Claimants Johanna M. Vandermark ("Vandermark"), individually, and in her capacity as Trustee of the Living Trust under the Vandermark Trust dated May 18, 1999 ("Vandermark Living Trust") and Karen Anne Yeager f/k/a Karen Vandermark and Jill Underwood f/k/a Jill Vandermark, in their capacities as Trustees of the Vandermark Credit Shelter Trust under the Vandermark Trust dated May 18, 1999 ("Vandermark Credit Shelter Trust"): Fred B. Monroe, Esq., James, McElroy & Diehl, P.A., Charlotte, North Carolina.

Hereinafter, Vandermark, Vandermark Living Trust, and Vandermark Credit Shelter Trust are

collectively referred to as "Claimants".

For Respondent First Standard Financial Company LLC ("First Standard"): Michael Leahy, First Standard Financial Company, LLC, Red Bank, New Jersey.

For Respondent Hilltop Securities Inc. ("Hilltop"): Jonathan Neerman, Esq., Jackson Walker LLP, Dallas, Texas.

For Respondent Jeffrey Allen Baber ("Baber"): Robert M. Bursky, Esq., Melville, New York.

Respondent Carmine A. Berardi ("Berardi") appeared pro se.

Respondent Danielle A. Berardi, in her capacity as Administratrix of the Estate of Carmine Anthony Berardi ("Berardi Estate") did not enter an appearance.

Hereinafter Respondents First Standard, Hilltop, Baber, Berardi, and Berardi Estate are collectively referred to as "Respondents".

CASE INFORMATION

Statement of Claim filed on or about: March 28, 2019.
Amended Statement of Claim filed on or about: December 17, 2021.
2nd Amended Statement of Claim filed on or about: September 9, 2022.
Vandermark signed the Submission Agreement: March 15, 2019.
Vandermark Living Trust signed the Submission Agreement: March 15, 2019.
Vandermark Credit Shelter Trust signed the Submission Agreement: March 13, 2019.

Statement of Answer filed by First Standard, Baber, and Berardi on or about: June 11, 2019.
Amended Statement of Answer filed by First Standard, Baber, and Berardi on or about: June 13, 2019.
Answer to Amended Statement of Claim filed by Baber on or about: January 6, 2022.
First Standard signed the Submission Agreement: June 11, 2019.
Baber did not sign the Submission Agreement.
Berardi signed the Submission Agreement: June 11, 2019.

Answer to Amended Statement of Claim filed by Hilltop on or about: February 3, 2022.
Hilltop signed the Submission Agreement: February 1, 2022.

Berardi Estate did not file a Statement of Answer or sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Claimants asserted the following causes of action: violations of Chapter 78A of the North Carolina Securities Act and 10b-5 under the Securities Exchange Act; negligence; and breach of fiduciary duty. The causes of action relate to unspecified securities.

In the Amended Statement of Claim, Claimants added Hilltop as a Respondent and asserted breach of contract and violation of FINRA Rule 2010 as additional causes of action.

In the 2nd Amended Statement of Claim, Claimants substituted Berardi for Berardi Estate.

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

In the Answer to Amended Statement of Claim, Baber incorporated by reference his prior pleadings in response to the Amended Statement of Claim.

Unless specifically admitted in the Answer to Amended Statement of Claim, Hilltop 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 in an amount of in excess of $2,000,000.00 against Respondents, jointly and severally;
2. Punitive damages against Respondents, jointly and severally;
3. Pre-award and post-award interest at the legal rate;
4. All costs and attorneys' fees incurred by Claimants be taxed against Respondents;
5. A hearing before a panel of three arbitrators in Charlotte, North Carolina;
6. A reasoned award;
7. An expedited hearing due to Vandermark's age; and
8. Such other and further relief as the Panel deems appropriate.

In the Statement of Answer, as amended, First Standard, Baber, and Berardi requested:

1. Dismissal of all claims comprising the Statement of Claim in their entirety with prejudice;
2. Recommendation of expungement of all claims against the individual Respondents; and
3. Such other and further relief as the Panel deems just and proper.

In the Answer to Amended Statement of Claim, Hilltop requested the Panel dismiss Claimants' claims in their entirety.

OTHER ISSUES CONSIDERED AND DECIDED

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

Baber did not file a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code") and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

On March 2, 2021, Claimants filed a Motion for Sanctions in the Form of an Adverse Inference against First Standard, Berardi, and Baber ("Motion for Sanctions"). On March 15, 2021, First Standard, Berardi, and Baber filed an opposition to the Motion for Sanctions and a Cross-Motion for Sanctions. On April 28, 2022, the Panel denied both motions.

On March 22, 2021, First Standard filed for bankruptcy under the United States Bankruptcy Code. In accordance with these filings, all claims against First Standard are indefinitely stayed. Therefore, the Panel made no determination with respect to the claims against First Standard.

On November 22, 2021, Claimants filed a Motion to Amend Statement of Claim to add Hilltop as a Respondent ("Motion to Amend to Add Hilltop"). On December 3, 2021, Hilltop filed an opposition to the Motion to Amend to Add Hilltop. On December 8, 2021, Claimants filed a reply in support of the Motion to Amend to Add Hilltop. On December 15, 2021, the Panel heard oral arguments on the Motion to Amend to Add Hilltop. On that same day, the Panel granted Claimants' Motion to Amend to Add Hilltop.

On November 29, 2021, FINRA received notice that Berardi had passed away.

On August 3, 2022, Claimants filed a Motion to Amend Statement of Claim to substitute Berardi for Berardi Estate, to which no opposition was filed. On August 22, 2022, the Panel granted the motion. Accordingly, Berardi was removed and Berardi Estate was added as a Respondent in this matter. On August 26, 2022, Berardi Estate was served on a voluntary basis to which no response was received.

Berardi Estate is not a member or associated person of FINRA and did not voluntarily submit to arbitration. Therefore, the Panel made no determination with respect to the claims against Berardi Estate.

On December 14, 2022, Claimants filed a Motion to Compel and for Sanctions in the Form of Adverse Inference against Hilltop ("Motion to Compel and for Sanctions"). On December 27, 2022, Hilltop filed an opposition to the Motion to Compel and for Sanctions. On December 29, 2022, Claimants filed a reply in support of the Motion Compel and for Sanctions. At the evidentiary hearing on January 23-26, 2023, the Parties informed the Panel that all discovery issues, including the Motion to Compel and for Sanctions had been resolved. Therefore, the Panel found the Motion to Compel and for Sanctions to be moot.

On January 17, 2023, Claimant filed a notice of discontinuance with prejudice of all claims against Baber and dismissal of all claims without prejudice against First Standard. Therefore, the Panel made no determination with respect to any of the relief requests contained in the Statement of Claim, as amended, as they pertain to First Standard and Baber.

In the Statement of Answer, Baber and Berardi requested expungement of this matter from their Central Registration Depository ("CRD") records. However, Baber and Berardi did not pursue the request further, and therefore, the Panel made no determination on Baber and Berardi's expungement requests.

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. Hilltop is liable for and shall pay to Claimants the sum of $776,149.00 in compensatory damages.

2. Hilltop is liable for and shall pay to Claimants interest on the above-stated sum at the rate of 8% per annum from October 15, 2018 through and including the date of service of this Award.

3. The Panel made no determination with respect to Baber and Berardi's expungement requests.

4. 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	=$ 2,000.00

**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, Hilltop is assessed the following:

Member Surcharge	=$ 3,025.00
Member Process Fee	=$ 6,175.00

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

March 30- April 3 & October 20-22, 2020, postponement requested by Parties	= Waived
March 22, 2021, postponement requested by Parties	=$ 1,400.00
March 24-26 & April 13-15, 2021, postponement requested by Baber	=$ 1,400.00
August 2-12, 2021, postponement requested by Berardi	=$ 1,400.00
February 21-25, 2022, postponement requested by Claimants	=$ 1,400.00
May 2-6, 2022, postponement requested by Claimants	=$ 1,400.00
Total Postponement Fees	=$ 7,000.00

The Panel has assessed $2,100.00 of the postponement fees jointly and severally to Claimants.

The Panel has assessed $4,200.00 of the postponement fees jointly and severally to Baber and Berardi.

The Panel has assessed $700.00 of the postponement fees to Hilltop.

Last-Minute Cancellation Fees
Fees apply when a hearing on the merits is cancelled within ten calendar days before the start of a scheduled hearing session:

March 22, 2021, postponement requested by Parties	=$ 1,800.00
March 24-26 & April 13-14, 2021, cancellation requested by Baber	=$ 1,800.00
Total Last-Minute Cancellation Fees	=$ 3,600.00

The Panel has assessed the total last-minute cancellation fees jointly and severally to Baber and Berardi.

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

Two (2) decisions on discovery-related motions on the papers with one (1) Arbitrator @ $200.00/decision	=$ 400.00
Claimants submitted two (2) discovery-related motions	
Total Discovery-Related Motion Fees	=$ 400.00

The Panel has assessed $100.00 of the discovery-related motion fees jointly and severally to Claimants.

The Panel has assessed $100.00 of the discovery-related motion fees jointly and severally to Baber and Berardi.

The Panel has assessed $200.00 of the discovery-related motion fees to Hilltop.

Contested Motion for Issuance of Subpoena Fees
Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) decision on a contested motion for the issuance of a subpoena with one Arbitrator @ $200.00	=$ 200.00
Total Contested Motion for Issuance of Subpoena Fees	=$ 200.00

The Panel has assessed the total contested motion for issuance of subpoena fees jointly and severally to Claimants.

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 @ $450.00/session			=$ 900.00
Pre-Hearing Conferences:	December 6, 2019	1 session	
	October 6, 2020	1 session	
Seven (7) pre-hearing sessions with the Panel @ $1,400.00/session			=$ 9,800.00
Pre-Hearing Conferences:	July 23, 2019	1 session	
	September 17, 2020	1 session	
	February 5, 2021	1 session	
	April 14, 2021	1 session	
	August 25, 2021	1 session	
	December 15, 2021	1 session	
	March 10, 2022	1 session	
Ten (10) hearing sessions @ $1,400.00/session			=$ 14,000.00
Hearings:	March 23, 2021	1 session	
	January 23, 2023	2 sessions	
	January 24, 2023	2 sessions	
	January 25, 2023	2 sessions	
	January 26, 2023	2 sessions	
	January 27, 2023	1 session	
Total Hearing Session Fees			=$ 24,700.00

The Panel has assessed $11,650.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed $6,050.00 of the hearing session fees jointly and severally to Berardi and Baber.

The Panel has assessed $700.00 of the hearing session fees jointly and severally to Baber and Hilltop.

The Panel has assessed $6,300.00 of the hearing session fees to Hilltop.

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

ARBITRATION PANEL

Douglas Earl McLaren	-	Public Arbitrator, Presiding Chairperson
Jason Alexander Diamond	-	Public Arbitrator
GianDomenico Sarolli	-	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

Douglas Earl McLaren — **03/14/2023**

Douglas Earl McLaren
Public Arbitrator, Presiding Chairperson

Signature Date

Jason Alexander Diamond — **03/14/2023**

Jason Alexander Diamond
Public Arbitrator

Signature Date

GianDomenico Sarolli — **03/15/2023**

GianDomenico Sarolli
Non-Public Arbitrator

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.

March 15, 2023
Date of Service (For FINRA Dispute Resolution Services use only)