

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Joseph Kutches

Case Number: 21-01766

vs.

Respondent
World Equity Group, Inc.

Hearing Site: Chicago, Illinois

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: Customer vs. Member

This case was decided by an all-public panel.

The evidentiary hearing was conducted by videoconference.

REPRESENTATION OF PARTIES

For Claimant Joseph Kutches (“Claimant”): Jonathan Kurta, Esq. and Robert Van De Veire, Esq., Kurta Law, Jericho, New York.

For Respondent World Equity Group, Inc. (“Respondent”): Benjamin J. Biard, Esq., Winget Spadafora Schwartzberg, LLP, Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: July 12, 2021.
Claimant signed the Submission Agreement: July 12, 2021.

Statement of Answer filed on or about: October 4, 2021.
Respondent did not sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, Claimant asserted the following causes of action: unsuitability, common law fraud, breach of contract, negligent supervision, breach of fiduciary duty, negligence, violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, and violation of the Illinois Securities Law. The causes of action related to Claimant’s allegation that Respondent recommended that Claimant invest in unsuitable alternative investments, including non-traded Real Estate Investment Trusts (“REITs”). Claimant asserted that Respondent

misrepresented the material features of ARC Hospitality Trust, Inc., a REIT, to him and that it was not a suitable investment.

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, Claimant requested \$200,000.00 in compensatory damages, pre-judgment interest, attorneys' fees pursuant to the Illinois Securities Law, costs, filing and forum fees, and such other and further relief which the Panel deems just and proper under the circumstances.

In the Statement of Answer, Respondent requested that the Panel dismiss the Statement of Claim in its entirety; award Respondent the costs and expenses of this arbitration, including forum fees and reasonable attorneys' fees; and award Respondent other and further relief as is 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.

Respondent 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, appeared, and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

On September 6, 2022, Respondent filed a Motion to Dismiss the Statement of Claim Pursuant to Rule 12206 of the Code ("Motion to Dismiss"). On October 6, 2022, Claimant filed an Opposition to the Motion to Dismiss. On October 11, 2022, Respondent filed a Reply in Support of the Motion to Dismiss. In an Order dated November 21, 2022, the Panel denied the Motion to Dismiss.

On November 29, 2022, Claimant filed an Emergency Motion for Sanctions. On November 30, Respondent filed a Response in Opposition to the Emergency Motion for Sanctions. On December 2, 2022, Claimant filed a Reply in Support of the Emergency Motion for Sanctions. By agreement of the parties, the Emergency Motion for Sanctions was withdrawn at the hearing.

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. Claimant's claims are denied in their entirety.

2. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, treble damages, and attorneys' fees, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services 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

Late Pre-Hearing Cancellation Fees

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

November 4, 2022, cancellation requested by the parties = \$ 300.00

Total Late Pre-Hearing Cancellation Fees = \$ 300.00

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

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, 2022, postponement requested by the parties = \$ 1,125.00

Total Postponement Fees = \$ 1,125.00

The Panel has assessed \$562.50 of the postponement fees to Claimant.

The Panel has assessed \$562.50 of the postponement fees to Respondent.

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:

December 5, 2022, cancellation requested by the parties	= \$	1,800.00
<hr/>		
Total Last-Minute Cancellation Fees	= \$	1,800.00

The Panel has assessed \$900.00 of the last-minute cancellation fees to Claimant.

The Panel has assessed \$900.00 of the last-minute cancellation fees to Respondent.

Discovery-Related Motion Fees

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

One (1) decision on a discovery-related motion on the papers with one (1) Arbitrator @ \$200.00/decision	= \$	200.00
--	------	--------

Respondent submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees	= \$	200.00
-------------------------------------	------	--------

The Panel has assessed \$100.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$100.00 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 a single Arbitrator @ \$450.00/session	= \$	450.00
Pre-Hearing Conference: November 8, 2022	1 session	

One (1) pre-hearing session with the Panel @ \$1,125.00/session	= \$	1,125.00
Pre-Hearing Conference: November 3, 2021	1 session	

Fifteen (15) hearing sessions @ \$1,125.00/session	= \$	16,875.00
Hearings:		
December 6, 2022	2 sessions	
December 7, 2022	2 sessions	
December 8, 2022	2 sessions	
December 9, 2022	2 sessions	
February 13, 2023	1 session	
February 14, 2023	2 sessions	
February 15, 2023	2 sessions	
February 16, 2023	2 sessions	

Total Hearing Session Fees	= \$	18,450.00
----------------------------	------	-----------

The Panel has assessed \$9,225.00 of the hearing session fees to Claimant.

The Panel has assessed \$9,225.00 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

Mark L. Miller	-	Public Arbitrator, Presiding Chairperson
Edward John Zulkey	-	Public Arbitrator
Gerald G. Saltarelli	-	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

Mark L Miller

Mark L. Miller
Public Arbitrator, Presiding Chairperson

04/10/2023

Signature Date

Edward John Zulkey

Edward John Zulkey
Public Arbitrator

04/10/2023

Signature Date

Gerald G Saltarelli

Gerald G. Saltarelli
Public Arbitrator

04/10/2023

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.

April 10, 2023

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