

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimants

James Marta
Gemma Marta
James and Gemma Marta Family Trust

Case Number: 25-01274

vs.

Respondents

Wedbush Securities Inc.
Raymond Chow
Robert W. Woods
Van Hulzen Financial Advisors

Hearing Site: San Francisco, 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, Associated Persons, and Non-Member

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

Claimants James Marta, Gemma Marta, and James and Gemma Marta Family Trust (collectively, “Claimants”) appeared pro se.

For Respondents Wedbush Securities Inc. (“Wedbush”), Raymond Chow (“Chow”), and Robert W. Woods (“Woods”): Timothy Fredricks, Esq. and Christina Vourakis, Esq., Winget Spadafora & Schwartzberg LLP, Los Angeles, California.

Herinafter, Wedbush, Chow, and Woods are collectively referred to as “Respondents”.

Respondent Van Hulzen Financial Advisors (“Van Hulzen”) did not enter an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: June 19, 2025.

Amended Statement of Claim filed on or about: August 11, 2026.

James Marta signed the Submission Agreement: June 24, 2025.

Gemma Marta signed the Submission Agreement: June 24, 2025.

James and Gemma Marta Family Trust signed the Submission Agreement: June 25, 2025.

Statement of Answer filed by Respondents on or about: August 29, 2025.

Wedbush signed the Submission Agreement: July 22, 2025.

Chow signed the Submission Agreement: September 23, 2025.

Woods signed the Submission Agreement: September 23, 2025.

Van Hulzen did not submit a Statement of Answer or sign the Submission Agreement.

CASE SUMMARY

In the Statement of Claim, as amended, Claimants asserted the following causes of action: breach of fiduciary duty; unsuitable investment recommendations (FINRA Rule 2111); negligence; failure to supervise (FINRA Rule 3110); violations of standards of commercial honor and principles of trade (FINRA Rule 2010); violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5; and violations of Securities Exchange Commission's Regulation Best Interest. The causes of action relate to Claimants' investments in index options.

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, as amended, Claimants requested:

1. \$489,825.00 in documented direct option losses;
2. \$307,545.00 in presently calculated lost earnings and opportunity cost under the disclosed Fidelity proxy, or such noncumulative alternative benchmark amount as the Panel determines is supported;
3. \$600,000.00 in non-economic compensatory damages;
4. Pre- and post-award interest;
5. Reimbursement or allocation of FINRA fees and other recoverable costs; and
6. Any other relief the Panel deems fair and appropriate.

In the Statement of Answer, Respondents requested:

1. Denial of the Statement of Claim in its entirety as against Respondents;
2. Costs incurred in defending this proceeding and imposing all FINRA forum fees on the Claimants;
3. Expungement of Occurrence Number 2424679 from Woods' Central Registration Depository ("CRD") records;
4. Expungement of Occurrence Number 2394046 from Chow's CRD records; 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.

Respondent Van Hulzen Financial Advisors 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 Respondent Van Hulzen Financial Advisors.

On August 11, 2026, Claimant filed a motion to amend the Statement of Claim. On August 10, 2026, Respondent filed a notice of non-opposition to the motion to amend. On August 16, 2026, Claimant filed a revised motion to amend the Statement of Claim ("Motion to Amend") to which no responses were received. On August 28, 2026, the Panel heard oral arguments on the Motion to Amend. On August 30, the Panel issued an order granting the Motion to Amend.

On October 29, 2025, Claimant submitted a written statement concerning the expungement requests.

The Panel conducted recorded, in-person hearings on September 8-11, 2026, so the parties could present oral argument and evidence on the request for expungement. Woods and Chow and their representative appeared in person at the expungement hearing. Claimants and their representative appeared at the expungement hearing and opposed the request for expungement.

The Panel noted Woods' representation that a prior arbitration panel or court has not previously ruled on expungement of the same occurrences in the CRD.

The Panel noted that this matter, related to Occurrence Number 2424679, was not settled. Therefore, there was no settlement documentation to review.

The Panel has provided an explanation of the decision in this award. The explanation is for the parties' information only and is not precedential in nature.

FINDINGS

James Marta (or "Mr. Marta"), one of the Claimants in this case, is a self-made individual. He came from modest means, and put himself through college painting houses. Along with his wife, Gemma Marta, who is also a Claimant, Mr. Marta built a highly successful accounting firm. He has also exceeded the financial goals he set for himself when he began working with Chow, one of the Respondents, of accumulating a net worth of between \$8 to \$10 million. Mr. Marta's current net worth is more than double that targeted amount. Although the Panel admires Mr. Marta's professional and personal accomplishments, the facts in this case do not support any of the claims that Claimants have asserted against the Respondents, and all of those claims are denied.

Mr. Marta began working with Chow over twenty years ago when Chow was a registered representative with M.L. Stern & Co. When Chow moved to Wedbush in 2008, Mr. Marta followed Chow to Wedbush and transferred his brokerage accounts to Wedbush at that time. Chow acted as Mr. Marta's broker on his personal trust accounts, his 401(k) accounts, and his 529 College savings accounts.

In early 2015, Chow recommended that Mr. Marta utilize the services of a Registered Investment Advisor to manage the funds in his personal trust and 401(k) accounts given the increasing size of Mr. Marta's accounts, and the benefits of professional management for the

401(k) accounts. Chow arranged a meeting in February 2015 in Mr. Marta's office between Mr. Marta, one of Mr. Marta's employees, who was a participant in Mr. Marta's 401(k) plan, and John Pearce, a Managing Director of Van Hulzen. Van Hulzen had been approved by Wedbush to act as a Registered Investment Advisor on behalf of Wedbush's clients such as Mr. Marta. Chow testified that Van Hulzen was well suited to Mr. Marta because of their ability to take into account requests from individual clients regarding specific stocks or other securities when managing a client portfolio. Since Mr. Marta regularly provided input regarding specific securities, Van Hulzen's ability to take these requests into account when managing its portfolios caused them to stand out from other Registered Investment Advisors approved by Wedbush.

After the meeting, Mr. Marta asked Chow detailed questions about the investment strategy that would be pursued by Van Hulzen, how that strategy compared to the S&P 500, whether the strategy included purchasing ETFs, and in-depth questions about how fees would be calculated, including whether a CPA reviewed Van Hulzen's fee calculations. See Respondents' Exhibits 5 and 7. These types of detailed questions were not unusual for Mr. Marta. He regularly submitted detailed questions to Chow regarding his holdings, the advisability of buying, selling or holding individual securities, and questions about how the returns in his portfolios compared to certain benchmarks. Mr. Marta also testified that he reviewed his monthly accounts statements from Wedbush, and trade confirmations. Mr. Marta was a sophisticated investor who carefully monitored his portfolio and regularly asked Chow detailed questions about his holdings. Mr. Marta also gave direction regarding the purchase or sale of individual securities and provided guidance regarding overall portfolio strategy based on Mr. Marta's opinions about how the economy and the market were likely to perform in the future. Mr. Marta also managed a substantial portfolio of his own securities at Fidelity. Mr. Marta's website states that he provides financial planning services to clients. Mr. Marta testified that this information was erroneously added to his website.

Mr. Marta did not initially retain the services of Van Hulzen to act as the Registered Investment Advisor for his trust and 401(k) accounts. However, approximately two years after his meeting with Mr. Pearce, in January 2017, Mr. Marta signed a series of Discretionary Investment Advisory and Brokerage Services Agreements with Wedbush (the "Discretionary Account Agreements") that allowed Van Hulzen to act as the investment advisor for Mr. Marta's trust and 401(k) accounts. Pursuant to the Discretionary Account Agreements, Van Hulzen had discretionary authority to make trades in Mr. Marta's accounts. Chow testified that his role with respect to these discretionary accounts was to act as a conduit between Mr. Marta and Van Hulzen, and to monitor Van Hulzen's activities.

In accordance with the Discretionary Account Agreements, Van Hulzen exercised discretionary authority over Mr. Marta's trust and 401(k) accounts between 2017 and 2025, when Mr. Marta terminated Van Hulzen. As demonstrated in documents prepared by one of Respondents' expert witnesses, Andrew Daniel, all of the accounts managed by Van Hulzen during this 8-year period were profitable. See Respondents' Exhibits 105 and 108. Chow regularly communicated with Mr. Marta regarding positions and recommendations made by Van Hulzen, and Mr. Marta was aware that Van Hulzen was acting as his investment advisor during this 8-year period. Indeed, Mr. Marta was asked to sign, and did sign, the Discretionary Account Agreements in early 2017 so that Van Hulzen could assume this role.

Beginning in 2017, Van Hulzen recommended, among other things, a covered call strategy for

Mr. Marta's 401(k) accounts. Thus, by 2023, Mr. Marta already had substantial experience with options.

In August 2023, Mr. Marta contacted Chow and informed him that he had concerns about future market performance based on the size of federal deficits among other things. Chow promptly emailed Mr. Marta and informed him that after checking with the portfolio manager, Mr. Marta was in "good shape" and that his portfolio was "positioned to mitigate short term economic downturns for long term total return success." Chow also attached a summary analysis from Mr. Pearce at Van Hulzen supporting the statements made in the body of the email to Mr. Marta. See Respondents' Exhibit 17. Based on his belief that the market would be declining in the coming year, Mr. Marta was not comfortable with Van Hulzen's advice to maintain his current positions. Thus, in response to a further request from Mr. Marta, on October 12, 2023, Chow forwarded a detailed proposal from John Pearce of Van Hulzen designed to address Mr. Marta's concerns about short term stock market declines. The proposal included a summary, which proposed selling some equities and investing in treasuries, using index options in Mr. Marta's personal trust accounts to reduce the risk of loss in the event of a market downturn, and covered calls in the 401(k) accounts to mitigate downside risk. The attachments to this email set forth in detail specific securities that would be sold to effectuate this plan, and the downside risk of purchasing options. That downside risk for Mr. Marta's proposed trust account options was identified as over \$670,000.00. See Respondents' Exhibit 18. Mr. Marta testified at the hearing that Exhibit 18 and the attachments thereto represented an idea, as opposed to a specific plan that could be acted upon. The Panel disagrees with Mr. Marta's characterization of Respondents' Exhibit 18.

Based on the presentation set forth in Respondents' Exhibit 18, Mr. Marta told Chow he wanted to move forward with the option strategy to mitigate losses in the event of a market decline. On October 31, 2023, Chow then provided Option Disclosure documents to Mr. Marta. See Respondents' Exhibit 22. As noted above, Mr. Marta was already familiar with options based on their use in his 401(k) accounts also managed by Van Hulzen. On that same date, Mr. Marta signed Account Applications permitting options to be traded in his personal trust accounts. Respondents' Exhibit 23. Chow confirmed that Mr. Marta had added option trading to his trust account in a note dated November 3, 2023 maintained internally by Wedbush and produced to Mr. Marta in this arbitration. See Respondents' Exhibit 132.

Based on Mr. Marta's approval of the risk mitigation strategy set forth in Respondents' Exhibit 18, including the purchase of index options, Van Hulzen, exercising the discretionary authority it had over Mr. Marta's accounts, sold certain option contracts. In an email dated December 21, 2023 to Chow, Mr. Marta once again repeated his concerns regarding anticipated stock market declines stating: "I expect the market to be dipping this coming year. Please examine our holdings to see if we should trim risk." These are the same concerns that caused Van Hulzen to propose the option strategy about which Mr. Marta now complains. At the hearing, Mr. Marta testified that he was not concerned about short-term market declines. The Panel finds that Mr. Marta's testimony that he was not concerned about short-term market declines when the option strategy was implemented is inconsistent with the emails Mr. Marta wrote during this period.

Mr. Marta received confirmations of all the option trades that are subject of his claim. Mr. Marta also received monthly account statements for the trust accounts containing the index options trades that are the subject of his claims. The strategy, which was implemented at Mr. Marta's

request, was based on Mr. Marta's belief that the stock market would decline in the coming year. Had that occurred, the options contracts would have mitigated a portion of the loss that Mr. Marta would otherwise have suffered. However, contrary to Mr. Marta's prediction, the stock market went up substantially in the year after the option trades were made in his account. This caused the options in his portfolio to show substantial losses. Mr. Marta was aware of the amount of the option losses throughout 2024 because the option losses are shown prominently on the first page of the monthly account statements he received. See Respondents' Exhibits 28 and 29.

Based on his testimony that he reviewed his monthly account statements, and the clear evidence that he actively monitored the activity in his accounts, Mr. Marta had notice of the losses that he was experiencing in his option holdings throughout 2024. In late 2024, Mr. Marta instructed Chow to discontinue the option strategy, and the option contracts in his trust account were closed at Mr. Marta's request.

Notwithstanding the fact that losses were reported every month during 2024, Mr. Marta did not complain about the option losses until March 2025, long after the positions were closed. If the market had gone down, as Mr. Marta believed it would, then these option positions would have mitigated his downside risk. Because the market went up, Mr. Marta suffered losses in these index option contracts. However, because of the manner in which Van Hulzen structured his portfolios, these option losses were more than offset by gains in Mr. Marta's accounts. Thus, the overall strategy that Van Hulzen proposed based Mr. Marta's concerns about market declines, and which Mr. Marta approved, did not cause Claimants to suffer any damages. See Respondents' Exhibit 108 showing that the accounts managed by Van Hulzen increased substantially during the period that Mr. Marta held the index options.

Based on the facts above, the Panel finds that Chow did not breach or violate any duty owed to Claimants. Chow's recommendation of Van Hulzen as an asset manager was reasonable, and he monitored the portfolios managed by Van Hulzen to confirm that those portfolios were managed in accordance with Mr. Marta's stated wishes and instructions. Had Mr. Marta complied with the recommendations from Van Hulzen transmitted to him by Chow on August 22, 2023 to maintain his current positions, Claimants would not have suffered any of the losses about which they now complain. Moreover, those stated losses of \$489,825.00 are less than the amount of potential losses identified on the attachments to the October 12, 2023 proposal that Mr. Marta accepted. See Respondents' Exhibit 18. These losses are also fully offset by the gains in the portfolios managed for Claimants by Van Hulzen.

Because the Panel finds that Chow did not breach or violate any duty owed to Claimants, and that Claimants were not damaged by Chow's conduct, all of Claimants' claims against Chow are denied.

The Panel also finds that Wedbush and Woods did not breach or violate any supervisory duty or other obligation owed to Claimants. With respect to Woods, the Panel finds that he had no role in the supervision of the discretionary accounts that are the subject of this arbitration, and no obligation to supervise those discretionary accounts managed by Van Hulzen. Therefore, all claims asserted against Woods and Wedbush are denied.

These determinations are further supported by the testimony of David Paulukaitis, who was one of Respondents' expert witnesses. Mr. Paulukaitis worked at the National Association of

Security Dealers NASD (now known as FINRA) for over 20 years as an Examiner, Supervisor of Examiners, and Associate Director of the Atlanta District Office. Mr. Paulukaitis also served on a number of national NASD committees and task forces. He currently provides regulatory and compliance consulting services to securities broker/dealers and registered investment advisers throughout the United States. The Panel found that Mr. Paulukaitis was fully qualified to offer expert opinions in this case. Mr. Paulukaitis' opinions were based on his professional experience described above, his review of the pertinent documents in this case (including all admitted exhibits), and his presence for the entire Evidentiary Hearing, during which he heard the testimony of each witness. Based on his experience and the evidence in this case, Mr. Paulukaitis testified that Chow, Woods and Wedbush did not violate their obligations or duties to Claimants. The Panel found Mr. Paulukaitis was a credible witness, and his testimony further supports the Panel's determination that all of Claimants' claims against Chow, Woods and Wedbush should be denied.

Two of the Panel Members found that Mr. Chow does not satisfy any of the requirements for expungement, and therefore his request for expungement is denied.

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. Claimants' claims are denied in their entirety.
2. Chow's (CRD Number 2860124) request for expungement of Occurrence Number 2394046 from registration records maintained by the CRD is denied with prejudice. Pursuant to Rule 12805 of the Code of Arbitration Procedure ("Code"), the Panel's decision to issue an award containing relief for expungement of customer dispute information must be unanimous. Arbitrator Mackey found that one or more of the grounds for expungement in Rule 12805 of the Code were established. Arbitrators Polland and Laeuchli did not make such a finding.
3. The Panel awards the expungement of all references to Occurrence Number 2424679 from registration records maintained by the CRD for Robert Williams Woods (CRD Number 820999) with the understanding that, pursuant to Rule 2080, Robert Williams Woods must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by FINRA, parties seeking judicial confirmation of an arbitration award containing customer dispute expungement relief must name FINRA as an additional party and serve FINRA with all appropriate documents.

Pursuant to Rule 12805 of the Code, the Panel has made the following affirmative finding of fact:

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

The Panel has made the above finding based on the following reasons:

With respect to Mr. Woods, the Panel finds that he had no role in the supervision of the discretionary accounts that are the subject of this arbitration, and no obligation to supervise those discretionary accounts managed by Van Hulzen. Therefore, Mr. Woods' request for expungement is granted.

4. Any and all claims for relief not specifically addressed herein 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	= \$	2,540.00
Woods Expungement Filing Fee	= \$	2,000.00
Chow Expungement 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, Wedbush is assessed the following:

Member Surcharge	= \$	4,800.00
Member Process Fee	= \$	9,570.00

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
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Respondents submitted one (1) discovery-related motion

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

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 the Panel @ \$2,160.00	= \$	4,320.00
Pre-Hearing Conferences:		
October 28, 2025	1 session	
August 28, 2026	1 session	
Seven (7) hearing sessions @ \$2,160.00/session	= \$	15,120.00
Hearings:		
September 8, 2026	2 sessions	
September 9, 2026	2 sessions	
September 10, 2026	2 sessions	
September 11, 2026	1 session	
Total Hearing Session Fees	= \$	19,440.00

The Panel has assessed \$9,720.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$9,720.00 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

Jonathan Polland	-	Public Arbitrator, Presiding Chairperson
Mary Mackey	-	Public Arbitrator
U. Martin Laeuchli	-	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

Jonathan Polland

Jonathan Polland
Public Arbitrator, Presiding Chairperson

09/30/2026

Signature Date

Mary Mackey

Mary Mackey
Public Arbitrator

09/30/2026

Signature Date

U. Martin Laeuchli

U. Martin Laeuchli
Public Arbitrator

10/03/2026

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.

October 05, 2026

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