

**Award**  
**FINRA Dispute Resolution Services**

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In the Matter of the Arbitration Between:

Claimants

Arnold Shvarts  
Oksana Shvarts

Case Number: 21-02861

vs.

Respondents

Western International Securities, Inc.  
Donald Bizub  
Krikor Demirjian  
Bradley Kaiser  
Hagop Jack Nalbandian  
Wendy Rea

Hearing Site: Los Angeles, California

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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 and Associated Persons

This case was decided by an all-public panel.

The expungement hearing was conducted by videoconference.

**REPRESENTATION OF PARTIES**

For Claimants Arnold Shvarts, and Oksana Shvarts (“Claimants”): Paul W. Thomas, Esq., Thomas Law Group P.C., Carlsbad, California.\*

For Respondents Western International Securities, Inc. (“Western”), Donald Bizub (“Bizub”), Krikor Demirjian (“Demirjian”), Bradley Kaiser (“Kaiser”), Hagop Jack Nalbandian (“Nalbandian”), and Wendy Rea (“Rea”): Andrew P. Danza, Esq. and Jeffrey K. Compton, Esq., Markun Zusman & Compton LLP, Encino, California.

Hereinafter, Western, Bizub, Demirjian, Kaiser, Nalbandian, and Rea will collectively be referred to as “Respondents”.

\*FINRA recorded the appearance of Claimants’ counsel at the time of filing of the Statement of Claim. Counsel’s representation of Claimants may have ended with the parties’ settlement. Please see the Other Issues Considered and Decided section of this Award for information on whether Claimants’ counsel appeared at the expungement hearing.

### **CASE INFORMATION**

Statement of Claim filed on or about: November 17, 2021.  
Claimants signed the Submission Agreement: December 27, 2021.

Statement of Answer filed by Respondents on or about: February 22, 2022.  
Kaiser signed the Submission Agreement: February 18, 2022.  
Demirjian signed the Submission Agreement: February 19, 2022.  
Nalbandian signed the Submission Agreement: February 19, 2022.  
Western signed the Submission Agreement: February 21, 2022.  
Bizub signed the Submission Agreement: February 22, 2022.  
Rea signed the Submission Agreement: February 22, 2022.

### **CASE SUMMARY**

In the Statement of Claim, Claimants asserted the following causes of action: breach of fiduciary duty; violations of Section 10(b) of the Securities Exchange Act of 1934; violations of the California Securities Act; violation of FINRA Rule 2090; violation of FINRA Conduct Rule 2010; suitability; failure to supervise; and breach of contract. The causes of action relate to non-traded REITs and trusts, including Hospitality Investors Trust, BSP Realty Trust, Benefit Street Partners Realty Trust, American Finance Trust, ARC Global Trust II, Health Care Trust, FS Global Credit Opportunity Fund, American Realty Capital Hospitality Trust and Sierra Income Corp Fund.

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 subject to proof at arbitration;
2. Interest at the maximum legal rate;
3. Punitive damages in an amount determined by the Panel to punish Respondents for their willful and wanton misconduct and to deter such misconduct in the future;
4. Costs and expenses;
5. Attorneys' fees;
6. Disciplinary referral of Respondents to FINRA's Department of Enforcement; and
7. Such other relief as the arbitration Panel deems just and proper.

In the Statement of Answer, Respondents requested:

1. All causes of action be dismissed against Respondents in their entirety;
2. Claimants take nothing by way of their Statement of Claim;
3. Forum fees;
4. Expungement of this claim from the Central Registration Depository ("CRD") registration records of each of the individual Respondents who were required to report the claim on their CRD records; and
5. Any other relief that 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.

On December 8, 2022, Respondents filed a Motion to Dismiss pursuant to Rule 12206 of the Code of Arbitration Procedure (“Code”).

On December 23, 2022, Claimants filed a notice of dismissal with prejudice with regard to Bizub, Kaiser, and Rea.

On January 30, 2023, Claimants filed a notice of voluntary dismissal with prejudice for all remaining Respondents. Therefore, the Panel made no determination with respect to any of the relief requests contained in the Statement of Claim. Further, the Motion to Dismiss was rendered moot.

On February 14, 2023, Respondents filed a Motion for Expungement to which no response was filed.

The Panel conducted a recorded hearing by videoconference on March 23, 2023, so the parties could present oral argument and evidence on Respondents’ request for expungement.

Claimants and Claimants’ counsel did not participate in the expungement hearing.

The Panel reviewed Bizub, Demirjian, Kaiser, Nalbandian, and Rea’s BrokerCheck® Reports.

The Panel also reviewed the settlement documentation, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Panel noted that the settlement was not conditioned on any party to the settlement not opposing the request for expungement and that Bizub, Demirjian, Kaiser, Nalbandian, and Rea did not contribute to the settlement amount.

In recommending expungement, the Panel relied upon the following documentary or other evidence: Claimants’ Statement of Claim; Respondents’ Statement of Answer; the individual Respondents’ BrokerCheck® Reports; and testimony at the expungement 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. Krikor Demirjian’s (CRD Number 4212275) request for expungement of the above-captioned arbitration (Occurrence Numbers 2179074) from registration records maintained by the CRD is denied.

2. Hagop Jack Nalbandian's (CRD Number 2921246) request for expungement of the above-captioned arbitration (Occurrence Number 2179047) from registration records maintained by the CRD is denied.
3. The Panel recommends the expungement of all references to the above-captioned arbitration (Occurrence Number 2179042) from registration records maintained by the CRD for Respondent Donald Michael Bizub (CRD Number 1600090) with the understanding that, pursuant to Notice to Members 04-16, Respondent Donald Michael Bizub must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

The Panel recommends the expungement of all references to the above-captioned arbitration (Occurrence Number 2179041) from registration records maintained by the CRD for Respondent Bradley Clifford Kaiser (CRD Number 2523397) with the understanding that, pursuant to Notice to Members 04-16, Respondent Bradley Clifford Kaiser must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

The Panel recommends the expungement of all references to the above-captioned arbitration (Occurrence Number 2179043) from registration records maintained by the CRD for Respondent Wendy Austin Rea (CRD Number 724857) with the understanding that, pursuant to Notice to Members 04-16, Respondent Wendy Austin Rea 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 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 Rule 2080 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 Rule 2080 finding based on the following reasons:

The Panel notes that Nalbandian and Demirijian were the brokers who represented the customers. Bizub, Rea and Kaiser are "Control Persons" who had no contact with, and no dealings with the customers.

### **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	= \$ 1,600.00
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Expungement Filing Fee for Donald Bizub	= \$	1,600.00
Expungement Filing Fee for Krikor Demirjian	= \$	1,600.00
Expungement Filing Fee for Bradley Kaiser	= \$	1,600.00
Expungement Filing Fee for Hagop Jack Nalbandian	= \$	1,600.00
Expungement Filing Fee for Wendy Rea	= \$	1,600.00

*\*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 that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, as a party, Western is assessed the following:

Member Surcharge	= \$	2,000.00
Member Process Fee	= \$	3,850.00

### **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: December 16, 2022	1 session	
One (1) pre-hearing session with the Panel @ \$1,150.00/session	= \$	1,150.00
Pre-Hearing Conference: April 13, 2022	1 session	
One (1) hearing session on expungement request @ \$1,150.00/session	= \$	1,150.00
Hearing: March 23, 2023	1 session	
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Total Hearing Session Fees	= \$	2,750.00

The Panel has assessed \$800.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$1,950.00 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 D. Sussin	-	Public Arbitrator, Presiding Chairperson
W. Alex King	-	Public Arbitrator
Andrew W. Levin	-	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 D. Sussin***

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Robert D. Sussin  
Public Arbitrator, Presiding Chairperson

**03/24/2023**

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

***W. Alex King***

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W. Alex King  
Public Arbitrator

**03/24/2023**

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

***Andrew W. Levin***

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Andrew W. Levin  
Public Arbitrator

**03/24/2023**

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

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March 24, 2023

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