



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Broker's Failure to Provide Adequate Tax Info Leads to \$52,000 FINRA Award for Client

Melissa Green and Marilyn Green (Claimants) vs. LPL Financial LLC (Respondent)
FINRA Dispute Resolution
Case 15-01081
November 10, 2015

In a recent Financial Industry Regulatory Authority (FINRA) arbitration case, an elderly woman and her power-of-attorney holding daughter were awarded more than \$50,000 in total payments for what the arbitrator deemed insufficient advice regarding the tax consequences of an IRA distribution. The \$50,000+ in payments was awarded even though the claimants had only suffered an increase in taxes of about \$9,000 as a result of the total distribution of a roughly \$30,000 IRA CD, and despite the fact that no investment had been purchased from the advisor in question.

Longtime readers of this newsletter will note the novelty of a FINRA arbitration case discussed herein. In fact, this is the first time that such a proceeding

has been covered to this extent. That should give you some insight as to how important we feel this particular case is, and how much it has the potential to impact advisors in the future.

Facts of the Case

Marilyn Green owned a certificate of deposit (CD) in an IRA that was held with her bank, Bank Atlantic. As Marilyn was already in her 80s and suffering from dementia and depression, her financial affairs were largely tended to by her daughter, Melissa Green, who had been granted power of attorney. Sometime close to the maturity date, Melissa Green discussed her mother's CD with Samuel Izaguirre, a Registered Representative of LPL Financial. LPL and Izaguirre had entered into an agreement with Bank Atlantic, the issuer of Marilyn's CD, to provide investment advice and brokerage services to its clientele.

During Melissa's conversation with Izaguirre, he recommended that Melissa

The \$50,000+ in payments was awarded even though the claimants had only suffered an increase in taxes of about \$9,000.

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Guest IRA Expert

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