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*Wells Fargo branch, New York, 2017*

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# Widow Seeks $2 Million From Wells Fargo FiNet Broker

*A New Jersey woman claims a broker with Wells Fargo Advisors Financial Network used proceeds of her late husband's life insurance policy to invest* *in speculative options and volatile non-income-producing individual securities such as Facebook.*

Patrick Donachie | Apr 22, 2019

A New Jersey-based widow is suing her broker, claiming he improperly handled her account, placing proceeds from a life insurance policy into speculative trades, according to a Financial Industry Regulatory Authority arbitration claim filed by her attorneys. Robin Fratto, of Freehold, N.J., is seeking more than $2 million in compensatory and punitive damages.

According to the claim, Fratto suddenly lost her husband in 2011 and received more than $2 million in life insurance proceeds after his death. She did not have any investment experience prior to receiving the proceeds, according to the claim, and soon met Leonard Kinsman, a broker with Merrill Lynch at the time, according to the claim. Stuart Meissner, the New York-based attorney representing her, said she wanted to use proceeds from investments to purchase her house (which was still in her husband's name) and withdraw $3,000 per month in living expenses for her and her three children.

In 2014, Kinsman moved to Wells Fargo Advisors Financial Network, the firm's independent brokerage, bringing Fratto's account with him. In June 2017, Fratto intended to withdraw funds to buy her home only to learn from Kinsman that she did not have sufficient funds, according to the claim. Instead, she learned her funds were wholly depleted aside from two long-term annuities, the claim states. Meissner alleges that Fratto's funds dissipated because of unsuitable and speculative trades conducted by Kinsman.

"Rather than simply investing her funds in a moderate diversified long term growth portfolio of stocks and bonds, at the Respondent firm, Kinsman placed Robin on margin and invested her money in securities which included speculative options as well as trading in volatile non-income producing individual securities such as Facebook," the claim reads.

Wells Fargo Advisors said that it had received the arbitration claim and was reviewing it.

Meissner also alleges that Kinsman categorized Fratto as an “experienced aggressive trader” despite her lack of investment experience and asserts that Wells Fargo did not conduct proper oversight despite Kinsman’s FINRA history. According to FINRA Brokercheck , Kinsman has one withdrawn and three settled customer disputes. The most recent complaint concerned a client who alleged they were told that their investment was “principal protected,” with a guaranteed annual return of at least 5%. (Meissner alleges that Kinsman offered Fratto the same annual return.) That claim eventually settled for $24,000.

Fratto's claim also alleges there were numerous misleading statements in the account’s opening documents that Wells Fargo ignored and even argues that her initials were forged twice on a form stating that her “intended strategy was to conduct ‘speculation or trading’ relating to the entirety of her net worth.” According to the claim, Fratto suffered significant losses in a booming period for the market.

“In fact, during the exact time that Robin’s accounts were open, the Standard and Poor’s 500 Index increased 38% and the Barclay’s Aggregate U.S. Bond Index increased 8.5%, which would have increased Robin’s portfolio by hundreds of dollars instead of reflecting hundreds of thousands of dollars in outright losses,” the claim reads.

Fratto is seeking $591,916 in compensatory damages and $1,776,000 in punitive damages, as well as costs and attorney’s fees, according to the FINRA claim. Meissner, who is a former prosecutor with the New York State attorney general’s office and the Manhattan district attorney’s office, told *WealthManagement.com* that he believed the broker took advantage of Fratto’s inexperience with investing.

“This is the poster child of what supervision and FINRA rules are supposed to protect against. You have everything from forged initials to unsuitable and unauthorized trading without consulting with the client, and just speculating and gambling with a widow's life insurance proceeds," he said. "She lost hundreds of thousands of dollars while all the markets were going up."

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