FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT, Complainant, v. ARTURO C. LOPEZ (CRD No. 5707242), Respondent.	Expedited Proceeding No. ARB260010 RCM No. 2026090701801 Hearing Officer–BDC **EXPEDITED DECISION** Date: October 20, 2026

Respondent failed to pay a $462,910 arbitration award and failed to prove that he had a bona fide inability to pay or make a meaningful payment toward the award. Respondent is therefore suspended from associating with any FINRA member in any capacity.

Appearances

For the Complainant: Ashley Morris, Esq., Michael P. Manning, Esq., and Christopher Perrin, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: Arturo C. Lopez, *Pro Se*

DECISION

I. Introduction

Respondent Arturo Castelo Lopez failed to pay a FINRA arbitration award in the amount of $462,910[1] (the "Award") entered against him in favor of his former FINRA member firm employer, B. Riley Wealth Management, Inc. ("B. Riley"). As a result, FINRA sent Respondent a notice informing him that he would be suspended from associating with any FINRA member firm. Respondent stayed the imposition of the suspension by timely requesting a hearing with FINRA's Office of Hearing Officers ("OHO") and asserting as a defense that he is financially unable to pay the Award.

On August 6, 2026, I held a hearing by videoconference. At the hearing, Enforcement argued that since the Award was issued Respondent has had sufficient cash flow to pay at least a

[1] In this decision, all figures are given without pennies, although pennies may have been included in the figures provided by the parties or contained in their exhibits.

meaningful portion of the Award. Respondent, on the other hand, asserted that he has had insufficient funds to satisfy the Award or to make a meaningful contribution toward it. A review of Respondent's financial condition confirms that he in fact could make a meaningful contribution toward satisfying the Award through his available monthly cash flow.

After considering the evidence and the parties' arguments, I find that Respondent failed to prove his defense. I therefore suspend him from associating with any FINRA member firm in any capacity until he: (1) fully pays the Award; (2) enters into a fully executed, written settlement agreement with the arbitration claimant relating to payment of the Award, and he is current in his obligations under the terms of the settlement; or (3) files a petition in a United States Bankruptcy Court, or a United States Bankruptcy Court discharges the debt representing the Award. I also order him to pay the costs of the hearing.

II. Findings of Fact and Conclusions of Law

A. Respondent and Jurisdiction

Respondent entered the securities industry in 2009 when he became associated with a FINRA member firm.[2] Respondent was associated with B. Riley from January 2022 to October 2023, where he was registered as a general securities representative.[3] He has not been associated with a FINRA member firm since October 20, 2023.[4] Since FINRA initiated this action against Respondent within two years of the issuance of the Award, FINRA has jurisdiction over him for the purposes of this proceeding.[5]

B. Regulatory Framework

Under FINRA rules governing industry-related arbitrations, "[a]ll monetary awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction."[6] FINRA Rule 9554 establishes an expedited procedure for FINRA to suspend an associated person for not paying an arbitration award within the time required. The Rule authorizes FINRA to send a notice "stating that the failure to comply within 21 days of service of the notice will result in a suspension . . . from associating with any member."[7] The

[2] Joint Exhibit ("JX-_") 1, at 2, 4.

[3] Stipulation ("Stip.") ¶ 1 (the parties filed stipulations on July 24, 2026, and supplemental stipulations on August 4, 2026; all stipulations are cited herein as Stip. ¶ __); JX-1, at 3.

[4] JX-1, at 2.

[5] FINRA By-Laws, Art. V, Sec. 4(b).

[6] FINRA Rule 13904(j).

[7] FINRA Rule 9554(a).

notice must specify the grounds for, and the effective date of, the suspension and must advise respondents of their right to file a written request for a hearing.[8]

When served with a suspension notice, a respondent may request a hearing with OHO.[9] A hearing request stays the imposition of the suspension[10] and must specifically identify all defenses the person has to the suspension notice.[11] FINRA recognizes the following defenses in an expedited proceeding brought under Rule 9554: (1) the respondent has paid the arbitration award in full; (2) the arbitration parties have agreed to installment payments of the award, or have otherwise agreed to settle, and the respondent is not in default under the agreement; (3) a court has vacated the award; (4) a motion to vacate or modify the award is pending in a court; and (5) the respondent has a bankruptcy proceeding pending in a United States Bankruptcy Court, or a Bankruptcy Court has discharged the award.[12] A respondent may also assert a bona fide inability to pay an arbitration award issued in connection with an industry dispute.[13]

C. The Arbitration Award

On April 14, 2026, an arbitration award was entered against Respondent in *B. Riley Wealth Management, Inc. v. Arturo Castelo a/k/a Arturo Castelo Lopez*, FINRA Dispute Resolution Services Case No. 24-02238.[14] The Award is comprised of compensatory damages in the amount of $462,910. The arbitration panel also assessed hearing session fees in the amount of $2,362.[15]

On April 14, 2026, FINRA served the Award on Respondent along with a notice dated that same day (the "Award Service Letter").[16] The Award Service Letter notified Respondent that, under FINRA rules, all monetary awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction or unless the award

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[8] FINRA Rule 9554(c).

[9] FINRA Rule 9554(e).

[10] FINRA Rule 9554(d).

[11] FINRA Rule 9554(e).

[12] *See* FINRA By-Laws, Art. VI, Sec. 3(b); NASD Notice to Members 00-55, at 2 (Aug. 2000), https://www.finra.org/rules-guidance/notices/00-55.

[13] *See, e.g.*, *William J. Gallagher*, Exchange Act Release No. 47501, 2003 SEC LEXIS 599, at *3-4 (Mar. 14, 2003); *see also* SR-FINRA-2010-014, Order Eliminating Inability-to-Pay Defense, Exchange Act Release No. 62211, 2010 SEC LEXIS 1800, at *4-5, 75 Fed. Reg. 32525 (June 2, 2010) (approving change to FINRA Rule 9554 making the defense of inability to pay an arbitration award unavailable to a respondent when the award is issued in favor of public customers, and recognizing that bona fide inability to pay is a defense in an expedited proceeding involving an industry arbitration award).

[14] Stip. ¶ 3; JX-2.

[15] Stip. ¶ 4; JX-2.

[16] Stip. ¶ 6; JX-3.

provides otherwise.[17] FINRA sent Respondent an additional notice of the Award the same day—April 14, 2026—which also reminded him of the deadline for paying the Award or moving to vacate it.[18]

Respondent did not pay the Award and, on May 15, 2026, FINRA sent Respondent a notice of suspension under Rule 9554 (the "Suspension Notice") via FedEx Priority Overnight delivery addressed to Respondent's current residential address of record in the Central Registration Depository.[19] Respondent received the Suspension Notice on May 16, 2026.[20] He was properly served with the Suspension Notice.[21]

Respondent timely filed a request for a hearing with OHO, claiming he had an inability to pay the Award. The request stayed the effectiveness of the Suspension Notice.[22] Respondent has not paid any part of the Award, entered into a fully executed, written settlement agreement with the arbitration claimant, or filed for bankruptcy protection.[23]

D. The Inability-to-Pay Defense

To avoid a suspension, it is the respondent who must prove the inability-to-pay defense by showing an inability to pay the award or to make some meaningful payment toward satisfying it.[24] The respondent bears the burden of proof for this defense because information regarding a respondent's assets is "peculiarly within [the respondent's] knowledge."[25] The respondent must document fully his or her financial circumstances.[26] The defense fails if the respondent's evidence of financial condition is insufficient or incomplete.[27]

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[17] JX-3, at 1.

[18] Stip. ¶ 8; JX-4, at 1.

[19] Stip. ¶ 10; JX-5.

[20] Stip. ¶ 11.

[21] Stip. ¶ 13.

[22] *See* FINRA Rules 9554(d) and 9559(c)(1).

[23] Stip. ¶ 14.

[24] *See Michael Albert DiPietro*, Exchange Act Release No. 77398, 2016 SEC LEXIS 1036, at *16 (Mar. 17, 2016) ("To prevail on an inability-to-pay defense a respondent must demonstrate that he is unable to make some meaningful payment toward the award from available assets or income.") (internal quotation marks omitted); *see also Daniel Paul Motherway*, Exchange Act Release No. 97180, 2023 SEC LEXIS 753, at *6-7 (Mar. 21, 2023); *Dep't of Enforcement v. Stofleth*, No. ARB210015, 2022 FINRA Discip. LEXIS 1, at *5 & n.18 (OHO Jan. 3, 2022).

[25] *Bruce M. Zipper*, Exchange Act Release No. 33376, 1993 SEC LEXIS 3525, at *8 (Dec. 23, 1993).

[26] *Robert Tretiak*, Exchange Act Release No. 47534, 2003 SEC LEXIS 653, at *12 n.16 (Mar. 19, 2003).

[27] *See Gallagher*, 2003 SEC LEXIS 599, at *9-11.

When a respondent asserts a bona fide inability to pay an arbitration award as a defense to a suspension, the focus is on the respondent's financial circumstances during the relevant period. FINRA is entitled to make a searching inquiry into a respondent's assertion of an inability to pay an arbitration award.[28] The searching inquiry extends beyond a respondent's financial circumstances at the time of the notice of suspension and covers the entire period from the date of the arbitration award to the present.[29] A respondent on notice of the obligation to pay an arbitration award cannot dissipate assets in the immediate aftermath of the arbitration proceeding and thereby render himself unable to pay what he owes when he later receives a notice of suspension.[30] When a respondent chooses to use funds for purposes other than paying an arbitration award, that is a choice to prioritize those other purposes over the obligation to pay the award. That allocation choice may diminish the funds available to satisfy the arbitration award, but it does not establish a bona fide inability to pay.[31]

Importantly, a respondent's asserted inability to pay an arbitration award is evaluated taking into consideration all resources that might be available to pay the arbitration award. Analysis of the asserted inability to pay may include not only a respondent's financial accounts and assets in the respondent's name but also those of a spouse or other household member.[32]

The inquiry into a respondent's asserted inability to pay an arbitration award also covers more than whether a respondent could pay the award in full. To establish a bona fide inability to pay, a respondent must prove not only that he is unable to pay the award in full but that he has been unable to make any meaningful payment on it at any time since the award was issued.[33] As the Securities and Exchange Commission has said, "To prevail on an inability-to-pay defense a respondent must demonstrate that he is unable to make some meaningful payment toward the award from available assets or income."[34]

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[28] *Tretiak*, 2003 SEC LEXIS 653, at *12.

[29] *Dep't of Enforcement v. Borrero*, No. ARB240010, 2024 FINRA Discip. LEXIS 22, at *10-11 (OHO Oct. 7, 2024) (citing *Dep't of Enforcement v. Shimko*, No. ARB200002, 2020 FINRA Discip. LEXIS 41, at *11-12 (OHO Sept. 15, 2020)).

[30] *Shimko*, 2020 FINRA Discip. LEXIS 41, at *11.

[31] *Id*. at *29-30.

[32] *See Motherway*, 2023 SEC LEXIS 753, at *7-11 (respondent failed to show that assets in wife's name were unavailable to respondent to make a meaningful payment toward award); *Shimko*, 2020 FINRA Discip. LEXIS 41, at *15-16, *18-21 (respondent was required to provide financial information about wife's businesses).

[33] *Shimko*, 2020 FINRA Discip. LEXIS 41, at *10-11.

[34] *Motherway*, 2023 SEC LEXIS 753, at *6-7 (quoting *DiPietro*, 2016 SEC LEXIS 1036, at *16 n.22); s*ee also Stofleth*, 2022 FINRA Discip. LEXIS 1, at *5.

The fact that a respondent has a negative net worth does not by itself establish an inability-to-pay defense.[35] "FINRA has made clear that a respondent cannot establish a *bona fide* inability to pay an arbitration award if he can divert funds from other expenses to make some meaningful payment toward satisfaction of the award, even if he could not pay the full amount of the award."[36] The inability-to-pay defense may be rejected if the respondent could reduce living expenses or borrow funds to pay the award.[37] "Merely showing serious financial distress or that it would be hard or painful to pay an arbitration award does not establish the defense."[38] The defense also fails if the respondent's evidence of financial condition is insufficient or incomplete.[39]

E. Respondent's Failure to Show His Inability to Pay

The documentary evidence consisted of Respondent's Statement of Financial Condition ("Financial Statement") together with supporting documents, including bank and Venmo account statements for Respondent and his wife, loan statements, tax returns, and documents related to Respondent's and his wife's income and expenses. Following the submission of the Financial Statement and supporting documents, Respondent also answered Enforcement's written questions about his financial information and provided some additional documentation.[40]

1. Respondent Has a Negative Net Worth

The record shows that Respondent is in significant financial distress. Respondent has few assets and a negative net worth, as discussed below.

a. Respondent's Assets

According to the Financial Statement he provided to Enforcement on July 1, 2026, and stipulations submitted by the parties, Respondent has assets totaling $17,424, which consist of $8,298 in cash in his and his wife's bank and Venmo accounts,[41] $9,000 in furniture and

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[35] *See Dep't of Enforcement v. Pendergast*, No. ARB240006, 2024 FINRA Discip. LEXIS 23, at *18 (NAC Sept. 23, 2024) (rejecting inability-to-pay defense where the respondent had a negative net worth but had other resources and cash flow available to pay the award).

[36] *DiPietro,* 2016 SEC LEXIS 1036, at *19.

[37] *Dep't of Enforcement v. Helbling*, No. ARB210004, 2021 FINRA Discip. LEXIS 14, at *5 (OHO July 23, 2021).

[38] *Dep't of Enforcement v. Markus*, No. ARB210008, 2021 FINRA Discip. LEXIS 17, at *4-5 (OHO Aug. 17, 2021); *see also Shimko*, 2020 FINRA Discip. LEXIS 41, at *12.

[39] *Gallagher*, 2003 SEC LEXIS 599, at *9-12.

[40] *See* JX-9; JX-10.

[41] The parties stipulated that Respondent's account had a balance of $3,345 as of June 17, 2026, and his wife's account had a balance of $4,362 as of June 30, 2026. Stip. ¶¶ 16, 17. In addition, his and his wife's Venmo accounts held a total of $591 as of July 13, 2026. Stip. ¶ 18.

household goods, and $126 in retirement funds.[42] He does not have any brokerage accounts and does not own a home or any automobiles. He leases a 2025 Tesla Model 3 and subleases a 2024 Land Rover Discovery and another vehicle from friends.[43]

Accordingly, I find Respondent's assets total $17,424.

b. Respondent's Liabilities

Respondent's Financial Statement lists liabilities totaling $905,975. Among the liabilities listed were automobile loans totaling $29,912, installment loans totaling $3,808, other loans or notes payable totaling $65,403, judgments totaling $503,568 (including the Award that is the subject of this proceeding), and taxes in the amount of $199,535.[44] He also listed as a liability the draws he has received from his current employer in the amount of $103,750.[45]

At the hearing, Respondent was unable to substantiate many of the liabilities listed in his Financial Statement. For instance, he identified as installment loans a balance due to a creditor named Affirm in the amount of $1,839 and a balance due to FINRA of $1,969 for pre-hearing fees related to the arbitration that led to the Award.[46] But as he conceded, these were not actually loans.[47] And in any event, he did not provide documentation to substantiate the amount owed to Affirm, and pre-hearing fees imposed in connection with an underlying arbitration are generally excluded from a respondent's liabilities in these proceedings.[48]

He also listed automobile loans totaling $29,912, but he only provided evidence of one lease through Chase Bank for the 2025 Tesla with a principal balance of $13,912.[49] He claims to owe $16,000 on a sublease for a Land Rover Discovery but provided no documentation at the hearing of that arrangement, nor did he provide any documentation relating to the sublease arrangement for a third vehicle purportedly used by his son. Thus, I find the appropriate amount to consider for automobile liabilities is $13,912 due on the lease through Chase Bank.

Respondent also listed personal loan balances and notes payable totaling $65,403 but introduced into evidence a promissory note for only one loan in the principal amount of

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[42] JX-6, at 1.

[43] JX-6, at 3; Hearing Transcript ("Tr.") 65-67.

[44] JX-6, at 2, 4.

[45] JX-6, at 2.

[46] JX-6, at 2.

[47] Tr. 85.

[48] *See Pendergast*, 2024 FINRA Discip. LEXIS 23, at *15 (NAC noting that the more useful analysis is to exclude from the respondent's liabilities the underlying award and the arbitration fees imposed).

[49] JX-6, at 3; JX-42.

$27,000.[50] According to Respondent, he has not made any payments toward the promissory note and the loan has a current balance of $51,403.[51] However, he provided no documentation to substantiate the current balance. Thus, I find that the appropriate amount to consider in personal loan obligations is $27,000.

In addition, Respondent listed judgments totaling $503,568, which includes the Award at issue in this case. I find that it is not appropriate to include the amount of the Award when analyzing an inability-to-pay defense.[52] Including the Award (or even any part of it), "would result in a misleadingly lower valuation of net worth available for Respondent to make a meaningful contribution toward satisfaction of the Award."[53] I therefore do not include the Award as a liability for purposes of evaluating Respondent's defense. After excluding the Award, I find that Respondent owes $40,658 to creditors through judgments and settlements.[54]

Respondent claims to owe $199,535 to the IRS for taxes due for 2025 ($165,297) and 2026 ($34,238).[55] While he provided documentation for the 2025 amount,[56] he testified the amount owed for 2026 was an estimate and that he did not provide Enforcement with any documentation for that amount.[57] I therefore find that his current tax liability is $167,119, which includes the taxes owed for 2025, along with accrued interest and penalties.[58]

Finally, he listed as a liability $103,750 in commission advances from his current employer. While that is not a current liability, under the terms of his employment contract the draw payments are considered loans payable against the commissions he receives, and he is obligated to repay the draw payments if he is unable to generate commissions sufficient to offset

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[50] JX-6, at 2; JX-22. Respondent identified two additional loans with balances of $8,000 and $6,000 respectively, but introduced no evidence substantiating those loans. *See* JX-6, at 4.

[51] Tr. 89; JX-6, at 4.

[52] *See Pendergast*, 2024 FINRA Discip. LEXIS 23, at *15 (NAC noting that the more useful analysis is to exclude from the respondent's liabilities the underlying award).

[53] *See, e.g., Dep't of Enforcement v. Lake*, No. ARB190024, 2019 FINRA Discip. LEXIS 48, at *8 n.41 (OHO Nov. 11, 2019) (citing *Reg. Operations v. Grady*, No. ARB170025, 2017 FINRA Discip. LEXIS 51, at *18 (OHO Dec. 14, 2017) ("As to whether the Award should be included among [a respondent's] liabilities, while [the respondent] is correct that a net worth calculation should ordinarily include all liabilities, the more useful analysis in this case excludes the Award.")).

[54] *See* JX-6, at 4; *see also* JX-9, at 3; JX-24; JX-25; JX-28.

[55] JX-6, at 2.

[56] JX-32. Enforcement also acknowledged that amount is a debt. *See* Tr. 156.

[57] Tr. 95-96. Respondent also testified that he is not making any monthly payments toward the 2025 tax liability. Tr. 96.

[58] JX-32.

the draw amount. Thus, I find it is appropriate to consider this contingent liability when calculating his total liabilities.[59]

Based on the documentary evidence submitted during the hearing, I find that Respondent's properly allowable liabilities total $352,439 and that he therefore has a negative net worth. But that does not end the analysis.[60]

2. Respondent's Monthly Household Income Exceeds His Reasonable Expenses

Next, I consider Respondent's monthly income and expenses. According to his Financial Statement, Respondent estimates that his monthly expenses exceed his monthly income by over $2,000.[61] But after removing inappropriate, discretionary and/or excessive expenses and making appropriate adjustments to his monthly income, I find that Respondent has a significant positive monthly cash flow. His household income, offset by reasonable and allowable expenses, results in a net monthly income of over $20,000.

In March 2026, about a month before the Award was issued, Respondent became employed by Passerelle Partners, LLC ("Passerelle"), an affiliate of Simplicity Group Holdings ("Simplicity Group").[62] Passerelle is engaged in the sale of life insurance. Respondent was hired as a "Director, Institutional Partnerships."[63] Under the terms of his employment, Respondent is paid a $50,000 annual salary through Simplicity Group and is entitled to receive up to $300,000 annually in draw payments from Passerelle, which are reimbursable to the company against commissions Respondent generates from the sale of life insurance policies.[64]

Respondent's wife started a life coaching business in 2025. That year, she earned $12,710 as a life coach.[65] Between January 2026 and July 2026, she earned $52,370 through the business.[66] She also holds an insurance license, though she does not currently use the license.[67]

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[59] *See Pendergast*, 2024 FINRA Discip. LEXIS 23, at *16 (including as a liability the amount respondent owed on two forgivable loans from FINRA member firm).

[60] *Id.* at *18 ("Pendergast's negative net worth alone does not prove his inability-to-pay defense.").

[61] JX-6, at 7-8.

[62] JX-36, at 1.

[63] JX-36, at 1.

[64] JX-36, at 1; JX-35, at 27-28.

[65] JX-37.

[66] JX-37.

[67] Tr. 51-52. In late 2025, Respondent's wife earned an insurance commission of approximately $400,000. According to Respondent, this was a one-time, non-recurring payment since she is no longer selling insurance. Tr. 37-38. In addition, she received the commission payment in 2025, before the Award was issued. Thus, I did not consider the commission payment Respondent's wife received when calculating Respondent's available cash flow.

a. Monthly Income

In his Financial Statement, Respondent listed his monthly income as $25,000, which is comprised of a gross salary of $4,167 from Simplicity Group and a draw against commissions of $20,833 from Passerelle.[68] The gross monthly salary of $4,167 Respondent listed on his Financial Statement does not take into account taxes that are withheld by his employer. Respondent's paystubs reflect an after-tax salary of $3,847, which is the more appropriate figure to use in calculating Respondent's monthly income.[69] Respondent did not provide any evidence of any income tax deductions from the monthly draw Passerelle pays him.

Respondent's Financial Statement did not include other income available to him. For example, he is entitled to receive an additional $4,167 in draw payments from Passerelle Solutions.[70] Respondent also did not include the monthly income his wife receives through her life coaching business. Enforcement calculated her average monthly income from this business based on the amount she has earned since January 2026, which results in an average monthly income of $8,728.[71] Respondent argued that his wife's income should not be considered since she was not a party to the underlying arbitration and has no obligation to the arbitration claimant.[72] But analysis of an asserted inability-to-pay defense includes not only a respondent's assets and income, but also those of a spouse or other household member.[73] Respondent further objects to Enforcement calculating his wife's average monthly income based solely on her yearly income to date and argues that, if it is considered, it should be calculated based on her income beginning in July 2025, which would result in an average monthly income of $5,506.[74]

Because the key issue here is whether Respondent had an inability to pay on or after April 14, 2026, the compensation Respondent's wife received since the Award was issued is the most relevant.[75] However, given that her income fluctuated between $5,980 and $12,300 during the first six months of 2026 and she earned an average of $10,816 between April and June 2025, I find that considering only her monthly income since the Award would be misleading and that using her average monthly income since January 2026 is more appropriate in this case.

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[68] JX-6, at 7.

[69] *See* JX-33.

[70] JX-35, at 26-27. Based on a review of Respondent's bank records, it is not clear whether he has been receiving the additional $4,167 in draw payments.

[71] JX-37.

[72] Tr. 168.

[73] *See Motherway,* 2023 SEC LEXIS 753, at *7 (finding that wife's assets should be considered in determining whether respondent had inability to pay an award unless respondent demonstrates the funds were not available to him).

[74] Tr. 168-69; JX-37.

[75] *See Helbling*, 2021 FINRA Discip. LEXIS 14, at *9-10.

Based on the analysis above, I find that Respondent's monthly household income is approximately $37,575.

b. Monthly Expenses

Respondent estimates his monthly expenses total approximately $34,882.[76] After reviewing his expenses and excluding undocumented and discretionary spending, I find his reasonable monthly expenses are considerably less—approximately $15,600.

Respondent currently pays $8,500 to rent a home in Key Biscayne, Florida.[77] He estimates he spends $2,100 for food; $930 for utilities; $250 in medical expenses; and $250 for miscellaneous expenses, including laundry, haircuts and parking.[78] He also pays $794 for medical and dental insurance, which is deducted from his paycheck.[79]

Respondent listed automobile expenses totaling $1,895 but it is not clear from the record how he calculated that amount. His monthly lease payment for the Tesla is $645.[80] Respondent did not provide any documentation to substantiate the sublease for the Land Rover Discovery, which he states is $1,000 monthly.[81] He also did not provide documentation for the sublease and insurance for another automobile, which he states total $780 monthly.[82] Based on Enforcement's analysis of his bank and Venmo account records, he spends on average $676 on fuel, charging for the Tesla, parking and tolls.[83] Thus, I find that the appropriate amount to consider for automobile expenses is $1,321.

In addition, Respondent claims to pay $1,084 in car insurance, including $754 to insure the Tesla and $330 for the Land Rover Discovery.[84] Since he provided no documentation showing the sublease arrangement or the insurance payment on the Land Rover Discovery, the more appropriate amount to consider for automobile insurance is $754.

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[76] JX-6, at 8. Respondent's Financial Statement reflects monthly expenses of $27,450 but he testified that his son recently lost his scholarship at his college and therefore he will incur an additional $7,432 in educational expenses. Tr. 42-43.

[77] JX-6, at 8; JX-41, at 17.

[78] JX-6, at 8.

[79] JX-33.

[80] JX-43.

[81] JX-6, at 3.

[82] JX-9, at 6-7.

[83] Complainant's Exhibit ("CX-") 2, at 3.

[84] JX-9, at 6.

Respondent's Financial Statement listed monthly payments on loans totaling $1,958[85] but it is not clear from the record how this amount was calculated. According to documents produced by Respondent, he currently is paying $245 to NetCredit pursuant to a payment plan established on June 30, 2026;[86] $253 to repay a loan from his 401(k) account;[87] and $300 to Bank of America pursuant to a payment plan established on June 23, 2026.[88] These appear to be payments made toward judgments or settled debt obligations, and not loans.

In his Financial Statement, he also listed monthly payments on personal loans from two individuals totaling $3,000 but he provided no documentation showing fixed repayment dates or otherwise establishing the obligations.[89] He produced a promissory note related to a $27,000 loan from a third individual[90] but he testified that he is not currently making payments on that loan.[91] Based on the documentary evidence Respondent provided, I find that he is making monthly payments on personal loans and other debt obligations totaling $798.

Respondent also listed on his Financial Statement monthly income tax payments of $4,891. However, he provided no documentation for this obligation. Indeed, his bank account records for the period July 2025 through June 2026 only show a few payments totaling $447 to the IRS and the Miami-Dade Tax Collector.[92] Thus, I did not consider his purported monthly income tax payments when calculating his monthly expenses.

Many of Respondent's other monthly expenses are discretionary and should not be considered in determining Respondent's reasonable monthly expenses. For example, he spends $230 for a health club membership each month.[93] He also spends a significant amount of his monthly income on private high school tuition for three of his children ($3,747) and college tuition for another child ($7,432).[94] And he sends his college-aged child $1,000 monthly for

[85] JX-6, at 8.

[86] JX-26.

[87] JX-33.

[88] JX-30.

[89] *See Helbling*, 2021 FINRA Discip. LEXIS 14, at *11-12 (respondent's failure to pay the award and instead make payments to a friend and family member who had loaned him money without establishing any fixed repayment dates "results from his asset-allocation choices rather than a genuine inability to pay").

[90] JX-22.

[91] Tr. 89.

[92] CX-2, at 3; JX-11, at 8.

[93] JX-6, at 8.

[94] JX-38; JX-39; JX-9, at 7.

living expenses.[95] I find that these are discretionary expenses and therefore do not properly offset his monthly income.[96]

Based on the analysis above, I find that Respondent's reasonable monthly expenses are approximately $15,697. He therefore has a monthly positive cash flow of approximately $21,878 (income of $37,575 less $15,697 in reasonable, non-discretionary expenses).

* * *

I note that Respondent withdrew $13,782 from his retirement account in June 2026, which he could have used to make a payment toward the Award.[97] Respondent testified he withdrew the funds in anticipation of a possible settlement with the arbitration claimant but ultimately no settlement occurred and he used the funds for living expenses.[98]

In addition, Respondent could decrease other living expenses to free up additional funds from which to make a payment toward the Award. For example, he spends a considerable amount of his monthly household income ($8,500) to rent a single-family home on Key Biscayne in Florida. Based on Enforcement's research of available rental properties in the Miami area, Respondent could spend far less on a comparable home in the Miami area. According to information Enforcement obtained from Zillow and Realtor.com, as of July 2026 there were numerous rental properties in the Miami area comparable to Respondent's current home that rent for $5,500 or less.[99] Moving to another, more affordable home could save Respondent at least $3,000 per month. Respondent testified that moving to another, more affordable home would be difficult because he would need to pay a potentially large security deposit and would incur moving expenses.[100] But he provided no evidence of these potential expenses he would incur if he moved.

Based on a review of his expenditures during the period July 2025 through June 2026, there are also other discretionary expenses that could be eliminated in order to increase cash flow. For example, Respondent spends approximately $1,500 each month on an employee to work in his home three days per week when his children who reside with him are all in high school.

Nevertheless, I did not take into consideration the potential savings from reducing his rent and other living expenses when calculating his discretionary spending. Even without

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[95] JX-6, at 8.

[96] *See DiPietro*, 2016 SEC LEXIS 1036, at *19 (rejecting inability-to-pay defense where the respondent's expenses included private high school tuition for a minor child and monthly gifts to an adult child).

[97] JX-19, at 1.

[98] Tr. 79-80, 103-04.

[99] CX-1.

[100] Tr. 107-08.

considering the potential reduction in expenses, I find that Respondent has a considerable monthly cash flow from which he could make a meaningful contribution toward the Award.

III. Conclusion

Based on Respondent's testimony and the documentary evidence presented at the hearing, I find that Respondent failed to satisfy the burden of proof needed to establish his inability-to-pay defense. The evidence shows that, while he has a negative net worth and has not had the available assets or cash to pay the entire Award since the date of the Award, he has had sufficient cash flow since the Award to make a meaningful contribution toward satisfying it.

FINRA sent Respondent the Suspension Notice under FINRA Rule 9554 for his failure to pay the Award. FINRA Rule 9559(n)(1) permits a Hearing Officer wide discretion to "approve, modify or withdraw . . . sanctions . . . imposed by the notice" and to assess costs. "'Honoring arbitration awards is essential to the functioning of the [FINRA] arbitration system,' and requiring 'associated persons to abide by arbitration awards enhances the effectiveness of the arbitration process.'"[101] "Conditional suspension of [a respondent's] association with FINRA members gives him an incentive to pay the award . . . . [and] furthers two central purposes of the Exchange Act—serving the public interest and the protection of investors."[102] Allowing Respondent the opportunity to return to the industry without paying the Award "'would also expose investors to an individual who has refused to accept the results of that process by failing to make any effort, meaningful or otherwise, towards paying the amounts he was found to owe, despite having agreed to do so when becoming a FINRA associated person.'"[103]

IV. Order

Based on the foregoing, and pursuant to Article VI, Section 3(b) of FINRA's By-Laws, and FINRA Rule 9559(n), I **SUSPEND** Arturo Castelo Lopez from associating with any FINRA member firm in any capacity, effective upon the issuance of this Decision. The suspension shall remain in effect until Respondent produces sufficient documentary evidence to FINRA that (1) he has paid the Award in full; (2) he and the arbitration claimant have entered into a fully executed, written settlement agreement relating to payment of the Award, and he is current in fulfilling his obligations under the terms of the settlement; or (3) he has filed a petition in a United States Bankruptcy Court, or a United States Bankruptcy Court has discharged the debt representing the Award. Should Respondent make such a showing, the suspension will automatically terminate.

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[101] *Dep't of Enforcement v. Henry*, No. ARB220023, 2023 FINRA Discip. LEXIS 6, at *15 (OHO Apr. 13, 2023) (quoting *Motherway*, 2023 SEC LEXIS 753, at *13).

[102] *DiPietro*, 2016 SEC LEXIS 1036, at *24.

[103] *Henry*, 2023 FINRA Discip. LEXIS 6, at *15-16 (quoting *Motherway*, 2023 SEC LEXIS 753, at *13-14).

Respondent is also **ORDERED** to pay the costs of this proceeding, which include $1,869.08 for the hearing transcript plus a $750 administrative fee, for a total of $2,619.08.[104] These costs are due and payable upon the issuance of this Decision.[105]

SO ORDERED.



Brian D. Craig
Hearing Officer

Copies to:

Arturo Castelo Lopez, Respondent (via OHO Docket Portal)
Ashley Morris, Esq., FINRA Enforcement (via OHO Docket Portal)
Michael P. Manning, Esq., FINRA Enforcement (via OHO Docket Portal)
Christopher Perrin, Esq., FINRA Enforcement (via OHO Docket Portal)

[104] Respondent must pay the costs of the hearing before the suspension terminates.

[105] I considered and rejected without discussion all other arguments by the parties.