PIABA: LABOR DEPARTMENT RULE TO CURB CONFLICTED ADVICE BY BROKERS IS HUGE STEP FORWARD TO PROTECT FINANCIAL CONSUMERS

"Fiduciary Rule" is Key to Stemming Loss of Billions Lost Each Year in Retirement Savings

WASHINGTON, D.C. – April 14, 2015 – Joseph C. Peiffer, president of the Public Investors Arbitration Bar Association (PIABA) issued the following statement today upon the release by the U.S. Department of Labor of its rule proposal requiring brokers and other financial advisers to put the interests of their clients first:

"We see every day what happens when those in and near retirement lose vast sums of money as a result of conflicted advice. These are people who have played by the rules all their lives and put their trust in the advertising and other claims made by brokerage firms and individual financial professionals. Too many investors lose their hard-earned retirement savings because their brokers sell investment products that pay a large commission but are not in the best interests of their clients. This is a system that is broken and must be fixed."

"That is why PIABA is so encouraged by the Department of Labor fiduciary rule proposal. It's time to put an end to all of the game-playing and the loopholes in financial advice that cost Americans billions of dollars in retirement savings every year. While the devil is in the details of a proposal like this, PIABA stands ready to assist the DOL to ensure that the current needless assault on Americans' golden years stops once and for all."

On March 25th, PIABA issued a warning to consumers and a call for action from the federal government. A review by PIABA found that nine top U.S. brokerage firms – including Merrill Lynch, Fidelity Investments, Ameriprise, Morgan Stanley, Allstate Financial, and Charles Schwab – advertise in public as though they are trusted fiduciaries acting in the best interest of investors and then deny in non-public arbitration cases that they have any such duty to avoid conflicted advice.

Available online at www.piaba.org, the PIABA report concluded that conflicted advice costs U.S. investors $17 billion a year – a total of nearly $80 billion since the Dodd-Frank act directed the Securities and Exchange Commission (SEC) to study imposing a fiduciary standard rule on brokers to ban conflicted advice.

Contrasting brokerage firm advertising claims with the lesser-known arguments the firms make in arbitration proceedings outside of the public eye, the PIABA report showed how the ad pitches of nine leading brokerage firms -- Merrill Lynch, Fidelity Investments, Ameriprise, Wells Fargo, Morgan Stanley, Allstate Financial, UBS, Berthel Fisher, and Charles Schwab – are directly at odds with the strikingly different message the firms send to aggrieved investors who file arbitration cases after suffering losses from conflicted advice.

ABOUT PIABA

The Public Investors Arbitration Bar Association is an international, not-for-profit, voluntary bar association of lawyers who represent claimants in securities and commodities arbitration proceedings and securities litigation. The mission of PIABA is to promote the interests of the public investor in securities and commodities arbitration, by seeking to protect such investors from abuses in the arbitration process, by seeking to make securities arbitration as just and fair as systemically possible and by educating investors concerning their rights. For more information, go to http://www.piaba.org.

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