

INVESTOR-ADVOCACY COALITION TO PUSH SEC FOR RIA REFORMS IN WAKE OF SCATHING REPORT

Following December SEC OIA Report That Found RIAs in ‘Violation of the Fiduciary Duty’, Groups to Launch Campaign Aimed at SEC, Calling for Reforms to Industry-Favored Forced Arbitration.

WASHINGTON, D.C. – NEWS ADVISORY – A coalition of investor advocacy groups, including the Public Investors Advocate Bar Association (PIABA), the American Association for Justice (AAJ), Americans for Financial Reform, Better Markets, Consumer Federation of America, the National Association of Consumer Advocates (NACA), and Public Citizen, will formally announce a new campaign aimed at reforming Securities & Exchange Commission (SEC) rules for registered investor advisers (RIA) during a National Press Club news conference beginning at 1 p.m. EST on Thursday, February 1st, 2024.

The February 1st news event follows [a scathing report by the SEC’s Office of the Investor Advocate \(OIA\)](#) released in December, which found many RIA forced arbitration agreement may be in “violation of the [advisers’] fiduciary duty.” The report also found that approximately 61% of SEC-registered advisers serving retail investor clients incorporated forced arbitration clauses into their investment advisory agreements. The OIA report echoed what PIABA previously had described as an “untenable” system for aggrieved investors who seek restitution for improper investment practices by their RIA, which can often dissuade wronged investors from seeking compensatory damages for losses they’ve suffered.

WHO:

- Joe Peiffer, President, PIABA
- Brady Williams, Legal Counsel, Better Markets
- Micah Hauptman, Director of Investor Protection, Consumer Federation of America
- Christine Hines, Legislative Director, National Association of Consumer Advocates
- Martha Perez-Pedemonti, Civil Justice & Consumer Rights Counsel, Public Citizen

WHEN:

1 p.m. EST, February 1, 2024.

WHERE:

You can attend the RIA Forced Arbitration news event on February 1, 2024, 1 p.m. EST in the First Amendment Lounge, the National Press Club, 529 14th Street NW, Washington, D.C. Attendance will be limited to credentialed members of the news media and partnering organizations. For security reasons, all attendees must RSVP in advance by contacting Alex Frank, (703) 276-3264 or afrank@hastingsgroupmedia.com. Journalists unable to attend the live news conference in person can view a live streaming webcast of the event [here](#).

WHY:

Unlike brokerage firms, which must designate FINRA as the arbitration forum, RIAs most commonly require clients to file arbitration claims with privately run dispute resolution forums such as the American Arbitration Association or JAMS, where arbitrators set their own fees – unlike the FINRA forum, where FINRA sets the arbitrators’ rates. According to arbitration attorneys, it is not uncommon for an AAA or JAMS arbitrator to charge \$8,000 or more for a day’s work. Total arbitration costs can easily exceed \$64,000 for five days of hearings and three days of pre-hearing and post-hearing work. The costs can triple if there are three arbitrators hearing the dispute.

Under many RIA-investor agreements, the privately run forums require the expected fees to be deposited prior to the case proceeding. This means that an investor may have to deposit tens of thousands of dollars just to have their claim move forward. RIAs, knowing the forum fees are cost-prohibitive for most clients, use these types of forced arbitration clauses to shield themselves from liability for their misconduct.

MEDIA CONTACT:

Alex Frank, (703) 276-3264 and afrank@hastingsgroupmedia.com

EDITOR'S NOTE:

A live embeddable HD stream of the news event will be available here:
<https://www.youtube.com/watch?v=egG4S499NGA>

ABOUT THE COALITION:

[Public Investors Advocate Bar Association](#) (PIABA) 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.

The [American Association of Justice \(AAJ\)](#) is a broad-based, international coalition of attorneys, law professors, paralegals, and law students. AAJ promotes justice and fairness for injured persons, safeguards victims' rights—particularly the right to trial by jury—and strengthens the civil justice system through education and disclosure of information critical to public health and safety. With members worldwide, and a network of U.S. and Canadian affiliates involved in diverse areas of trial advocacy, AAJ provides lawyers with the information and professional assistance needed to serve clients successfully and protect the democratic values inherent in the civil justice system.

[Americans for Financial Reform](#) is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.

[Better Markets](#) is a non-profit, non-partisan, and independent organization founded to promote the public interest in the financial markets, support the financial reform of Wall Street and make our financial system work for all Americans again. Better Markets works with allies—including many in finance—to promote pro-market, pro-business and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans' jobs, savings, retirements and more.

The [Consumer Federation of America](#) (CFA) is an association of non-profit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.

The [National Association of Consumer Advocates](#) (NACA) is a national non-profit membership organization of private, public sector, legal services and non-profit attorneys, law professors, and law students whose primary interest is the protection and representation of consumers. Since its inception, NACA has focused on issues concerning unfair, deceptive, abusive, and fraudulent practices by businesses, and is dedicated to preserving consumers' constitutional right to seek a civil remedy in the courts.

[Public Citizen](#) is a nonprofit consumer advocacy organization that champions the public interest in the halls of power. We defend democracy, resist corporate power, and fight to ensure that government works for the people – not big corporations. Founded in 1971, we now have 500,000 members and supporters throughout the country.