

FINRA REPORT ON UNPAID AWARDS FOR AGGRIEVED INVESTORS GETS GOOD MARKS FROM ARBITRATION ATTORNEYS

PIABA Applauds FINRA Focus on Customer Recovery of Judgments and Awards, and Decision to Provide More Information Online; Report Seen as “First Step” in Addressing Systemic Problems of Unpaid Arbitration Awards.

WASHINGTON, D.C. (February 8, 2018) – Responding to a new report issued today by the Financial Industry Regulatory Authority (FINRA), the Public Investors Arbitration Bar Association (PIABA) said it supports FINRA’s stated goals of fresh discussions with other regulators and policymakers to further address the issue of customer recovery in the forum, and making additional data on unpaid customer arbitration awards available. In addition, PIABA stressed the importance of an industry-funded recovery pool for unpaid arbitration awards.

A past PIABA report found that investors winning arbitration awards but not getting paid was a major problem. A [February 2016 PIABA report](#) found that “one out of three cases investors take through to an arbitration hearing and win an award assessing liability and damages goes unpaid ... (and) nearly \$1 of every \$4 awarded to investors in arbitration hearings goes unpaid.” That enormous non-payment problem totaled \$62.1 million awarded to people in 225 arbitrations in 2013 alone.

PIABA President and Chicago Attorney Andrew Stoltmann said: **“With today’s FINRA announcement, we now have detailed information from FINRA for the first time on the massive scope of the unpaid arbitration problem. For example, we now have it confirmed that approximately 25-30 percent of all cases where damages are awarded went unpaid since 2012. Today’s FINRA report is a positive first step in addressing the unpaid arbitration award issue in a serious way, and hopefully a new dawn in trying to solve it. FINRA deserves credit for attempting to create a multi-sided dialogue on potential solutions for the problem, including an unpaid arbitration pool, increased net capital requirements, insurance for brokers and expanding SIPC to possibly include unpaid arbitration awards.”**

PIABA Executive Vice President Christine Lazaro said: **“FINRA’s engagement on this issue is encouraging. It is important that investors who are harmed by the misconduct of FINRA members and associated persons have some meaningful remedy available.”**

In addition to the report, FINRA issued a Regulatory Notice seeking comment on proposed amendments to its rules designed to create further incentives for the timely payment of awards by preventing an individual from switching firms, or a firm from using asset transfers or similar transactions, to avoid payment of arbitration awards.

ABOUT PIABA

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 www.piaba.org.

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