

PIABA URGES SEC TO WEIGH CFPB STUDY FAULTING MANDATORY ARBITRATION AGREEMENTS

WASHINGTON, D.C. – March 10, 2015 – As the Securities and Exchange Commission (SEC) is in its fifth year of studying the controversial mandatory arbitration process for investors, the agency must consider the findings of the Consumer Financial Protection Bureau (CFPB) in a new study showing that most consumers don't know of or understand mandatory arbitration clauses and that many would do better if they had the option of going to court.

That recommendation was made today by attorney Joseph C. Peiffer, president of the Public Investors Arbitration Bar Association (PIABA). In a statement, Peiffer said: **“The SEC has been studying for five years whether investors should continue to be subject to mandatory arbitration. PIABA has urged the SEC to conclude that more choices for investors is the best way to proceed. Investors should have the choice of going to arbitration or court and not be forced into an industry sponsored arbitration process that is tilted in favor of Wall Street.”**

“We support the conclusions in the CFPB report and believe the SEC would do well to take them into account,” said Peiffer. **“Investors are consumers of financial advice and products. Currently, investors are forced to arbitrate in front of FINRA – a trade association run by the same brokerage firms that are being accused of wronging the investors in question. In this forum, investors ‘win’ less than 40 percent of their cases and a ‘win’ is defined as a recovery as low as one dollar. Investors deserve the option to choose whether to proceed in arbitration sponsored by FINRA or take their cases to court.”**

In 2010, PIABA asked the SEC to pursue rulemaking that would eliminate pre-dispute arbitration agreements between retail customers, but otherwise preserve the status quo with regard to a retail customer's ability to compel arbitration pursuant to current FINRA rules.

Peiffer added: **“We continue to support the idea of giving consumers greater flexibility to pursue their claims in either court or arbitration after a dispute arises. The CFPB report provides new and welcome support for our position in this matter. We believe that it is high time for the SEC to face the facts that wronged American investors should have a choice as to how they resolve their complaints.”**

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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