



Arbitration

Every financial service company has an arbitration clause in its service agreement. This clause applies to all advice, recommendations, products, and services that are provided by financial advisors and firms. The only exceptions are criminal acts and class action lawsuits. If you believe an advisor or firm has damaged you, your only recourse may be arbitration. So, it pays to understand the process before you file a claim.

FINRA

FINRA (Financial Industry Regulatory Authority) controls the arbitration process. What you may not know is FINRA is what is called an SRO (Self Regulatory Organization). The word "Self" means Wall Street firms control FINRA. So the financial service industry regulates itself. In Las Vegas this might be referred to as playing against a stacked deck. You have a 33% chance of winning a FINRA arbitration.

How Long Does it Take?

According to FINRA, on average, arbitration can take a year or more to complete from the date the claim is filed until the claim is resolved. Turnaround times vary based on number of parties and witnesses, the complexity of claims, the amount of discovery, and the schedules of the parties and arbitrators.

What Does it Cost?

According to FINRA's website, the cost of an arbitration case varies by the amount of the claim, the number of hearing sessions, number of discovery motions, and number of postponements, if any. Fees range from a few hundred dollars to several thousand dollars.

Legal Representation

According to FINRA's website, you should consider hiring an attorney to represent you during the arbitration process. Even if you do not choose to hire an attorney, the other parties may have counsel. Attorneys, compliance officers, management, and advisors represent the interests of financial service firms and advisors.