

## Industry Arbitration Claims Spike as Coronavirus Disruptions Continue, *InvestmentNews*, ft. Daniel Hetzel

*Daniel A. Hetzel, KD partner in the financial services practice group was quoted in this InvestmentNews article written by Mark Schoeff, Jr. published on May 21, 2020.*

*Promissory note cases lead the way, signaling potential 'employment upheaval.'*

*Industry arbitration claims spiked during the first four months of the year, an indication that widespread disruptions caused by the COVID-19 pandemic are leading to disputes between registered representatives and brokerages, experts say.*

*Dispute resolution statistics posted on the Financial Industry Regulatory Authority Inc.'s website show 569 intra-industry case filings through April compared to 447 at the same time last year, an increase of 27%.*

*Many have been anticipating a significant increase in customer complaints against brokerages due to market volatility related to the coronavirus outbreak. But that surge hasn't materialized so far.*

*There have been 663 customer claims filed against brokerages, representing 54% of the 1,232 total cases filed. That is a 7% decrease for the category from last year. Industry disputes comprised 46% of all cases. The total number of arbitration claims filed through April was 6% higher than last year.*

*Industry cases have jumped out ahead of customer cases because the latter take more time to develop as investors review their returns and assess their financial situation, arbitration experts said.*

*Industry disputes crop up faster as firms shed brokers and as brokers migrate to new firms during the pandemic.*

*There may also be a cause for the jump in intra-industry disputes that's not related to the virus, said Daniel Hetzel, a partner at Kaufman Dolowich & Voluck. He pointed out that registered reps are continuing their push to clear customer disputes from their records before Finra changes the rules to tighten the expungement process.*

*They're filing expungement cases with themselves as the claimant and brokerages as the respondent to get them into the arbitration system quickly, Hetzel said.*

*"It's the only way you're going to get this issue in front of a Finra [arbitration] panel because you need someone on the other side," he said. "That is more a function of the regulatory environment as opposed to the coronavirus crisis."*