

Surge In Client FINRA Arbitration Filings May Be On Horizon, Financial Advisor, ft. Daniel Hetzel

While Finra arbitration filings have already risen 14% this year, that is just the tip of the iceberg of customer cases the industry can expect as fallout from the pandemic, according to a securities industry defense attorney working with firms on preventative measures.

Daniel A. Hetzel, a partner in the financial services and regulatory practice group at Kaufman Dolowich & Voluck, told Financial Advisor that he is tracking client solicitations from investor attorneys and expects arbitration increases to track the trajectory they took after the 2008 market crash when the number of filings doubled.

"Right now, investors are still dealing with external challenges, but when that settles down, I'd expect to see a significant increase in arbitration filings," said Hetzel, who has been a defense attorney for broker-dealers and the securities industry for 20 years. "Any time there is a market downturn, PIABA [Public Investor Advocate Bar Association] attorneys start soliciting clients."

Arbitration filings have increased 14% through March, from the 3,757 filings during the same period last year, according to Finra. Hetzel said he'd expect filings to continue to climb like they did after the 2007-2008 crisis, when they jumped from 3,238 in 2007 to 7,137 in 2009.