

CURRENT TRENDS IN THE IBD SPACE – WHAT THE INDUSTRY IS SEEING AND WHAT IT CAN EXPECT MOVING FORWARD

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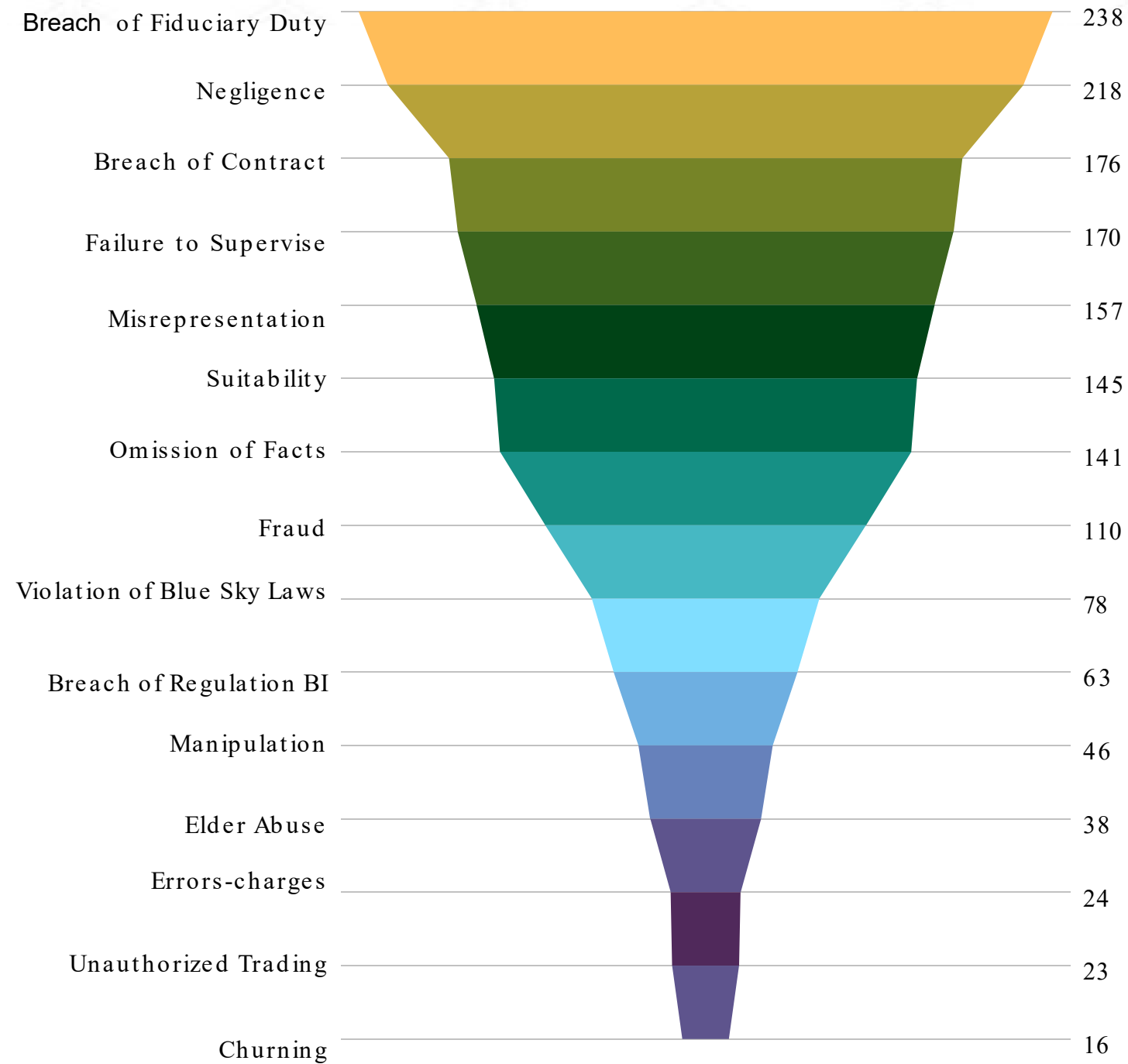
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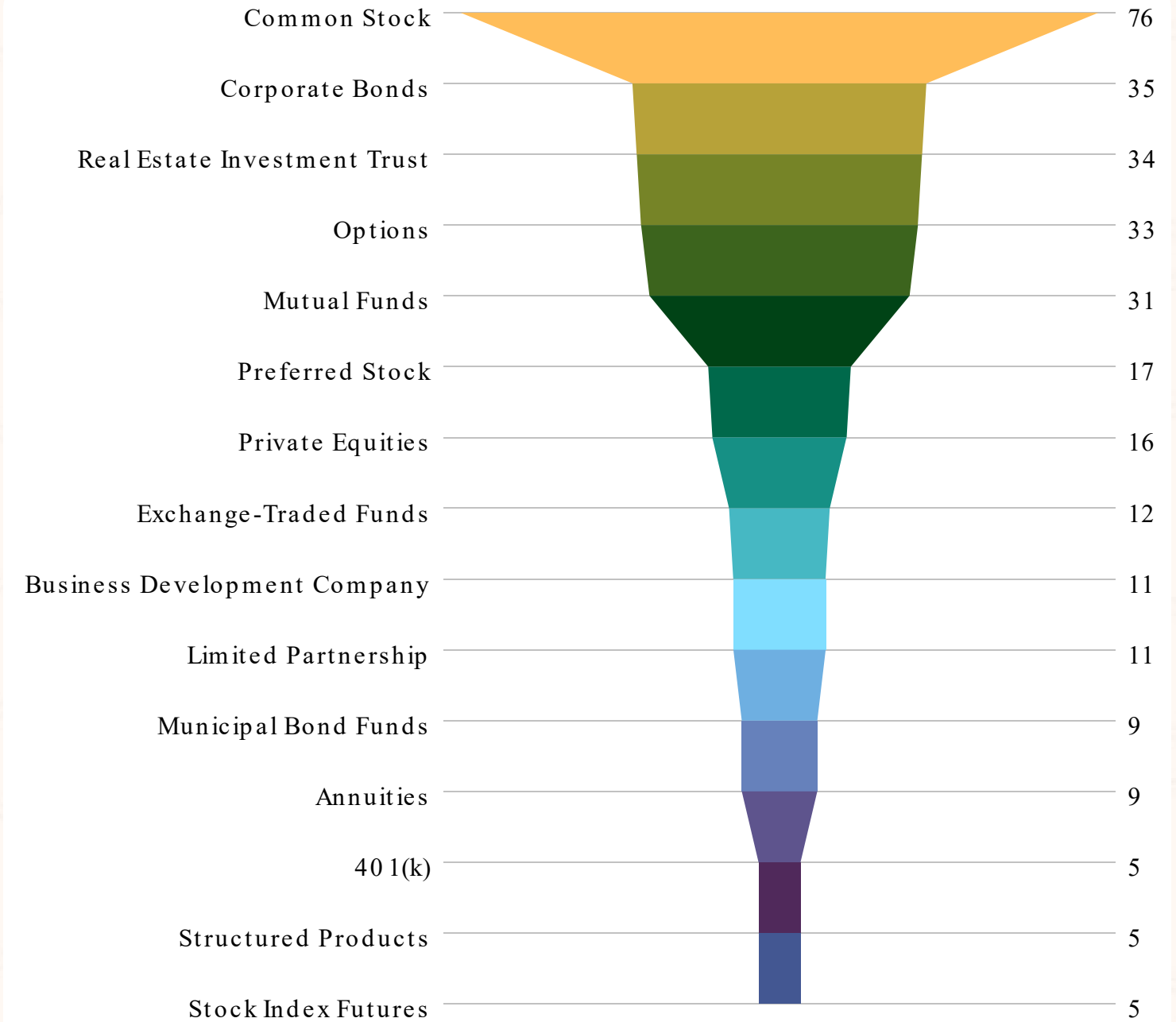
FINRA
Dispute
Resolution
Statistics



Top 15 Controversy Types in Customer Arbitrations



Top 15 Security Types in Customer Arbitrations



How Do Arbitration Cases Close?

Cases Decided by Arbitrators	2023 (% of Cases)	2022	2021	2020	2019
After Regular Hearing	68 (15%)	533 (15%)	497 (12%)	335 (9%)	527 (13%)
After Special Proceeding Hearing	2 (0%)	24 (1%)	34 (1%)	13 (0%)	12 (0%)
After Review of Documents (Paper Cases)	10 (2%)	78 (2%)	102 (2%)	101 (3%)	96 (2%)
Total	80 (18%)	635 (18%)	633 (15%)	449 (13%)	635 (16%)
Cases Resolved by Other Means	2023 (% of Cases)	2022 (% of Cases)	2021	2020	2019
Direct Settlement by Parties	214 (48%)	1,752 (49%)	2,418 (59%)	2,060 (58%)	2,269 (57%)
Settled via Mediation	89 (20%)	700 (20%)	458 (11%)	477 (13%)	513 (13%)
Withdrawn	33 (7%)	290 (8%)	384 (9%)	329 (9%)	343 (9%)
All Others	28 (6%)	175 (5%)	216 (5%)	243 (7%)	203 (5%)
Total	364 (82%)	2,917 (82%)	3,476 (85%)	3,109 (87%)	3,328 (84%)

Mediation Statistics Through February – Mediation Works

Year	Cases in Agreement	Cases Closed (Percent Settled)	Turnaround Time (in days)
2023	118	103 (83%)	131
2022	154	100 (93%)	143
2021	75	73 (81%)	97
2023 vs 2022	-23%	+3%	-8%

Is there a difference in Zoom v. In-Person

Hearing Results?

Mediation?

Awards on the Merits of Case with One or More Zoom Evidentiary Hearings

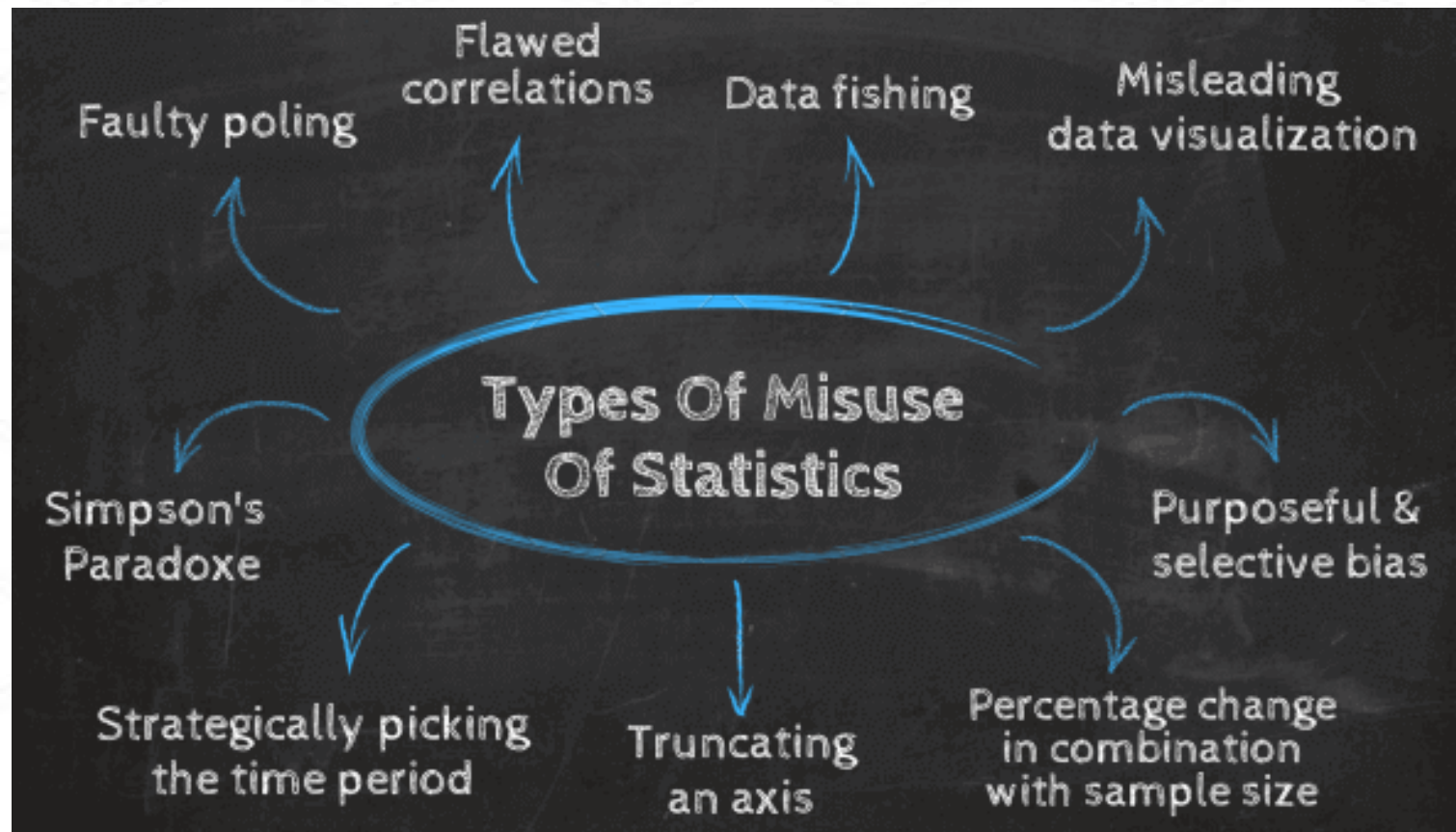
Year Decided	Customer Claimant Cases Decided	Customer Claimant Cases Where Customer Awarded Damages	Customer Claimant Not Awarded Damages	Percentage of Customer Claimant Cases Where Customer Awarded Damages
2023	13	7	6	54%
2022	116	51	65	44%
2021	136	60	76	44%
2020	30	12	18	40%

Awards on the Merits of the Case with In-Person Evidentiary Hearings

Year Decided	Customer Claimant Cases Decided	Customer Claimant Cases Where Customer Awarded Damages	Customer Claimant Not Awarded Damages	Percentage of Customer Claimant Cases Where Customer Awarded Damages
2023	6	1	5	17%
2022	74	34	40	46%
2021	46	22	24	48%
2020	34	17	17	50%

Current FINRA Statistics on Claims

- Stats may be misleading



Limitations of Statistics

1. Statistics is unable to explain individual items
2. Statistics are unable to study qualitative characters
3. Statistical results are not accurately correct
4. Statistics deal with average
5. Statistics is only one of the methods of studying a given problem
6. Statistics is liable to be misused
7. Qualitative Aspect Ignored
8. Too many methods to study problems
9. Results are true only on average
10. Statistical laws are not exact

What Are We Seeing?

- **Reg BI**
 - **Western**
 - **International Case**
- **Product Cases**
 - **GWG**
 - **Atlas**
 - **GPB**
 - **ARC Hospitality**
- **Pure Due Diligence cases (including ongoing due diligence)**
- **Market Loss**
- **Annuity Switching**



Increase in Regulatory Matters – State, SEC and FINRA

- **Offline Communications**
- **Private Securities Transactions**
- **Outside Business Activities**
- **Churning**



RIA Claims

- Increase in Activity in Advisory Space?
- Venue? Where will these Claims be Heard?
 - FINRA
 - AAA
 - Court
 - JAMS
 - Pros/Cons
- Up to Customer?



Group Cases

- **Filed with increasing frequency**
- **Strategy for defending/mediating group cases**
 - **Motions to Sever?**



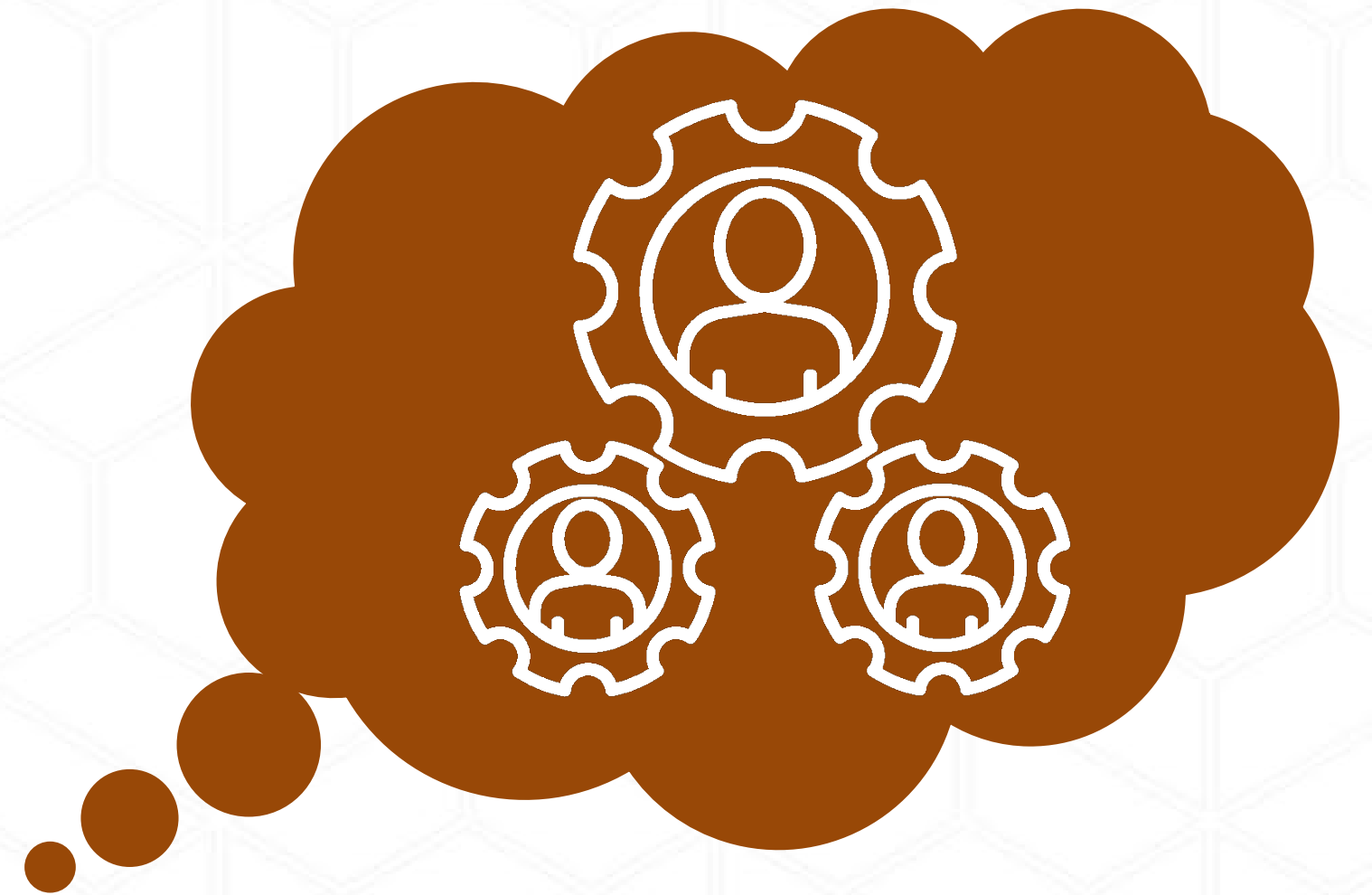
Eligibility Motions

- **Success rates**
- **Do these have any impact at a mediation?**



Damages Theories

- Well-managed still being advanced given recent market downturns (especially in the bond market)
- Principal Loss
- % of NOP's
- How are they addressed at mediation?



Thank you!

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