SECURITIES ARBITRATION ALERT 2022-09 (3/10/22)

George H. Friedman, Editor-in-Chief

FEATURE ARTICLE:

- ***President Biden Signs Into Law the* Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act. *It Became Effective Immediately on March 3 – Part II, by George H. Friedman***

SHORT BRIEFS:

- **Update on FINRA "Rigged Panels" Accusation: FINRA Responds to Warren and Porter (and Vice Versa)**
- **SEC's Investor Advisory Committee to Meet Virtually Today (March 10). No Arbitration or Mediation Agenda Items**
- **SCOTUS Allocates Oral Argument Time in *ZF Automotive*; Solicitor General to Participate**
- **Memo to SCOTUS: When Do We get a Ruling on the *Cert.* Petitions in the *Branch Banking-Sevier County* and *Uber-Gregg* Cases?**
- **District Court Spells Out Waiver Factors**
- **Is the Kentucky Supreme Court in for Another FAA Preemption Reversal from SCOTUS? Probably Not.**

QUICK TAKES:

- ***Zhang v. Superior Court (Dentons U.S.),* No. S272152 (Calif. Feb. 16, 2022)**
- ***Mendoza v. Trans Valley Transport,* No. H044372 (Calif. Ct. App. 6 Mar. 1, 2022)**
- ***Maide, LLC v. Dileo,* 138 Nev. Adv. Op. No. 9 (Feb. 24, 2022)**
- ***Ellenberger v. Edward Jones*, FINRA ID No. 21-00929 (San Francisco, CA, Jan. 31, 2022)**
- ***Taylor Trust v. Kestra Investment Services, LLC*, FINRA ID No. 21-02458 (San Diego, CA, Feb. 2, 2022)**

ARTICLES OF INTEREST:

- **C. Baltag and K. Nasir Gore, *Peaceful Resolution of Disputes: We Stand United Against War In All Its Many Forms,* Kluwer Arbitration Blog (Mar. 1, 2022)**
- ***Finra Fines Barclays $350K For Risk Management Failure*, FA Magazine (Feb. 28, 2022)**
- ***Litigation Will Explode With the Ban of #MeToo Forced Arbitration,* Bloomberg (Feb. 28, 2021)**
- ***FINRA Alerts Broker-Dealers to Russia Sanctions*, ThinkAdvisor (Mar. 1, 2022)**
- ***UBS Must Pay Client $1.1M Over Allegations of 'Egregious' Advice*, FinancialPlanning (Mar. 2, 2022)**

DID YOU KNOW?

- **The SEC Issues Monthly Investing Quizzes**

ANOTHER FEATURE ARTICLE. *In just the past week, there have been some significant developments. The President signed the* Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act*, amending the Federal Arbitration Act for the first time in decades. A bill was introduced in the Senate to amend* Dodd-Frank *to ban PDAAs involving consumer financial products and services. And the Senate Banking Committee had a hearing on mandatory arbitration of consumer financial services disputes. Because of these events, we are again eschewing squibs this week and instead publishing in full a feature article on the new developments.*

FEATURE ARTICLE

PRESIDENT BIDEN SIGNS INTO LAW THE *ENDING FORCED ARBITRATION OF SEXUAL ASSAULT AND SEXUAL HARASSMENT ACT*. IT BECAME EFFECTIVE IMMEDIATELY ON MARCH 3 – PART II

by George H. Friedman
SAA Publisher and Editor-in-Chief

World events caused a bit of a delay, but President Biden on March 3 finally signed into law the* Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act. *The* Act *became effective immediately. Here's an update.

As reported in SAAs 2022-07 (Feb. 24) and -05 (Feb. 10), H.R. 4445 passed the House on **February 7** by a bipartisan vote of 335-97, and the Senate approved the bill by voice vote on **February 10**. As we observed in # 07, his approval was a foregone conclusion, since the President had issued a **February 2** statement supporting the legislation. The bill was signed into law at a White House ceremony that included **Vice President Harris** and former Fox News reporter **Gretchen Carlson.**

The Basics

Full details on the *Act* are contained in our recent feature article, but in short: the new law amends the Federal Arbitration Act ("FAA") to give the employee or class/collective representative the right to invalidate after a dispute arises predispute arbitration agreements ("PDAA") or class action waivers covering sexual assault or harassment claims (see the House text). Specifically: 1) employees/class reps can opt out of PDAAs and class action waivers in cases involving claims of sexual harassment or assault; 2) arbitrability is for the court, even if there's a delegation clause; 3) the "cases" and "disputes/claims" ambiguity will lead to problems unless the *Act* is quickly cleaned up in this regard; 4) FINRA and other ADR institutions will need to address opting out and bifurcation; and 5) the law is effective immediately – **March 3** – for: "any dispute or claim that arises or accrues on or after the date of enactment of this Act."

Prez and Veep: "You Ain't Seen Nothing Yet …

The Democrats have introduced over 100 bills in the 117th Congress that in some way, shape or form, would amend the Federal Arbitration Act, other federal statutes, or both to ban predispute arbitration agreements for a class of parties (e.g., consumers) or claims (e.g., statutory rights). See, for example, the *Forced Arbitration Injustice Repeal (FAIR) Act* – H.R. 963, which if enacted would ban mandatory arbitration for almost every conceivable transaction that's not a business-to-business or union-management matter. In their remarks at the signing ceremony, the President and Vice President made clear that the *Act* was just the start of an ongoing effort to ban PDAAs in a wider range of disputes, starting with employment. For example, President Biden said (*ed: starting at marker 12:10 of the YouTube video*): "I know there's discussion in Congress about whether forced arbitration clauses should also be banned for other kinds of employment disputes beyond sexual harassment and assault. I think it's all wrong, and they should be banned."

He added later that Congress "in the coming weeks" would be considering legislation to ban mandatory arbitration of all employment disputes. Vice President Harris said: "As I think about the future, our administration will work with Congress on broader forced arbitration legislation to — (applause). And we will do that to also protect the rights of workers in cases of wage theft, racial discrimination, and unfair labor practice …."

… Such As: Bill Introduced in Senate to Amend Arbitration Parts of *Dodd-Frank*

The Administration wasn't kidding about continuing the legislative effort to limit PDAAs in the consumer and employment areas. Within minutes of the bill signing ceremony, Sen. **Sherrod Brown** (D-OH) introduced S. 3755 -- the *Arbitration Fairness for Consumers Act* -- described in a Press Release as: "legislation to prohibit banks and other financial institutions from using forced arbitration clauses against consumers who want to seek restitution and justice…. The *Arbitration Fairness for Consumers Act* bans these abusive practices. The Act amends Title X of the *Consumer Financial Protection Act of 2010* to prohibit pre-dispute arbitration agreements and class-action waivers in contracts for consumer financial products or services. Under the Act, such agreements would be neither valid nor enforceable." The text adds that delegation issues are for the court, "whether the agreement purports to delegate such determinations to an arbitrator." The bill impacts PDAAs involving "consumers" and "financial products or services" but it's not entirely clear to us whether this would include securities arbitration agreements. A one-page summary states: "Banks and *other financial institutions* force consumers to agree to contracts with arbitration clauses that take away their right to justice in order to access credit bank accounts, credit cards, prepaid cards, student loans, *and other essential financial services*." However, the bill amends *Dodd-Frank* Title X - *Bureau of Consumer Financial Protection*. Securities matters are covered by Title IX - *Investor Protections and Improvements to the Regulation of Securities.*

Déjà vu All Over Again

Recall that *Dodd-Frank* section 921 gives the SEC authority to limit or eliminate PDAAs or set conditions for their use, but it has not done so. Section 1028 directs the CFPB to study the use of PDAAs in contracts for consumer financial products and services, to later report to Congress, and to ban, limit or impose conditions on their use if such action "is in the public interest and for the protection of consumers." *Alert* readers may recall that the CFPB did indeed issue the required report to Congress and later promulgated a rule banning class action waivers. However, before it became effective, the Final Rule on arbitration was retroactively nullified in **November 2017**, when **President Trump** signed into law H.J. Res. 111, a Joint Disapproval and Nullification Resolution (see SAA 2017-41). Congress had exercised its authority under the *Congressional Review Act*, ("*CRA*") 5 USC §§ 801 *et seq*., which allows that body to legislatively nullify any regulation within 60 legislative/session days of its publication. Under the *CRA*, the reg cannot be reintroduced without the express permission of Congress.

Cue the Senate Banking Committee

As if on cue, the Senate Banking Committee – chaired by Sen. Brown – on **March 8** held a 75-minute hearing, *Examining Mandatory Arbitration in Financial Service*

Products. The speakers, in this order, were (*ed: links are to prepared remarks*): **Paul Bland,** Executive Director, Public Justice; **Remington A. Gregg,** Counsel for Civil Justice and Consumer Rights, Public Citizen; **Professor Todd J. Zywicki,** George Mason University Foundation Professor of Law at George Mason University Antonin Scalia School of Law; **Steven Lehotsky,** Lehotsky Keller LLP, on behalf of the U.S. Chamber of Commerce; and **Professor Myriam Gilles**, Paul R. Verkuil Research Chair and Professor of Law. When we first read that the hearing would be taking place, we were surprised that FINRA, NASAA, PIABA, and/or SIFMA were not represented on the panel. It became clear, however, that the focus was on the *Arbitration Fairness for Consumers Act*, mandatory arbitration involving consumer financial products and services, and what the CFPB might do about it, and not securities arbitration, FINRA, and SEC oversight. There were no references to either institution, although at the very end (*ed: around marker 01:25 of the hearing video, available here*), Chairman Brown made a passing reference to having received a letter from NASAA about securities arbitration that he would be putting in the record. As of press time, the letter had not been posted and could not be found on NASAA's Website. All Democratic Committee members who had questions or comments supported the *Act.* The only GOP member who spoke, Ranking Member **Patrick Toomey** (R-PA), opposed it.

An Inaccurate Comment By the VP

At the signing ceremony, Vice President Harris said: "The legislation the President will sign today will end forced arbitration in all cases of sexual abuse. (Applause.) And — and almost equally as important, it will apply retroactively — (applause) — invalidating every one of these agreements, no matter when they were entered into." With all due respect, that's not the case. As we pointed out in our past coverage, the new law does *not* ban predispute arbitration agreements or class action waivers covering sexual assault or harassment claims. The statute instead gives the employee or class/collective representative the *right to opt out* of PDAAs by invalidating them after a dispute arises (see, e.g., the House text). The President, however, got it right, stating that the new law: "invalidates predispute arbitration agreements that preclude a party from filing a lawsuit in court involving sexual assault or sexual harassment, *at the election of the party alleging such conduct*" (emphasis added).

*(ed: *As our coverage points out, the new law definitely affects securities arbitrations, since the* Act *amends the FAA. We think the impact at FINRA will be in two main areas: 1) opting out; and 2) intertwining. **The new law raises many questions in our view. For details, see our feature article. ***Does the enactment of the new law mean the dominos will fall with the passage of these other anti-PDAA bills? While the new law clearly gives these bills momentum, we don't think it translates to large-scale enactments. Why not? We see the* Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act *as one-off, in that it involves a sensitive issue that cuts across party lines. We just don't sense that with all but one of the other bills – the* Investor Choice Act *– at least as to garnering the ten Republican Senate votes needed to advance the legislation. ****We will track developments regarding S. 3755; thus far, there is no companion House bill.)*

return to top

SHORT BRIEFS: CONCISE NEWS YOU NEED TO KNOW

UPDATE ON FINRA "RIGGED PANELS" ACCUSATION: FINRA RESPONDS TO WARREN AND PORTER (AND VICE VERSA). The *Alert*'s readers are very familiar with this ongoing story, which we've covered extensively and blogged about on February 2, 9, and 25. To review, Fulton County Superior Court Judge **Belinda E. Edwards** in *Leggett v. Wells Fargo Clearing Services, LLC*, No. 2019CV328949 (Ga. Super Jan. 25, 2022), found that the potential arbitrator list preparation process had been compromised. This prompted: 1) subsequent calls by PIABA for Congressional and SEC investigations; 2) a denial from Wells and a vow to appeal; 3) a **February 9** letter to FINRA from Sen. **Elizabeth Warren** (D-MA) and **Rep. Katie Porter** (D-CA) demanding answers by **February 23**; 4) a **February 18** Press Release from FINRA announcing that the Authority had retained the Lowenstein Sandler law firm to conduct an independent review; and a **February 24** appeal by Wells (according to news reports in *FA Magazine* and *ThinkAdvisor*). The latest news is that FINRA replied to Sen. Warren and Rep. Porter in a **February 21** letter from CEO and President **Robert W. Cook**, and the legislators responded in a **March 7** response announced in a Press Release. We will cover the latest developments in the next *Alert*, but suffice it to say that FINRA denies any irregularities and Sen. Warren and Rep. Porter are not pleased with FINRA's letter and have additional questions. Here's a snippet: "[W]e are disappointed that you failed to answer key questions about the specific way that arbitrators were chosen in the *Wells Fargo vs. Leggett* case, the actions of Wells Fargo and its representatives, and communications between Wells Fargo officials and FINRA officials about the arbitration process. Instead, you only provided us with an anodyne description of the process from FINRA's Dispute Resolution Services …. Your letter did nothing to dispel the concerns raised by a federal judge and by press reporting about FINRA's handling of this cause." (*ed: *Again, this is just the latest chapter in what is sure to be a lengthy process. **Not to be sticklers, but the* Leggett *case was decided by a state court -- not federal -- judge.)*
return to top

SEC'S INVESTOR ADVISORY COMMITTEE TO MEET VIRTUALLY TODAY (MARCH 10). NO ARBITRATION OR MEDIATION AGENDA ITEMS. The SEC announced that the Investor Advisory Committee ("IAC") will be meeting virtually on **March 10**. Says the Sunshine Act Notice: "The agenda for the meeting includes: welcome and opening remarks; departure remarks from J.W. Verret and Paul Mahoney; approval of previous meeting minutes; a panel discussion regarding ethical artificial intelligence and 'roboadviser' fiduciary responsibilities; a panel discussion regarding cybersecurity; subcommittee reports; and a non-public administrative session."
*(ed: *The IAC meeting will be webcast starting at 10 a.m. Eastern on the Commission's website at www.sec.gov. **For further info, "and to ascertain what, if any, matters have been added, deleted or postponed," contact Vanessa A. Countryman at 202-551-5400.)*
return to top

SCOTUS ALLOCATES ORAL ARGUMENT TIME IN *ZF AUTOMOTIVE*; SOLICITOR GENERAL TO PARTICIPATE. We reported in SAA 2022-04 (Feb. 3) that the Supreme Court had set four arbitration-centric cases for oral argument during the

last two weeks of March, among them *ZF Automotive US, Inc. v. Luxshare, Ltd.*, No. 21-401, and *AlixPartners LLP v. The Fund for Protection of Investors' Rights in Foreign States*, No. 21-518 on **March 23**. The Court's **February 28** Order List addresses oral argument time allocation: "the joint motion of the parties for divided argument and for enlargement of time for oral argument is granted. The motion of the Solicitor General for leave to participate in oral argument as amicus curiae, for divided argument, and for enlargement of time for oral argument is granted" (links added by the *Alert*). What are the specifics? The now-granted joint motion says: "If the United States' request for oral argument time is granted, the parties believe that the overall argument time should be expanded to 80 minutes, with each side receiving 40 minutes. In that scenario, the ZF and AlixPartners petitioners agree that ZF should receive 15 minutes of argument time, AlixPartners should receive 10 minutes of argument time, and the United States should receive 15 minutes of argument time. And the ZF and AlixPartners respondents agree that Luxshare and the Fund should each receive 20 minutes of argument time." To review, the **September 10** Petition in *ZF Automotive* asserts that the question before the Court is: "Whether 28 U.S.C. § 1782(a), which permits litigants to invoke the authority of United States courts to render assistance in gathering evidence for use in 'a foreign or international tribunal,' encompasses private commercial arbitral tribunals, as the U.S. Courts of Appeals for the Fourth and Sixth Circuits have held, or excludes such tribunals, as the U.S. Courts of Appeals for the Second, Fifth, and Seventh Circuits have held." The **October 5** Petition for *Certiorari* in *AlixPartners*, which was consolidated with *ZF Automotive*, states: "… the arbitration here is between a private party and a foreign state -- an application of Section 1782 upon which the United States has expressed 'particular concern.' The question presented is: Whether an ad hoc arbitration to resolve a commercial dispute between two parties is a 'foreign or international tribunal' under 28 U.S.C. § 1782(a) where the arbitral panel does not exercise any governmental or quasi-governmental authority."
*(ed: *The government's position? "In these cases, the United States has filed a brief as amicus curiae in this Court supporting petitioners, contending that Section 1782 authorizes discovery assistance only in aid of a proceeding before a governmental body, and the phrase 'proceeding in a foreign or international tribunal,' 28 U.S.C. 1782(a), does not encompass arbitration, before a nongovernmental panel …." **The case is listed on page 1 of the Order List.)*
return to top

MEMO TO SCOTUS: WHEN DO WE GET A RULING ON THE *CERT.* PETITIONS IN THE *BRANCH BANKING-SEVIER COUNTY* AND *UBER-GREGG* CASES? We have been diligently checking the Supreme Court's periodic Order Lists to see if the Court has granted or denied *Certiorari* in two arbitration-related cases with pending Petitions. The cases are *Branch Banking and Trust Company v. Sevier County Schools Federal Credit Union*, No. 21-365, and *Uber Technologies, Inc. v. Gregg*, No. 21-453. Why the obsessive checking? Both cases were "distributed for conference" weeks ago – meaning the Justices met to among other things consider the applications for review – and normally the Court would be expected to shortly thereafter dispose of the Petitions one way or another. The Petition in *Branch Banking* was set for consideration at

the Court's **January 7** conference, and the *Uber* Petition for **February 18**, but alas subsequent Order Lists and Miscellaneous Orders have been devoid of any references to either case. The issue presented in *Branch Bank* is: "Whether the Federal Arbitration Act displaces a state common-law rule forbidding companies from adding an arbitration requirement to their standard form contract with customers unless the contract already includes a dispute-resolution clause." The issue in *Uber* is: "Whether agreements calling for individual arbitration are enforceable under the Federal Arbitration Act with respect to claims asserted under the California Labor Code Private Attorneys General Act."
*(ed: *Wonder what's causing the delay? **Each case is described in our recent feature article,* After a Lull in 2021, a Busy Year Ahead Arbitration-wise for SCOTUS*, 2021:48 SEC. ARB. ALERT 1 (Dec. 23, 2021).)*
return to top

DISTRICT COURT SPELLS OUT WAIVER FACTORS. The Supreme Court will decide whether a showing of prejudice is required to show that a party has waived its arbitration rights, when it rules on *Morgan v. Sundance, Inc*., No. 21-328 (set to be argued **March 21**). In the meantime, the Court in *Taylor v. The Boeing Company*, No. 21-4257 (E.D. Pa. Feb. 25, 2022), nicely restates the six factors a court should consider in an employment arbitration case. Says Judge **Gene E. K. Pratter**: "How timely is the motion to arbitrate? To what extent has the employer 'contested the merits" of the suit? To what extent has the employer 'engaged in non-merits motion practice? Has the employer 'acquiesce[d] to the court's pretrial orders'? To what extent have the parties engaged in discovery? When did the employer inform the employee that it planned to seek arbitration?" (brackets in original). Applying these factors, Judge Pratter concludes that: "the case is in its infancy" and the employee had not been prejudiced by the "regrettable but short delay."
*(ed: *An* Alert *h/t to Editorial Board member Peter R. Boutin, Esq., of Keesal, Young & Logan, for alerting us to this decision.)*
return to top

IS THE KENTUCKY SUPREME COURT IN FOR ANOTHER FAA PREEMPTION REVERSAL FROM SCOTUS? PROBABLY NOT. Arbitration practitioners are familiar with *Kindred Nursing Centers v. Clark*, 137 S.Ct. 1421 (2017), where the Supreme Court ruled 7 to 1 that a Kentucky rule of law requiring a power of attorney ("POA") to specifically authorize agreements to arbitrate was preempted by the Federal Arbitration Act ("FAA"). Taking another run at a similar fact pattern – an arbitration agreement in a nursing home admission agreement signed on behalf of the resident by a person with apparent authority to do so – a unanimous Court holds in *Jackson v. Legacy Health Services, Inc*., No. 2021-SC-0062-DG (Ky. Feb. 24, 2022), that the PDAA is unenforceable (just as it did in *Kindred*). Is this Court in store for another rebuke from SCOTUS? Not necessarily, in our view. Why? *Kindred* involved the Kentucky Supreme Court reading into a State law that a POA must expressly authorize the holder to enter into PDAAs, clearly disadvantaging arbitration. *Jackson*, the Court notes, involved a *guardian* acting under authority of a State law – KRS 387.660 – which among other things provides that a guardian cannot: "act with respect to the ward in a

manner which limits the deprivation of civil rights and restricts his personal freedom only to the extent necessary to provide needed care and services to him." Says the Court: "[A]rbitration agreements constitute a waiver of the right to a trial by jury, which is a fundamental right. Therefore, Christine's fundamental right to a trial by jury was limited by Christopher signing the arbitration agreement…. [And, the] arbitration agreement was not a condition of Christine residing at or receiving care at the facility. It was voluntary. Therefore, it was not necessary to providing care and services to her. Had the arbitration agreement been a condition of her care at or admission to the facility, then Christopher would have had the authority to bind her to the agreement. In short, because it was not necessary to provide care or services to Christine, Christopher lacked the authority to enter into the arbitration agreement. It is not binding, and void" (footnote omitted). *(ed: We're on board with this one. The two cases are distinguishable, and the Kentucky statute is not focused on arbitration.)*

return to top

QUICK TAKES: CASES AND AWARDS WORTH READING

***Zhang v. Superior Court (Dentons U.S.)*, No. S272152 (Calif. Feb. 16, 2022)**: "The petition for review is granted. The matter is transferred to the Court of Appeal, Second Appellate District, Division Eight, with directions to vacate its order denying mandate and to issue an order directing respondent court to show cause why the relief sought in the petition should not be granted. (Cal. Rules of Court, rule 8.528(d).) The request for a stay of the trial court's order lifting its injunction against the New York arbitration is granted, subject to further consideration by the Court of Appeal."

***Mendoza v. Trans Valley Transport*, No. H044372 (Calif. Ct. App. 6 Mar. 1, 2022)**: "We conclude that Employers have forfeited their delegation clause argument by reserving the issue for their reply in the trial court and not adequately briefing the issue below or on appeal. However, we exercise our discretion to address the issue on the merits, and hold that it was for a court to decide whether the parties had entered into an agreement to arbitrate. We also conclude that in the circumstances of this case, the parties have not entered into either an express or an implied contract to arbitrate their disputes. We will therefore affirm the trial court's order denying the motion to compel arbitration." (*ed: An* Alert *h/t to Editorial Board member Peter R. Boutin, Esq., of Keesal, Young & Logan, for alerting us to this decision.*)

***Maide, LLC v. Dileo*, 138 Nev. Adv. Op. No. 9 (Feb. 24, 2022)**: "NRS 597.995 requires any agreement that includes an arbitration provision to also include a specific authorization for that provision—or the provision is void. But because NRS 597.995 singles out and disfavors arbitration provisions by imposing stricter requirements on them than on other contract provisions, the Federal Arbitration Act (FAA), 9 U.S.C. § 1 et seq. (2012), preempts NRS 597.995 in cases involving interstate commerce. Below, the district court concluded that an arbitration provision was void under NRS 597.995 for failure to include a specific authorization. Because we conclude the FAA applies here and preempts NRS 597.995, the district court's decision was erroneous, and we reverse" (link added by the *Alert*).

***Ellenberger v. Edward Jones*, FINRA ID No. 21-00929 (San Francisco, CA, Jan. 31, 2022)**: In this small claims arbitration, the Sole Public Arbitrator explains why she has decided to deny a customer's case, finding that said customer did not have an account with Respondents: "Claimant did not open an account with Respondents. At most, there was an introductory meeting, but no new account documents were executed. Respondents were not at fault for allowing Claimant's ex-husband to withdraw money from his own retirement account because they did not receive any legal documents notifying them that he did not have access to his own account." *Provided courtesy of SAC's ARBchek facility (www.arbchek.com).*

***Taylor Trust v. Kestra Investment Services, LLC*, FINRA ID No. 21-02458 (San Diego, CA, Feb. 2, 2022)**: An All-Public Panel explains in great detail why it has decided to grant Respondent broker-dealer's Prehearing Motion to Dismiss without prejudice, finding that the customer's claims are barred under FINRA Rule 12206(a) (Six-year Eligibility Rule): "[T]aking as true Claimant's allegation that Claimant was an ineligible, unaccredited investor when she purchased the ICON investment on August 6, 2006, that date was the occurrence date from which six-year eligibility must be measured. The last day Claimant could initiate a FINRA arbitration on that claim was approximately August 5, 2012. She filed her claim on September 28, 2021. The claim is, therefore, barred in this forum under Rule 12206(a) and hereby DISMISSED without prejudice to refile in the state or district court under Rule 12206(c)." *Provided courtesy of SAC's ARBchek facility (www.arbchek.com)*

return to top

ARTICLES OF INTEREST: RECENT NEWS FROM THE ADR FRONT

C. Baltag and K. Nasir Gore, *Peaceful Resolution of Disputes: We Stand United Against War In All Its Many Forms*, Kluwer Arbitration Blog (Mar. 1, 2022): "*All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered*. (UN Charter, Art. 2.3).[]The peaceful settlement of international disputes is a fundamental principle of international law. While it can be debated precisely when or where this common principle emerged, it has served as a guiding light since the establishment of the United Nations after the close of World War II. Indeed, transnationalists look to the United Nations and other international institutions to provide a framework for the domestic and international legal ordre [sic]. Inherent to the transnational legal process is the idea that peaceful acts, including conciliatory and amicable dispute resolution, are preferred over unilateral tactics, coercion, and sheer force."

***Litigation Will Explode With the Ban of #MeToo Forced Arbitration*, Bloomberg (Feb. 28, 2021)**: "President Biden is expected to sign legislation that explicitly amends the Federal Arbitration Act to make pre-dispute arbitration agreements and class (or joint) action waivers unenforceable for claims involving sexual assault or sexual harassment.[]One thing is certain: the act is likely to have far-reaching consequences in

the context of employment discrimination law and beyond." (*ed: The bill was signed March 3. See our coverage elsewhere in this* Alert.)

***Finra Fines Barclays $350K For Risk Management Failure*, FA Magazine (Feb. 28, 2022)**: "Barclays will pay $350,000 to settle allegations that it did not apply market access controls and procedures to options orders placed through one of its risk management systems, Finra said.[]According to a consent agreement filed last week, from February 2014 through September 2019 the Index Options Flow Derivatives Trading Desk of the New York-headquartered brokerage placed orders to participate in monthly 'special opening quotations' (SOQ) of certain products. Those orders were placed in one of its risk management systems."

***FINRA Alerts Broker-Dealers to Russia Sanctions*, ThinkAdvisor (Mar. 1, 2022)**: "The Financial Industry Regulatory Authority is urging broker-dealers to review the various sanctions issued against Russian financial institutions, debt and equity offerings and leaders, and to monitor the Treasury Department's Office of Foreign Asset Control (OFAC) website for more developments.[]FINRA issued two alerts, one on Feb. 25 and the other on Monday [February 28]."

***UBS Must Pay Client $1.1M Over Allegations of 'Egregious' Advice*, FinancialPlanning (**Mar. 2, 2022): "A client who said UBS Financial Services and a former broker "grossly mismanaged" his account will receive $1.1 million in compensatory damages under a FINRA arbitration award."

return to top

DID YOU KNOW?

THE SEC ISSUES MONTHLY INVESTING QUIZZES. The SEC posts monthly quizzes on investing. Find and sign up for these 10-question quizzes here. The March quiz focuses on: "municipal bonds, mutual funds, benchmarks, and more."

return to top

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Editor's Note & Disclaimer: While we undertake considerable efforts to present information in this publication in a fair and accurate manner, we caution that readers should access referenced material themselves as the best source. Our analyses make liberal use of links, and we offer courtesy copies of materials not on the Internet. Similarly, readers should not rely solely upon our summaries in making legal decisions or consider our commentary to be rendering legal, accounting, or other professional advice or service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought. — *adapted from the Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.*

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