SECURITIES ARBITRATION ALERT 2023-28 (7/27/23)

George H. Friedman, Editor-in-Chief

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DID YOU KNOW?
- **Like FINRA and AAA, JAMS Also has a Foundation**

MIDYEAR FINRA STATS ARE OUT, WITH RECENT TRENDS CONTINUING. *June FINRA dispute resolution stats are out, and arbitration filings remain way up. Overall, 1,708 arbitrations were filed, up 35% from 2022. Customer claims are up 22% while industry disputes were up 58%. Mediations were at 365 cases, down 22% from 2022. The settlement rate is steady at 85%. If the trend holds, the 1,708 arbitrations filed through June straight-lines to a bit over 3,400 yearly arbitration filings, a decent year by recent measures. Last year showed 2,671 arbitration cases*

filings. The all-time high-water mark was 2003, when that post tech-wreck figure was 8,945 cases. We will in a future Alert *offer our analysis of what's behind the recent surges in both customer and industry claims.*

SQUIBS: IN-DEPTH ANALYSIS

CHECKING IN ON FINRA'S RULE CHANGE PROPOSAL IMPLEMENTING "RIGGED PANELS" INVESTIGATION REPORT RECOMMENDATIONS. ***When we last reported, we were awaiting FINRA's response to comments on its rule change proposal that would implement recommendations resulting from the outside investigation of allegations that the arbitrator selection process was rigged. Much has since occurred.*** We reported in SAA 2023-01 (Jan. 5) that, on the eve of the year-end holiday break, FINRA had filed a rule change proposal that would implement recommendations resulting from the outside investigation of allegations that the arbitrator selection process was rigged.

Brief History: Award Vacated by Trial Court

To review succinctly, Fulton County Superior Court Judge **Belinda E. Edwards** in *Leggett v. Wells Fargo Clearing Services, LLC*, No. 2019CV328949 (Ga. Super Jan. 25, 2022), vacated the Award that sparked the debate in what might be considered a primer on the basic Federal Arbitration Act grounds for vacating an award (i.e., fraud, arbitrator bias, arbitrator misconduct in not hearing relevant or material evidence or failing to grant a reasonable postponement request; or the panel exceeding its authority). Although the Trial Court found all of these bases for vacating the Award, Judge Edwards weighed in on interference with the Neutral List Selection System with some scathing verbiage:

> The Court's factual review of the record evidence leads to its finding that Wells Fargo and its counsel manipulated the FINRA arbitrator selection process in violation of the FINRA Code of Arbitration Procedure, denying the Investors' their contractual right to a neutral, computer-generated list of potential arbitrators. Wells Fargo and its counsel, Terry Weiss, admit that FINRA provides any client Terry Weiss represents with a subset of arbitrators in which certain arbitrators (at least three, but perhaps more) are removed from the list Wells Fargo agreed, by contract, to provide to the Investors in the event of a dispute. Permitting one lawyer to secretly red line the neutral list makes the list anything but neutral, and calls into question the entire fairness of the arbitral forum.

Award "Unvacated"

Wells appealed, and, in a unanimous decision, the Georgia Court of Appeals reinstated the Award in *Wells Fargo Clearing Services, LLC v. Leggett*, No. A22A1149 (Ga. Ct. App. Aug. 2, 2022). The unanimous decision rejected all bases upon which Judge Edwards vacated the Award. As reported in SAA 2022-42 (Nov. 10), Leggett on **August 22, 2022** filed a Petition for *Certiorari,* seeking review by the Georgia Supreme Court.

Independent Investigator's Report
As summarized in SAA 2022-38 (Oct. 13), FINRA in **June 2022** released a 37-page *Report of the Independent Review of FINRA's Dispute Resolution Services – Arbitrator Selection Process,* which was announced in a corporate Press Release and a separate statement from the Audit Committee. The investigation was directed by **Christopher Gerold**, a partner in Lowenstein Sandler LLP's Securities Litigation and Corporate Investigations & Integrity Practice Groups.

Recommended Changes
After discussing methodology and the operation of the Neutral List Selection System, the Report concluded that there were no irregularities, and it closed with recommendations for improvement. The core recommendations were (*ed: presented* verbatim *from the Release*):

- Implementing ongoing, mandatory training for staff;
- Requiring written explanations, upon a party's request, of approval or denial of a causal challenge to the selection of an arbitrator or an arbitrator removal by the DRS Director for cause;
- Conducting an updated external procedural review of the arbitrator selection algorithm to determine if it is still the most effective means for creating random, computer-generated arbitrator lists; and
- Updating the DRS Manual and rules to clarify staff roles and procedures, and to ensure consistency and transparency.

FINRA's management accepted all recommendations, and now posts on its Website a live progress report on implementation. *Status Report on Lowenstein Sandler LLP Recommendations* shows that most items have been implemented or were "in progress."

Late December 2022 Rule Filing
The latest step was accomplished on **December 23, 2022**, when FINRA filed with the SEC SR-FINRA-2022-033, *Proposed Rule Change to Amend the Codes of Arbitration Procedure.* The filing describes it as: "a proposed rule change to amend the Code of Arbitration Procedure for Customer Disputes ('Customer Code') and the Code of Arbitration Procedure for Industry Disputes ('Industry Code') (together, 'Codes') to make changes to provisions relating to the arbitrator list selection process in response to recommendations in the report of independent counsel Lowenstein Sandler LLP. The proposed rule change also makes clarifying and technical changes to requirements in the Codes for holding prehearing conferences and hearing sessions, initiating and responding to claims, motion practice, claim and case dismissals, and providing a hearing record." We refer readers to published analyses of the 96-page rule filing: *Finra Proposes Tweaks to Arbitrator Selection,* AdvisorHub (Jan. 3, 2023); *Finra Moves to Make Arbitrator Selection Process More Transparent*, Financial Advisor (Jan. 5, 2023); and *Finra Floats Revamped Arbitrator-Selection Process*, Financial Advisor IQ (Jan. 6, 2023).

Post-Rule Filing Activity
We present below in bullet format the several events that have taken place since the rule change proposal was filed last December:

- The proposed rule was published in the *Federal Register* on **January 12** (Vol. 88, No. 8, P. 2144), making comments due **February 9**.
- We analyzed in SAA 2023-07 (Feb. 16) the handful of comments received from PIABA and three law school clinics posted on the SEC's Website, describing them as generally supportive but recommending improvements.
- FINRA by a **February 14** letter extended to **April 12** the SEC's time to act.
- On **April 4,** a unanimous Georgia Supreme Court declined to review the underlying case, stating: "Certiorari – Writ denied …. All the Justices concur, except Boggs, C. J., not participating."
- FINRA on **April 11** filed its response to comments, and Amendment No. 1 to Proposed Rule Change.
- The SEC on **April 18** published in the *Federal Register* (Vol. 88, No. 74, P. 23720) Order Instituting Proceedings To Determine Whether To Approve or Disapprove. The Order requested comments by **May 9**, with rebuttal comments to be submitted on or before **May 23**. No comments are posted on the SEC's Website.
- FINRA by a **July 3** letter extended to **September 8** the SEC's time to act.

*(ed: *The July 17 CPR Speaks Blog, has an excellent analysis*, The SEC Is Considering FINRA's Refinement of Arbitrator Selection. ***The rule filing's progress can be tracked here.)*

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CALIFORNIA SUPREME COURT: PAGA PLAINTIFF MAY ASSERT REPRESENTATIVE CLAIMS. ***The California Supreme Court has ruled unanimously that, even though a California Private Attorney General Act ("PAGA") Plaintiff's individual claims have been referred to arbitration, they have standing to assert representative claims.*** We reported in SAA 2022-30 (Aug. 4) that the California Supreme Court in **July 2022** agreed to review the appellate court holding in *Adolph v. Uber Technologies, Inc.*, No. G059860 (Calif. Ct. App. 4 2022), a case we covered in the "Quick Takes" section of SAA 2022-15 (Apr. 21). The *Adolph* Court had held: "Uber contends on appeal that the initial question of whether Adolph is an employee—who may bring a representative PAGA [California's Private Attorney General Act] claim—or an independent contractor—who may not—must be determined in arbitration. We disagree. California case law is clear that the threshold issue of whether a plaintiff is an aggrieved employee in a PAGA case is not subject to arbitration." We later reported in SAA 223-24 (Jun. 22) that oral argument took place **May 9** and can be viewed here.

California Supreme Court: Representative PAGA Claims May Be Asserted
As our readers know, the United States Supreme Court in **June 2022** held 8-1 in *Viking River Cruises, Inc. v. Moriana,* 142 S. Ct. 1906, that PAGA was in part preempted by the Federal Arbitration Act, insofar as PAGA allowed employees to evade bilateral predispute arbitration agreements. The unanimous holding in *Adolph v. Uber Technologies, Inc.*, No. S274671 (Calif. Jul. 17, 2023), describes the core issue as follows: "[W]hether an aggrieved employee who has been compelled to arbitrate claims under PAGA that are 'premised on Labor Code violations actually sustained by' the

plaintiff (*Viking River*, supra, 596 U.S. at p. __ [142 S.Ct. at p. 1916]; see §§ 2698, 2699, subd. (a)) maintains statutory standing to pursue 'PAGA claims arising out of events involving other employees' (*Viking River*, at p. __ [142 S.Ct. at p. 1916]) in court.

" And the holding? "We hold that the answer is yes. To have PAGA standing, a plaintiff must be an 'aggrieved employee' — that is, (1) 'someone 'who was employed by the alleged violator' and (2) 'against whom one or more of the alleged violations was committed.' Where a plaintiff has brought a PAGA action comprising individual and non-individual claims, an order compelling arbitration of the individual claims does not strip the plaintiff of standing as an aggrieved employee to litigate claims on behalf of other employees under PAGA…. In sum, where a plaintiff has filed a PAGA action comprised of individual and non-individual claims, an order compelling arbitration of individual claims does not strip the plaintiff of standing to litigate non-individual claims in court."
*(ed: *Our take is that this one is headed to SCOTUS. **An* Alert *h/t to Editorial Board member Peter R. Boutin, Esq., of Keesal, Young & Logan, for alerting us to this decision.)*
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DISTRICT COURT: *EFASASHA* IS NOT RETROACTIVE. ***A federal district court has ruled that the*** **Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act** ***("Act" or "EFASASHA") is not to be applied retroactively, where the events giving rise to the employee's claims occurred before the law's effective date.*** As we have reported many times, **President Biden** on **March 3, 2022** signed the *Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act of 2021*, which expressly amended the Federal Arbitration Act ("FAA") to make this class of predispute arbitration agreements ("PDAAs") voidable at the option of the victim. The new law was codified as FAA Chapter 4 and consists of § 401 (definitions) and § 402 (no validity or enforceability).

Troublesome Language
The law was effective immediately for: "any dispute or claim that arises or accrues on or after the date of enactment of this Act." From the start, we've been concerned about this aspect of the Act. For example, assuming the employment agreement is governed by a PDAA signed before March 3, 2022: 1) When exactly does a claim "accrue"? 2) What if a case is filed after March 3, 2022, but the acts giving rise to the claim happened before that date? What if the events are ongoing and straddle March 3, 2022? As we've said before, SCOTUS has ruled several times that arbitration agreements are separate contracts. Does a law allowing retroactive nullification of existing PDAAs invite legal challenges based on the Constitution's Takings Clause?

A Case in Point
Some of these issues were front and center in *Barnes v. Festival Fun Parks, LLC*, No. 3:22-cv-00165 (W.D. Pa. Jun. 27, 2023). The broad PDAA between the employee and her employer was contained in a contract signed electronically. Problems in the

workplace unfolded in the spring and summer of 2021. Then: "The meeting between Plaintiff and the Human Resources Director occurred on July 6, 2021, and an investigation of the discriminatory conduct was to ensue. On July 14, 2021, Plaintiff received an email from the Human Resources Director informing her that the investigation had concluded and that her termination was confirmed. Plaintiff subsequently filed a Complaint with the Equal Employment Opportunity Commission (EEOC) on September 30, 2021. After receiving a Right to Sue letter from the EEOC on June 29, 2022, Plaintiff initiated the instant lawsuit by filing a timely Complaint on September 23, 2022…." (internal citations omitted).

EFASASHA Not to Be Applied Retroactively Here

After finding that there was a valid PDAA and that it was neither procedurally nor substantively unconscionable, the Court holds that, based on the facts of the case, EFASASHA is not to be retroactively applied here because the claim "accrued" at the latest when the Plaintiff was terminated in 2021: "[T]his Court adopts a reading of the applicability note which most closely accords with related caselaw, traditional legal definitions, and rules of statutory interpretation. In separating and distinguishing 'dispute' and 'claim' by placing them in the disjunctive, Congress provided a spectrum relative to the EFASASHA's applicability. A dispute arises when the conduct which constitutes the alleged sexual assault or sexual harassment occurs. As such, if the conduct occurred after March 3, 2022, the Act would clearly apply. Conversely, as traditionally held, a claim accrues when the plaintiff has a complete and present cause of action…. In the case at hand, Plaintiff's claims do not fall under the exemption to the FAA set forth in the EFASASHA. Even if Plaintiff's claim of sexual harassment is viewed as a continual violation culminating in a discriminatory discharge, the dispute arose in July 2019 when the discriminatory conduct began, and at the latest, her claim accrued on July 14, 2021, the date her employment was terminated. Thus, the EFASASHA will not apply as a bar to Defendant's Motion to Compel Arbitration under the facts alleged in the Complaint and the record referenced in the parties' submissions."

*(ed: *We covered a case to the same effect in SAA 2022-47 (Dec. 15). See* Zuluaga v. Altice USA*, No. A-2265-21 (N.J. App. Div. Nov. 29, 2022) (per curiam). **The core question in our mind remains: can EFASASHA be applied to retroactively invalidate an existing PDAA where the claim clearly arises after March 3, 2022?)*

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SHORT BRIEFS: CONCISE NEWS YOU NEED TO KNOW

FINRA BOARD MET IN PERSON EARLIER THIS MONTH. AS EXPECTED, NO DISPUTE RESOLUTION RULEMAKING ITEMS WERE ON THE AGENDA. As reported in SAA 2023-27 (Jul. 20), FINRA's Board of Governors met in person **July 12–13**, and as expected there were no dispute resolution rulemaking items on the Agenda. The pre-meeting announcement stated: "As is customary for our mid-year meeting, the Board will engage in a series of general policy discussions on a range of issues. Among the topics on the agenda, the Board will discuss the evolving state of our industry, current developments in artificial intelligence, and FINRA's longer-term financial planning." Says the post-meeting report and related press release posted on the

Authority's Website: "During its July 12 and 13 meeting, the FINRA Board of Governors re-elected Eric Noll as chair, re-appointed public governors Deborah Bailey, Lisa Fairfax and Maureen Jensen, and approved three [non-dispute resolution] rulemaking items." The schedule for the rest of 2023 is: **September 13–14**; and **December 6–7**.)
(ed: Wonder what was covered at the AI discussion?)
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ARBITRATION BILLS KEEP COMING IN THIS CONGRESS. We reported in SAA 2023-09 (Mar. 2) that, by the beginning of **March 2021**, with the Democrats then in control of the Senate and House, scores of bills had been introduced to limit mandatory arbitration. Some bills sought to amend the Federal Arbitration Act, others another federal statute, and some both. We added that, with the House now under GOP control, only 14 arbitration-related bills had been sponsored, according to www.govtrack.us. We later reported in SAA 2023-23 (Jun. 15) that this was no longer the case, as an impressive 45 arbitration-related bills had been introduced by mid-June. We checked again recently and can report that the number has grown to 55 arbitration-related bills having been introduced. We again point out that not every bill has been introduced by a Democrat (Republicans have sponsored 18), and not every bill is anti-arbitration (see, e.g., H.R. 636 -- the *Forest Litigation Reform Act of 2023*).
*(ed: *The reintroduced* FAIR Act *-- H.R. 2953 and S. 1376 -- was announced in an April 28 Press Release. **There are just 91 cosponsors in the House and 37 in the Senate. There are no Republicans in either group. ***Unlike the old* FAIR Act*, which passed in a Democratic-controlled chamber, we don't see the new bill passing the GOP-controlled House.)*
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SIXTH CIRCUIT: DISTRICT COURT ERRED IN DENYING FAA TRIAL OVER WHETHER EMPLOYEE "SIGNED" ELECTRONIC PDAA. The facts in *Bazemore v. Papa John's U.S.A., Inc*., No. 22-6133 (6th Cir. Jul. 19, 2023), are easy to ascertain from the Opinion: "Andrew Bazemore was a delivery driver for a Papa John's store in Louisville, Kentucky. In June 2022, he brought this suit against Papa John's under the Fair Labor Standards Act, alleging that the company had under-reimbursed his vehicle expenses—thereby reducing his pay below the federal and state minimum wage. Papa John's moved to compel arbitration and to dismiss the complaint. In support, the company attached a declaration from its 'Senior Director of People Services,' Brandi Greene, who said that Papa John's requires all new employees to sign an arbitration agreement as a condition of employment. Greene also asserted that Bazemore had signed the agreement electronically, through a program called e-Forms. That program has a multi-step process for signing documents: first, the user signs in using a user ID and password; then he scrolls through the entire agreement and checks a box in order to sign. According to Greene, Papa John's records showed that Bazemore had followed this process to sign its arbitration agreement on October 10, 2019.[] Yet Bazemore responded with his own declaration, swearing under penalty of perjury that (before this lawsuit) he 'had never seen' the agreement and 'had never heard about it.' Bazemore also said, among other things, that his login credentials 'were clearly made up of demographic

information' available from his application, and that he had seen his manager log in for Bazemore and other delivery drivers 'to complete training materials' for them. Hence Bazemore asked for targeted discovery as to whether he had actually signed the agreement."

The Court of Appeals holds that there was an issue of fact under applicable State law, requiring a trial under section 4 of the Federal Arbitration Act ("FAA"). "The Federal Arbitration Act requires district courts to compel arbitration of claims covered by a valid arbitration agreement. 9 U.S.C. § 4. The party seeking arbitration must prove that such an agreement exists. If a genuine issue of material fact arises as to whether such an agreement exists, the court 'shall proceed summarily to the trial thereof.' 9 U.S.C. § 4 …. Here, the parties agree that Kentucky law governs the question whether Bazemore entered into an arbitration agreement with Papa John's. In Kentucky, a contract exists only when the parties each assent to it by way of 'an intentional manifestation of such assent'" (case citations omitted).
(ed: Seems right.)
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QUICK TAKES: CASES AND AWARDS WORTH READING

***Olin Holdings Ltd. v. State of Libya*, No. 22-825 (2d Cir. Jul. 12, 2023)**: "Respondent-Appellant the State of Libya ('Libya') appeals from the judgment of the United States District Court for the Southern District of New York (Koeltl, J.) granting Petitioner-Appellee Olin Holdings Limited's ('Olin') petition to confirm an arbitration award issued under a bilateral investment treaty between Libya and the Republic of Cyprus and denying Libya's cross-motion to dismiss the petition on *forum non conveniens* grounds. On appeal, Libya's primary argument is that the district court erred by declining to independently review the arbitrability of Olin's claims before confirming the final award. We disagree and hold that Libya was not entitled to *de novo* review of the arbitral tribunal's decisions because it 'clear[ly] and unmistakab[ly]' agreed to submit questions of arbitrability to the arbitrators in the first instance. See *First Options of Chi., Inc. v. Kaplan,* 514 U.S. 938, 944 (1995) (alterations and internal quotation marks omitted). We further conclude that the district court properly confirmed the final award and rejected Libya's cross-motion to dismiss the petition."

***Marlow v. Wilmington Trust, NA,* No. 21-2801 (3rd Cir. Jun. 28, 2023)**: "The defendants argue that the District Court erred in concluding that the arbitration provision was unenforceable because Henry did not consent to it. Henry disagrees, but also argues on appeal that the class action waiver (and, by extension, the arbitration provision as a whole) is not enforceable because it requires him to waive statutory rights and remedies guaranteed by ERISA. We need address only the latter issue — whether the class action waiver amounts to an illegal waiver of statutory remedies — to resolve this appeal. We agree with Henry that the class action waiver is unenforceable because it requires him to waive statutory remedies. And because the class action waiver is expressly nonseverable from the rest of the arbitration provision, we will affirm the District Court's order declining to enforce the arbitration provision" (footnotes omitted).

Baker Hughes Services International v. Joshi Technologies International**, No. 21-5072 (10th Cir. Jul. 13, 2023)** "Plaintiff then brought its award to Oklahoma and sued Defendant to confirm the award in the United States. Plaintiff again prevailed, and the district court entered judgment against Defendant for the award's amount, prejudgment interest, and attorney's fees.[] Now before us, Defendant raises three grounds for reversal. First, Defendant contends that the district court lacked subject matter jurisdiction to confirm the award. Second, Defendant argues that the district court should not have confirmed the award because the parties never agreed to arbitrate their dispute. Third Defendant argues that the district court improperly awarded attorney's fees and incorrectly calculated prejudgment interest. Exercising jurisdiction under 28 U.S.C. § 1291, we affirm everything except the district court's award of prejudgment interest, which we vacate and remand for the district court to reconsider."

Tanjutco v. NYLife Securities**, FINRA ID No. 22-01428 (New York, NY, May 26, 2023)**: In this raiding case, Claimant broker is awarded her requests for expungement of her CRD record and reformation of her Form U5 record, but is also held liable on the Counterclaim for Respondents' attorney fees pursuant to contract, and is enjoined from violating the provisions (Sections 22 and 23) of the Agents' Contract for 24 months. *Provided courtesy of SAC's ARBchek facility (www.arbchek.com).*

Massar v. Wells Fargo**, FINRA ID No. 22-01283 (Milwaukee, WI, May 30, 2023)**: A customer alleging that Respondents failed to obey her instructions with respect to the liquidation and transfer of her assets into a newly established investment account, loses her case after the Panel grants the Respondents' Prehearing Motion to Dismiss pursuant to FINRA Rule 12504(6)(A) (Release of Claims). Respondent brokers are each granted their requests for expungement of this matter from their CRD records. *Provided courtesy of SAC's ARBchek facility (www.arbchek.com).*
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ARTICLES OF INTEREST: RECENT NEWS FROM THE ADR FRONT

Shahrokhi, Reza and Gandotra, Reza, *Arbitration for Insolvency: Streamlining the Scope of Arbitrability*, Kluwer Arbitration Blog (Jul. 13, 2023): "The increased globalization of business and the rising popularity of arbitration as a standard method of alternative dispute resolution ('ADR') has fostered an intersection of arbitration and insolvency. Arbitration is increasingly used to resolve various matters related to insolvency, such as cross-border debt recovery and disputes between creditors and debtors in insolvency proceedings…. This post proposes a proposal to determine the arbitrability of insolvency disputes that could provide a win-win outcome by enabling a consistent global approach to segregate arbitrable and non-arbitrable insolvency issues."

SEC Awards Whistleblower More Than $9 Million**, www.sec.gov (Jul. 12, 2023)**: "The Securities and Exchange Commission today announced an award of more than $9 million to a whistleblower whose significant and detailed information and assistance led to a successful SEC enforcement action.[] After repeatedly internally reporting the concerns,

the whistleblower alerted SEC's Enforcement Division to the conduct, prompting the opening of the investigation. In addition, the whistleblower provided substantial and ongoing cooperation.[] 'The whistleblower in this case provided critical information and continuing assistance that helped the agency recover millions of dollars for harmed investors,' said Creola Kelly, Chief of the SEC's Office of the Whistleblower."

***PAGA Plaintiffs Can Still Pursue Representative Claims Despite Individual Arbitration*, Seyfarth Shaw LLP Blog (Jul. 17, 2023)**: "**Seyfarth Synopsis**: The California Supreme Court has held that a plaintiff whose individual PAGA claims are compelled to arbitration retains standing to pursue representative PAGA claims in court. *Adolph v. Uber Technologies, Inc*." (*ed: See our coverage elsewhere in this* Alert.)

***Gensler Says AI Holds Promise, Peril for Financial Advice*, InvestmentNews (Jul. 18, 2023)**: "Artificial intelligence holds the promise of greater efficiency and effectiveness for financial advice but also the peril of heightened potential for conflicts of interest, SEC Chair Gary Gensler said Monday.[] Gensler said that AI models enable 'narrowcasting,' in the sense that they can be used to make predictions about individuals and communicate with each of them differently. That could mean zeroing in on unique characteristics of investors — such as risk appetite, family and work background, and debt obligations – and helping financial advisors deliver recommendations that work particularly well for the precise profile of the customer."

***CFPB Sues Snap Finance for Illegally Luring Americans into Expensive Financing and Bullying Borrowers Using False Threats*, www.CFPB.gov (Jul. 19, 2023)**: "The Consumer Financial Protection Bureau (CFPB) today sued lease-to-own finance company Snap Finance for deceiving consumers, obscuring the terms of its financing agreements, and making false threats. In a lawsuit filed in federal district court, the CFPB alleges that Snap Finance has offered and provided millions of 'lease-purchase' and 'rental-purchase' financing agreements in ways that have harmed consumers, including through misleading advertisements, insufficient disclosures, and interfering with consumers' ability to understand the terms and conditions of its financing agreements. The CFPB further alleges Snap Finance's illegal conduct continued in its servicing of those agreements, including misrepresenting consumers' payment obligations and making false threats in collections."

***Growing Number of RIAs a Factor in SEC's Request for More Staff*, Financial Advisor IQ (Jul. 20, 2023)**: "Securities and Exchange Commission chair Gary Gensler is urging the Senate Appropriations Committee to bolster its budget so that the agency can bring on much-needed staff. The requested funding would, in part, allow for the addition of more examinations division staffers to keep up with a dramatic rise in the number of registered investment advisors over the past five years."
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DID YOU KNOW?

LIKE FINRA AND AAA, JAMS ALSO HAS A FOUNDATION. Most of our readers are familiar with the FINRA Investor Education Foundation and the American Arbitration Association-International Centre for Dispute Resolution Foundation® (AAA-ICDR Foundation®), but did you know that JAMS also has a foundation? The nonprofit JAMS Foundation was established in **2002**: "to provide financial assistance for conflict resolution initiatives with national and international impact and to share its dispute resolution experience and expertise for the benefit of the public interest…. Funded entirely by contributions from JAMS, JAMS neutrals and employee associates, the Foundation's mission is to encourage the use of alternative dispute resolution (ADR), support education at all levels about collaborative processes for resolving differences, promote innovation in conflict resolution, and advance the settlement of conflict worldwide." Here is the Foundation's *Twenty-Year Report.*
(ed: To date: "the JAMS Foundation has contributed over $11 million to support conflict prevention and dispute resolution initiatives across the U.S. and around the world.")
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