

KlaymanToskes Comments on Georgia Court's Reversal of Wells Fargo Award

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Helps, Not Harms Investors: National
Investment Fraud Lawyers

The logo for KlaymanToskes, featuring the name "KLAYMAN / TOSKES" in a blue, sans-serif font. A blue diagonal slash separates the two names.

KlaymanToskes Comment on Georgia
Court's Reversal of Wells Fargo Award and Supports Securities Regulator's Dispute Resolution
Forum

National investment fraud lawyers KlaymanToskes express their support for the Financial Industry Regulatory Authority's ("FINRA") arbitration forum. On January 25, 2022, a judge in Georgia state court issued an Order overturning an arbitration award in favor of Wells Fargo (NYSE: WFC) which held that the firm and its counsel "manipulated" the arbitrator selection process. While we believe that the alleged conduct is both inappropriate and shocking and must be addressed, absent this misconduct, we continue to believe that FINRA arbitration remains the most equitable forum for investors.

Unlike litigation in a court of law, FINRA arbitration is a faster, less costly, and more efficient forum for investors to attempt a financial recovery. For instance, while court cases can span several years without a resolution, a FINRA arbitration has historically taken approximately 18 months to reach a conclusion.

Importantly, approximately 69% of customer cases result in settlement. If investors had to litigate their cases in court, they would incur additional, substantial costs, such as deposition and transcript costs. Securities arbitration attorneys, including KlaymanToskes, historically have represented clients who are unable to fund their cases on a full contingency fee basis, including advancing their costs.

According to securities attorney Lawrence L. Klayman, Esq., "The result of eliminating the FINRA arbitration process will limit investors' opportunities to find a full contingency attorney given the additional costs incurred through the court forum. Every dispute resolution process - whether a court of law or equity- has its issues. FINRA by far still remains the most equitable and accessible forum for investors." Securities litigation is a complex, expensive process. Both substantive and technical issues can arise and drag out a case for years on end. FINRA arbitration has a system developed to simplify and expedite this process leading to a faster, more affordable solution for

people who have, in most instances, lost most or all of their assets due to fraud, misrepresentation, overconcentration, or other unfortunate circumstances.

Further, according to Klayman, “[b]ecause FINRA arbitration is a court of equity, investors are afforded a greater opportunity to attempt recovery for claims that might otherwise be barred in a court of law. For instance, in a court of law, investors are subject to motion practice, such as motions to dismiss and motions for summary judgment, which could end their cases before they have an opportunity to be heard, which is irrespective of the costs of discovery. On the other hand, FINRA discourages motion practice thereby avoiding procedural obstacles commonly encountered in court. This is yet another important reason that will result in investors’ inability to hire attorneys to represent them on a full contingency basis.”

For example, [FINRA Rule 12504](#) provides that motions to dismiss a claim prior to the conclusion of a party's case in chief is discouraged in arbitration. According to Klayman’s law partner, Steven D. Toskes, Esq., “At the end of the day, our job is to recover the most amount of money for our clients, with the least amount of risk. The FINRA arbitration process allows our clients this opportunity.”

When investors have a dispute with their brokerage firm or one of its brokers, they must file an arbitration claim [through FINRA](#). Regardless of this requirement, there are times when investors benefit substantially by having a member of the securities industry who are experts in the field as an arbitrator sitting on the panel. According to Toskes, “The reality is that there are times when we need industry trained panel members. For example, there are times when a case is so complex, an industry panel who has years of securities experience is warranted to fully understand the case presented. Whereas, an average juror with no securities knowledge, training, or hands-on experience would be less likely to understand the case at hand.”

About KlaymanToskes

KlaymanToskes is a leading national securities law firm which practices exclusively in the field of securities arbitration on behalf of retail and institutional investors throughout the world in large and complex securities matters. KlaymanToskes has recovered more than \$228 million for investors in FINRA arbitrations. KlaymanToskes has office locations in California, Florida, New York, and Puerto Rico.

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