

## YOU CAN'T SUE YOUR STOCKBROKER

By Attorney Michael H. Wald

You've worked hard and have reached a point in your life that you have amassed a nice sum in your savings account. You're concerned, however, that it won't be enough for your family's security, so you contact a stockbroker to make that amount grow. You explain your goals and your broker says he can give you a significant return with conservative investments. Satisfied, you place your trust and life savings in the hands of the expert. You later discover that your broker has invested your money in high-risk programs and lost the majority of your savings. You feel that you have been wronged, so you make arrangements to sue your broker, right?

Wrong.

For many years, the brokerage industry has incorporated an important provision in the agreement between broker and client which must be signed to set up an account. This provision states that if there is a dispute an arbitration panel will settle the dispute and not the courts. Because this is a routine element of the paperwork, investors may be unaware of it.

An arbitration panel usually consists of former brokerage house employees or other individuals who served the industry, which may make it very difficult for the customer to gain satisfaction. The industry claims that this provides a low-cost and fast method to resolving disputes. But the most an arbitration panel would award is money actually lost. It would never award punitive damages or attorney's fees.

Complaints against brokers have zoomed, involving issues such as excessive trading, conducting transactions without customers' knowledge, incomplete or misleading information, and

failure to understand customers objectives and financial restrictions. Do not attempt to handle one of these complaints in arbitration without professional help.

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