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FREQUENTLY ASKED QUESTIONS

What can I recover in Arbitration?

- A. You can recover losses that you suffered as a result of “stockbroker misconduct”. Losses that are the result of market risks that you willingly or knowingly agreed to may not be recoverable.

What is “Stockbroker Misconduct”?

- A. The most common types of stockbroker misconduct include, but are not limited to, the following:
- a. Recommendation of “unsuitable” investments inconsistent with a customer’s investment objective;
 - b. Excessive trading solely to generate commissions (also called “churning”);
 - c. Unauthorized transactions, or buying and/or selling without prior permission from the customer or other failures to follow the customer’s instructions; and
 - d. Misrepresentation and breach of fiduciary duties to the customer.

How does arbitration work?

- A. The Stock Exchanges provide arbitration for the resolution of disputes with stockbrokers and stockbrokerage firms. A submission agreement and Statement of Claim are filed together with a filing fee and hearing session deposit with the Stock Exchange. The broker or brokerage firm will respond with an “Answer” to

the claim, and a hearing is scheduled before an arbitration panel.

Do I have to go to arbitration, or can I file a lawsuit?

- A. Most stockbrokerage firms include an arbitration clause in their arbitration agreements. This means that any dispute with your broker or brokerage firm must be resolved through arbitration. You may not file a lawsuit if the dispute involves your brokerage account or your broker.

What does it cost to go through arbitration?

- A. FINRA and other Arbitration forums require filing fees and a hearing session deposit to file your arbitration claim. The amount of filing fees and deposit depends on the amount of the recovery sought.

The FINRA fee schedule is set forth below:

FINRA Filing Fees/Hearing Session Deposits

Amount of Claim (Exclusive of interest and expenses)	Filing Fee
\$.01 to \$1,000	\$50
\$1,000.01 to \$2,500	\$75
\$2,500.01 to \$5,000	\$175
\$5,000.01 to \$10,000	\$325
\$10,000.01 to \$25,000	\$425
\$25,000.01 to \$50,000	\$600
\$50,000.01 to \$100,000	\$975
\$100,000.01 to \$500,000	\$1,425
\$500,000.01 to \$1 million	\$1,725
Over \$ 1 million	\$2,000
Non-Monetary/Not Specified	\$1,575

Are the cases taken on an hourly rate or contingent fee basis?

- A. Since investors are often reluctant to throw “good money” after bad, cases with merit are often pursued primarily on a contingency fee basis. (retainer required) However, cases can also be pursued on an hourly basis if the client prefers.

What other costs and expenses are required?

- A. As mentioned above, arbitration requires the submission of a filing fee and hearing session deposit. Other expenses can include incidentals such as photocopying, witness fees, long distance telephone charges and the like. However, some cases require experts who are retained as consultants or to testify, and their charges would be an additional expense. These charges would be explained in our Retainer Agreement.

How do I know if I have a case worth pursuing?

- A. We will investigate your claim by reviewing the account activity for broker misconduct. We request that the brokerage firm send our office all account documentation. We provide you with an authorization so that we can obtain this information. Once copies of monthly statements and confirmations are obtained, an analysis of the activity may reveal whether unsuitable or excessive activity occurred and the amount of losses suffered.

Do you charge to investigate whether I have a case worth bringing?

- A. The Law Offices of Howard M. Rosenfield do not charge for an initial consultation nor for the investigation unless the client agrees to an hourly rate charge. Often, Expert Analysis is useful in determining whether a claim has merit. The Expert will charge a reduced rate for this Analysis.

Do you charge for the Account Analysis?

- A. So that we can calculate the out-of-pocket losses and trading costs incurred, we strongly recommend that an account analysis be obtained. The account analysis will reveal trading costs, margin costs, and

the opportunity costs associated with the account activity.

How much of my losses can I recover in arbitration?

- A. At a hearing, we must show that the broker or brokerage firm's misconduct caused the losses. Once we prove the brokerage firm is responsible, the arbitrators will award fair damages. Damages may be measured by "out-of-pocket" losses together with interest, or by "market adjusted damages" designed to make the investor "whole", or by any measure the arbitrators think is fair.

Can the broker or brokerage firm be made to pay my legal and related expenses?

- A. Generally, no, although under some laws including state securities law, attorneys fees are recoverable by statute.

Will I be required to provide personal information?

- A. Yes, income tax returns and other brokerage account information are routinely required.

www.stockbrokerproblems.com

This information contained herein is of general applicability. Since individual cases vary, contact my office for more specific information.