Financial Services Litigation & Enforcement

Leveraging our firm's century-long position at the forefront of the financial services industry, our team has successfully defended global, national, regional and small firms in complex securities and other financial services industry and regulatory matters.

We represent broker-dealers, investment funds and advisers, insurance companies and banks along with their directors, officers and other individuals associated with these various entities in litigation in state and federal courts; in matters before the U.S. Securities and Exchange Commission (SEC), U.S. Department of Justice (DOJ), Financial Industry Regulatory Authority (FINRA) and Commodity Futures Trading Commission (CFTC); and in those involving the various exchanges and state regulators, as well as in various arbitration forums.

What Sets Us Apart

In a proven track record, we have resolved thousands of client matters filed in state and federal courts as well as arbitrations before various forums, including FINRA, the American Arbitration Association (AAA) and JAMS. Our lawyers regularly handle parallel regulatory inquiries by FINRA or state regulators in tandem with the civil case. We often secure full defense awards in arbitrations and successfully resolve those cases without full-blown litigation when warranted and in the clients' best interest. Given the many decades of experience of our litigators, we have deep industry knowledge combined with seasoned trial, investigative and negotiation skills. Our team includes former regulators and prosecutors, including from the SEC, CFTC and DOJ. Our practice has been recognized by *Best Lawyers* nationally for Securities Litigation and our litigators have been recognized by the *Los Angeles Business Journal* and *Lawdragon 500*, among others.

We are highly involved in industry groups, serving on FINRA's National Arbitration and Mediation Committee (NAMC), which makes recommendations regarding recruitment, qualifications, training and evaluation of arbitrators and mediators, and on rules, regulations and procedures that govern arbitration, mediation and other dispute resolution matters before FINRA. Our team also participates in speaking at high-profile conferences in the field, including the Securities Industry and Financial Markets Association (SIFMA)'s Compliance & Legal (C&L) Annual Seminar, allowing us to stay apprised of sophisticated financial products and current and emerging legal and regulatory developments impacting the industry. We stay ahead of the curve about new and complex instruments that may form the basis of future investigations or claims.

Our Services

Our lawyers successfully represent clients before judges, jurors, arbitrators and regulators on matters of current focus by litigants and regulators. We have counseled clients through a multitude of issues, including securities and accounting fraud; director, officer and shareholder obligations in connection with corporate sales and mergers; broker-dealer, investment adviser and investment company regulation; registration; insider trading; disclosure; compliance policies and procedures; supervision; books and records requirements; reporting requirements; Regulation Best Interest obligations; the retirement of financial advisers; audits; and fiduciary duties.

We have a deep understanding of and have handled matters involving, among other instruments: stocks, bonds, mutual funds, digital assets, structured products, exchange-traded funds, hedge funds, annuities, municipal bond arbitrage, options, futures, municipal pension funds, life settlements, initial private offerings, private placements and principal protected notes.

Financial Services Litigation

Our practice is broad and robust: We have spent decades successfully handling securities and other financial services industry-related cases in all litigation forums. This includes industry arbitrations based on customer complaints, employee claims and intra-industry disputes against our broker-dealer and registered investment adviser clients. Leveraging our deep knowledge of the financial services sector and the extensive employment legal knowledge relevant to the industry, we simultaneously handle the defense of cases that more recently include both a FINRA arbitration and a related statutory claim filed in court. Many matters such as shareholder disputes and business transactions are filed in state and federal courts where our lawyers represent clients across the United States. Notably, we are currently representing a client in an intra-industry dispute in state court brought by parties seeking over $1 billion in damages relating to options trades on the Chicago Mercantile Exchange during a market event known as “Volmageddon.”

Regulatory Enforcement

Our enforcement bench runs deep with lawyers uniquely qualified — many of whom have served in key roles at the SEC, DOJ and CFTC — to handle common-to-cutting-edge enforcement investigations and litigation for our clients involving the major provisions of the federal and state securities laws. We guide our clients through challenging examinations and complex internal investigations aimed at heading off enforcement action. We assist clients with routine and targeted examinations and represent them in federal and state courts and administrative tribunals across the United States. We counsel and defend clients in matters before the SEC, DOJ, CFTC, federal banking agencies, FINRA, and other self-regulatory organizations (SROs) and state regulators.

Our clients include global financial institutions, investment advisers and other asset managers, broker-dealers, public companies, banks and auditors, along with their executives, board members and other personnel. We also represent regional firms, startups, local ventures and individuals.

Broker-Dealer Compliance

In collaboration with our broker-dealer practice, we address compliance issues as they arise in litigation and assist clients in remedying any issues of concern. These include formation, registration and membership issues, regulatory compliance, advertising and social media requirements and guidance on internal investigations and governance. We work with our broker-dealer lawyers to assist with FINRA, SEC and state regulatory reporting and disclosure requirements generated as a result of litigation.

Representative Matters

- Represented a futures commission merchant in a state court action by traders seeking over $1 billion in damages relating to trades on the Chicago Mercantile Exchange.
- Secured a full defense award in a FINRA arbitration in favor of a broker-dealer as to claims of a senior investor’s alleged $10 million of losses in margin accounts after prevailing on a motion to compel arbitration in federal court following a *Daubert* hearing on the competency of the investor.
- Obtained a full defense award in a JAMS arbitration on behalf of a nationwide securities firm in a 31-day arbitration involving claims of discrimination, harassment, retaliation, invasion of privacy, and defamation, among others, brought by an employee and former employee claiming $27.1 million to $34.2 million in damages.
- In an AAA arbitration, successfully defended a claim for over $1.5 million and affirmatively recovered substantial forum fees for a prominent investment adviser accused of failing to conduct due diligence, improperly marketing and misrepresenting the risks of syndicated conservation easements (a complex tax strategy designed to result in substantial write-offs) that the IRS later challenged, disallowing the investors’ deductions and assessing substantial penalties.
- Obtained a favorable award in a 36-day AAA hearing in favor of a broker-dealer where a customer alleged an $8.5 million selling-away claim, and the broker-dealer recovered $4.1 million based upon its counterclaim.

- Prevailed in a rare appeal to the SEC of an order from Nasdaq delisting a Chinese company.
- Represented a client in the successful conclusion of an SEC investigation involving the use of algorithmic advisory functions.
- Represented a broker-dealer and registered investment adviser in the defense of a $100 million FINRA claim by a municipal pension plan regarding the pension plan’s investments in proprietary asset management platforms and hedge funds.
- Represented a principal of a cryptocurrency hedge fund in a criminal investigation, as well as in a parallel SEC investigation and a congressional inquiry.
- Represented the independent trustees of a mutual fund in a litigated SEC enforcement action involving alleged violations of the Investment Company Act of 1940 Liquidity Rule.
- Represented a financial services company in a state court action involving allegations that a selling agent fraudulently transferred the ownership of a policy and changed the beneficiary designation to himself.