**Title:** What You Should Do If Your Stockbroker’s Supervisor Contacts You?

**Subtitle:** Customers don’t usually know what to say when they get a call or a letter from their stockbroker’s supervisor, who is usually calling or writing to create a document or record that the firm properly supervised the broker.

**Meta Description:** Customers don’t usually know what to say when they get a call from their stockbroker’s supervisor. Often, it is a good idea to contact an experienced business attorney.

**Date:** 1-3-2012

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In many cases, the supervisor will ask questions of the customer in a way designed to elicit responses that protect the broker and the brokerage firm.

That was what happened in an investment fraud case where we won $2.5 million against Lehman Brothers. The supervisors called the customer (who had already lost more than two million dollars in the prior year without a supervisor calling him during that entire year), and asked the customer if he was having any current problems with the broker, and several other examples of seemingly innocuous questions to the customer, and the supervisor then made what we were able to show were misleading contemporaneous notes to the file.

Customers need to state any concerns they have in such calls, even if they are not asked, because otherwise the supervisors write down that no complaint was made and the brokerage and the broker later use that to try to show that the customer’s subsequent complaint was contrived. Even better is that the customer contemporaneously confirms the conversation in a facsimile, email, or other documented communication with the supervisor or broker, stating that a dissatisfaction or complaint was registered.

In the Lehman case, two supervisors got on the phone at the same time, and introduced themselves to the customer (this alone – two supervisors on the phone – should put the customer on alert). Brokerages do this to supplement the written record with an additional witness to testify to the conversation in which the customer purportedly registered satisfaction with the broker’s performance at that time.

For accounts that have actively traded during a month, most brokerage firms automatically kick out a letter to the customer, called an “activity letter.” This letter asks the customer to confirm the trading activity was in keeping with the customer’s instructions, and it is later used by the firm to rebut a customer who complains that the broker overtraded (churned) the account to obtain commission income, and not to benefit the customer. The standard varies; for example, many firms have software programs that automatically cause the firm’s activity letter to be sent out when there are ten or more transactions in a month or the activity is higher than usual.

Customers who receive an activity letter should carefully examine the confirmations and the monthly account statements for the period covered by the activity letter, and if there are transactions the customer did not authorize, a letter (by facsimile, email or other provable record) should be sent in reply to the activity letter objecting to the undesired trade or activity.  Otherwise, the firm can and will argue that the customer ratified the transaction or wanted high activity that resulted in losses, even if the customer merely ignored that letter.

Customers should not just rely on their oral complaint, or a broker’s assurance that it is being looked into.  It is important that the customer document in writing what the problem is as soon as is feasible after the problem becomes known to the customer. Contemporaneous writings can be persuasive evidence of the bona fides of a claim, or of a defense to a claim.

If you have been contacted by your broker’s supervisor and don’t understand why, or if you have made a complaint and are concerned that it has not been properly addressed, it is advisable to contact an experienced business attorney, particularly one who specializes in claims against stockbrokers.

**Raw Content:** <!-- wp:heading -->
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