Shumaker

JUNE 10, 2025 | PUBLICATION

Client Alert: Shumaker Prevails in Asserting Clients' Right to FINRA Arbitration

Sarasota, FL – Shumaker's clients celebrated a significant victory in their efforts to arbitrate claims against subsidiaries of the failed First Republic Bank. Sixteen former First Republic advisors—all of whom were clients of Shumaker—were named in a federal lawsuit seeking to stop parts of multiple ongoing arbitration hearings. Fortunately, a recent decision by a United States District Court judge has put a stop to this attempt.

INDUSTRY SECTOR

Financial Institutions & Insurance

SERVICE LINE

Litigation & Disputes

RELATED PROFESSIONALS

Michael D. Bressan
Jeremy M. Halpern

MEDIA CONTACT

Wendy M. Byrne
wbyrne@shumaker.com

The underlying disputes began around the time of the collapse of First Republic Bank. Several First Republic financial advisors left around the time of the collapse, and as a result, they were sued by subsidiaries of the failed bank. These actions were brought in the arbitration forum hosted by the Financial Industry Regulatory Authority (FINRA), as is required for all disputes between FINRA-registered entities and advisors. Following the collapse of First Republic Bank, JPMorgan Chase Bank, N.A. acquired these subsidiaries and continued the arbitrations on their behalf. In the multitude of ongoing arbitrations, 16 of these former First Republic advisors were represented by Shumaker.

In April 2024, the subsidiary entities—along with JPMorgan Chase—filed an action in federal court in the Northern District of California against the financial advisors represented by Shumaker. (Case No. 4:2024-cv-02574). JPMorgan Chase was seeking an injunction to stop parts of these ongoing FINRA arbitrations, arguing that the counterclaims raised in these arbitrations could potentially result in awards against First Republic Bank or the Federal Deposit Insurance Corporation (FDIC) and that such awards were not permitted by law. JPMorgan Chase wanted the court to prevent these counterclaims from being litigated. On July 31, 2024, Judge Jon S. Tigar denied JPMorgan Chase's Motion for a Temporary Restraining Order but left open JPMorgan Chase's Motion for a Preliminary Injunction.

On April 29, 2025, Judge Jon S. Tigar **denied JPMorgan Chase's Motion for Preliminary Injunction**. In the Order, the Judge stated that he could not grant the motion because JPMorgan Chase had not suffered any injury at the time the suit was filed. As stated by the Judge on Page nine of his decision:

Plaintiffs' alleged injury is therefore speculative. Because of this open factual issue, this Court cannot conclude that Plaintiffs are being forced to conduct an illegitimate arbitration or that such harm is "certainly impending."

The Court held that because JPMorgan Chase had not shown that any harm had yet occurred, the Court lacked the authority to issue an order about what ***might*** happen. As a result, the case was closed, and JPMorgan Chase's complaint was terminated in its entirety.

Ultimately, the claims in the underlying arbitrations addressed what happened with First Republic's Broker/Dealer and Registered Investment Advisor subsidiaries, and the Judge correctly decided to allow the matters to remain in arbitration. It is unfortunate that JPMorgan Chase tried to interfere with these advisors' right to arbitrate, but justice prevailed. This decision should serve as solid support for future advisors and customers who wish to exercise their right to proceed in FINRA Arbitration, whether against First Republic's Broker/Dealer or Registered Investment Advisor subsidiaries or against any FINRA-registered company who is affiliated with a failed bank.

These wrongful actions may now form the basis of additional claims brought by the advisors within the ongoing arbitrations for recovery of damages, attorneys' fees, and costs related to the dismissed federal claims.

The advisors are represented by Michael Taaffe, Michael Bressan, Jarrod Malone, Charles Wood, Jeremy Halpern, and Travis Taaffe.

© 2026 Shumaker, Loop & Kendrick, LLP. All Rights Reserved. Privacy Policy/Disclaimer