

SUPREME COURT OF FLORIDA

Fla. Supreme Ct. No. SC-11-2513

RAYMOND JAMES FINANCIAL
SERVICES, INC.,

Appellant,

vs.

BARBARA J. PHILLIPS, AS TRUSTEE
OF THE BARBARA J. PHILLIPS TRUST,
AND AS GUARDIAN TO WALKER R. PHILLIPS,
JENNIFER L. PHILLIPS, INDIVIDUALLY
AND AS TRUSTEE OF THE BARBARA
J. PHILLIPS FLITE TRUST, AND
MARGARET K. CAMP,

Appellees.

AMICUS CURIAE BRIEF

ON REVIEW FROM THE SECOND DISTRICT COURT OF APPEAL
Dist. Ct. Case No. 2D10-2144
L.T. No. 07-0080-CA

Alex J. Sabo, Esq.
BRESSLER, AMERY & ROSS, P.C.
2701 SW 149th Avenue
Suite 300
Miramar, Florida 33027
Phone: (954) 499-7979
Facsimile: (954) 499-7969

Ronald D. Shindler, Esq.
FOWLER WHITE BURNETT
1395 Brickell Avenue
14th Floor
Miami, Florida 33131
Phone: (305) 789-9200
Facsimile: (305) 789-9201

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	i
TABLE OF AUTHORITIES	ii
I. INTEREST OF AMICUS CURIAE -----	1
II. SUMMARY OF THE ARGUMENT -----	2
III. ARGUMENT -----	4
A. The Decision Below Impermissibly Penalizes Parties To An Arbitration Agreement By Denying A Remedy Available In Court.	10
B. The Decision Below Violates The Federal Arbitration Act And Florida Arbitration Code By Failing To Enforce The Parties’ Arbitration Agreement And Is Contrary To Prior Decisions Of This Court.	13
IV. CONCLUSION -----	18
CERTIFICATE OF SERVICE	20
CERTIFICATE OF COMPLIANCE	21

TABLE OF AUTHORITIES

	<u>Page</u>
Cases	
<i>Allied-Bruce Terminix Companies v. Dobson</i> , 513 U.S. 265, 115 S. Ct. 834, 130 L. Ed. 2d 753 (1995)	11
<i>Dean Witter Reynolds Inc. v. Byrd</i> , 470 U.S. 213, 219-220, 105 S.Ct. 1238, 1241-1242, 84 L.Ed.2d 158 (1985).....	4, 5, 8, 13, 16
<i>E.F. Hutton & Company, Inc. v. Rousseff</i> , 537 So.2d 978, 981 (Fla. 1989)	15
<i>Fla. Dept. of Health and Rehab. Services v. S.A.P.</i> , 835 So. 2d 1091, 1096 (Fla. 2003)	9
<i>Mastrobuono v. Shearson Lehman Hutton, Inc.</i> , 514 U.S. 52, 115 S.Ct. 1212, (1995)	10, 11, 12
<i>Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.</i> , 473 U.S. 614, 628, 105 S.Ct. 3346, 3354, 87 L.Ed.2d 444 (1985)	5
<i>Moses H. Cone Memorial Hospital v. Mercury Construction Corporation</i> , 460 U.S.1, 24, 103 S. Ct. 927, 941, 74 L. Ed. 2d 765 (1983)	13
<i>Oppenheimer & Co., Inc. v. Young</i> , 456 So.2d 1175 (Fla. 1984)	16, 17
<i>Perry v. Thomas</i> , 482 U.S. 483, 107 S. Ct. 2520, 96 L. Ed. 2d 426 (1987)	11
<i>Prima Paint Corp. v. Flood & Conklin Mfg. Co.</i> , 388 U.S. 395, 406, 87 S.Ct. 1801, 1807, 18 L.Ed.2d 1270 (1967)	5
<i>Raymond James Financial Services v. Phillips</i> , No. 2D10-2144, 2011 Fla. App. LEXIS 18182, *18 (Fla.2d DCA Nov. 16, 2011).....	2, 8, 12, 14, 18

Scherk v. Alberto-Culver Co.,
 417 U.S. 506, 511, 94 S.Ct. 2449, 2453, 41 L.Ed.2d 270 (1974) (quoting
 H.R.Rep. No. 96, 68th Cong., 1st Sess., 1, 2 (1924))4

Southland Corp. v. Keating,
 465 U.S. 1, 104 S. Ct. 852, 79 L. Ed. 2d 1 (1984)11

*Volt Information Sciences, Inc. v. Board of Trustees of Leland Stanford
 Junior University*,
 498 U.S. 468, 479, 103 L.Ed.2d 488, 109 S. Ct. 1248 (1989) 10, 12, 13

Wilko v. Swan,
 346 U.S. 427, 74 S.Ct. 182, 98 L. Ed. 168 (1953)16

Statutes

9 U.S.C. § 25, 14

9 U.S.C. § 4 5, 7, 14

Section 517.211, Fla. Stat. 15, 17

Section 517.301, Fla. Stat.15

Section 682.01, Fla. Stat.4

Section 682.02, Fla.Stat 6, 9, 14

Section 682.03, Fla. Stat. 6, 7, 14

Section 682.22, Fla. Stat.4

Section 95.11, Fla. Stat. 10, 12, 13

Other Authorities

Dispute Resolution Statistics, Arbitration Cases Filed (1997-2011).....2

Rules

FINRA Rule 122002

I. INTEREST OF AMICUS CURIAE **FSDA AND FSI**

The Florida Securities Dealers Association, Inc. (“FSDA”) and the Financial Services Institute (“FSI”) submit their *amicus curiae* brief in support of Appellant Raymond James Financial Services, Inc. (“Raymond James”).

FSDA, founded in 1933, is one of the oldest and largest state securities associations in the nation. Members of the FSDA represent a broad spectrum of the securities industry in Florida, and include securities broker-dealers, investment advisers, investment bankers, mutual fund companies, insurance companies, financial services companies, and law and accounting firms. FSDA members include national, regional, and state-wide firms.

FSI represents the interests of independent financial services firms and independent financial advisors. FSI has 100 broker-dealer members, representing 62% of all registered representatives who practice as advisors, and more than 35,000 individual advisor members.

The membership of both FSDA and FSI includes members of the Financial Industry Regulatory Authority (“FINRA”) and associated persons of FINRA members. Most securities disputes are resolved through arbitration under the FINRA Dispute Resolution Code of Arbitration Procedure. In fact, during the past 15 years, from 1997 through 2011, claimants have filed more than **90,000** separate arbitrations with FINRA Dispute Resolution or its predecessor, NASD Dispute

Resolution.¹ This volume translates into an average of more than 6,000 arbitrations filed each year or more than 500 arbitrations filed each month.

FINRA members and their associated persons must arbitrate claims under the FINRA Dispute Resolution Code of Arbitration Procedure if required by a written agreement or requested by a customer. *See* FINRA Rule 12200.² Thus, the decision below, *Raymond James Financial Services v. Phillips*, No. 2D10-2144, 2011 Fla. App. LEXIS 18182, *18 (Fla.2d DCA Nov. 16, 2011), is one of vital interest to the FSDA and FSI because the Second District Court of Appeal has determined that Florida's statute of limitations does not apply to arbitrations unless the parties specifically make it applicable in their arbitration agreement.

II. SUMMARY OF THE ARGUMENT

Arbitration is a creature of contract. Under the Federal Arbitration Act and Florida Arbitration Code, courts are bound to enforce arbitration agreements according to their terms, being mindful to resolve all doubts in favor of arbitration. Thus, parties must arbitrate claims that are the subject of an arbitration agreement

¹ *See* Dispute Resolution Statistics, Arbitration Cases Filed (1997-2011), available at <http://www.finra.org/ArbitrationAndMediation/FINRADisputeResolution/AdditionalResources/Statistics>.

² available at http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=4106.

between them. At the same time, parties are not required to arbitrate claims that they have excluded from their arbitration agreement.

Ignoring these straightforward and overarching principles applicable to the case below, the Second District Court of Appeal essentially penalized Raymond James because it had an arbitration agreement with Appellees. The Second District Court of Appeal refused to enforce the arbitration agreement between the parties to this case as written, instead opting to undo federal and state precedent regarding arbitration that has stood for more than a quarter of a century. The Federal Arbitration Act will not allow states to infringe upon the arbitration rights of parties. It will not allow a court or legislature to take away a remedy available in court that is the subject of an arbitration agreement.

Had the Second District Court of Appeal adhered to and applied established principles of federal and state law applicable to arbitration agreements, had it been mindful of apposite decisions of this Court and the United States Supreme Court, and had it enforced the parties' arbitration agreement as written, it would have reversed the trial court's decision, and would have remanded with instructions for the trial court to resolve the potentially dispositive issue of whether the substantive claims at issue in the arbitration were time-barred. Had the Second District Court of Appeal so ruled, it would have ensured that the agreement to arbitrate at issue here was enforced according to its terms. In this manner, the Second District Court

of Appeal would have heeded the mandate of federal and Florida law regarding the enforcement of arbitration agreements.

Lastly, the Second District Court of Appeal's strained reading of the parties' agreement and Chapter 95 of the Florida Statutes leads to an absurd result; *i.e.*, making Florida arbitrations the destination of choice for persons with stale claims who could never pursue those claims in court, but who now have an available forum courtesy of the decision below. The Florida legislature could not have intended this result under Chapter 95 of the Florida Statutes or the Florida Arbitration Code.³

III. ARGUMENT

The Federal Arbitration Act was designed "to overrule the judiciary's long-standing refusal to enforce agreements to arbitrate," *Dean Witter Reynolds Inc. v. Byrd*, 470 U.S. 213, 219-220, 105 S.Ct. 1238, 1241-1242, 84 L.Ed.2d 158 (1985), and to place such agreements " 'upon the same footing as other contracts,' " *Scherk v. Alberto-Culver Co.*, 417 U.S. 506, 511, 94 S.Ct. 2449, 2453, 41 L.Ed.2d 270 (1974) (quoting H.R.Rep. No. 96, 68th Cong., 1st Sess., 1, 2 (1924)). Congress "was motivated, first and foremost, by a congressional desire to enforce agreements into which parties had entered." *Byrd*, 470 U.S., at 220, 105 S.Ct., at 1242.

³ Sections 682.01 through 682.22 of the Florida Statutes comprise the Florida Arbitration Code. §682.01, Fla.Stat. (2011).

Section 2 of the Federal Arbitration Act provides that a written agreement to arbitrate, in any contract involving interstate commerce or a maritime transaction, "shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract," 9 U.S.C. § 2. Section 4 of the Federal Arbitration Act allows a party to an arbitration agreement to "petition any United States district court . . . for an order directing that such arbitration proceed **in the manner provided for in such agreement.**" 9 U.S.C. § 4 (emphasis added). Thus, the Federal Arbitration Act does not require parties to arbitrate disputes or issues, including statutory defenses, when they have not agreed to do so, *see Byrd*, 470 U.S. at 219, 105 S.Ct. at 1241 (the Federal Arbitration Act "does not mandate the arbitration of all claims"), nor does it prevent parties who do agree to arbitrate from excluding certain issues from the scope of their arbitration agreement, *see Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614, 628, 105 S.Ct. 3346, 3354, 87 L.Ed.2d 444 (1985) (citing *Prima Paint Corp. v. Flood & Conklin Mfg. Co.*, 388 U.S. 395, 406, 87 S.Ct. 1801, 1807, 18 L.Ed.2d 1270 (1967)). The Federal Arbitration Act instead requires courts to enforce privately negotiated agreements to arbitrate, like other contracts, in accordance with their terms. *See Prima Paint*, 388 U.S. at 404, n. 12, 87 S.Ct. at 1806 n. 12 (Federal Arbitration Act was designed "to make arbitration agreements as enforceable as other contracts, but not more so").

The Florida Arbitration Code, like the Federal Arbitration Act, mandates enforcement of arbitration agreements according to their terms. Section 682.02 of the Florida Statutes makes arbitration agreements “valid, enforceable, and irrevocable without regard to the justiciable character of the controversy[.]” §682.02, Fla.Stat. (2011). Section 682.03 of the Florida Statutes provides that a “party to an agreement or provision for arbitration subject to this law claiming the neglect or refusal of another party thereto to comply therewith may make application to the court for an order directing the parties to proceed with arbitration **in accordance with the terms thereof.**” §682.03, Fla.Stat. (2011) (emphasis added).

No issue exists in this case that the customers entered into a Client Agreement requiring the parties to resolve any disputes or controversies between them through arbitration. No issue exists that the parties agreed the substantive claims advanced by Appellees Barbara J. Phillips, as Trustee of the Barbara J. Phillips Trust, and as Guardian to Walter R. Phillips, Jennifer L. Phillips, Individually and as Trustee of the Barbara J. Phillips Flite Trust, and Margaret K. Camp (“the customers”) are arbitrable, **if brought on a timely basis.** No issue exists that the parties a court having jurisdiction will decide all timeliness issues.

For purposes of the central issue before the Court, the Client Agreement makes clear that relevant statutes of limitation, repose or other time bars, whether

state or federal, are not limited or waived by the parties in connection with any arbitral issue. To the contrary, the plain language of the Client Agreement makes them an absolute bar to an otherwise arbitral issue's eligibility for arbitration.

Nothing in this agreement shall be deemed to limit or waive the application of any relevant state or federal statute of limitation, repose, or other time bar. Any claim made by either party to this agreement which is time barred for any reason shall not be eligible for arbitration.

Indeed, followed to its logical conclusion, the Second District Court of Appeal's holding would require every arbitration agreement to reference specifically every conceivable statute of limitations for every jurisdiction.

In addition, the Client Agreement reserves all determinations of timeliness to a court of competent jurisdiction, and specifically removes such determinations from the hands of the arbitrators.

The determination of whether any such claim was timely filed shall be by a court of competent jurisdiction, upon application of either party.

Thus, the plain and unequivocal language of the arbitration agreement at issue here requires arbitration of any timely claims, but reserves the decision regarding timeliness to a court having jurisdiction. Heeding the twin mandates of 9 U.S.C §4 and §682.03, Fla.Stat. (2011), both the trial and appellate courts should have ruled that the trial court first must determine if the customers' claims were timely

and, only upon that determination, allowed the substantive claims to proceed to an arbitration hearing. *See e.g., Byrd*, 470 U.S. at 220, 105 S.Ct. at 1242.

Notably, the Second District Court of Appeal agreed that “the parties specifically contracted for a determination [of timeliness] by the local trial court, not the arbitrator(s).” *Raymond James Financial Services v. Phillips*, No. 2D10-2144, 2011 Fla. App. LEXIS 18182, *16 (Fla.2d DCA Nov. 16, 2011). Nonetheless, the Second District Court of Appeal found that the Client Agreement did not reference or cite the Florida statute of limitations expressly and that the language of Florida’s statute of limitations made it inapplicable to arbitration. As a result, the Second District Court of Appeal court held “that Florida’s statutes of limitations do not apply to arbitrations where the arbitration agreement does not expressly provide for their application.” *Id.* In reaching this conclusion, the Second District Court of Appeal ignored the parties’ agreement and contravened the requirements of federal and state law, requiring reversal of its decision.

Under the Second District Court of Appeal’s decision, there is no “applicable statute of limitations.” If the decision below is allowed to stand, Florida undoubtedly will be viewed by anyone with an expired claim, who otherwise is eligible to file an arbitration with FINRA Dispute Resolution, as a safe haven to pursue arbitration as long as the claimant can make even a minimally colorable argument regarding the existence of some event or occurrence, which

gives rise to the claim under the FINRA Dispute Resolution Code of Arbitration Procedure.

Under Section 682.02 of the Florida Statutes, the Florida Legislature made arbitration agreements “valid, enforceable, and irrevocable **without regard to the justiciable character of the controversy[.]**” §682.02, Fla.Stat. (2011) (emphasis added). Use of this language most definitely indicated the Florida Legislature’s intent to construe the language of arbitration agreements broadly. Under the Federal Arbitration Act, courts must resolve all doubts in favor of arbitration. *Volt Information Sciences, Inc.*, 489 U.S. at 476, 109 S. Ct. at 1254. Surely the Florida Legislature, in Chapter 95 of the Florida Statutes, never intended to (a) make Florida a haven for investors with stale claims or (b) impermissibly attempt to abrogate the requirements of the Federal Arbitration Act, notwithstanding the lower court’s interpretation of the language of Chapter 95 of the Florida Statutes.

Statutes of limitations and repose are designed to prevent litigation of stale claims. *Fla. Dept. of Health and Rehab. Services v. S.A.P.*, 835 So. 2d 1091, 1096 (Fla. 2003). The absence of any statute of limitations applicable to arbitrations in Florida literally could open the floodgates for claims brought by customers with novel theories as to why their claims should proceed. Literally, in one fell swoop, the Second District Court of Appeal has paved the way for customers to pursue stale claims in Florida arbitrations that never would see the light of day in a Florida

court, simply because the Second District Court of Appeal decided to ignore both the twin mandates of the Federal Arbitration Act and Florida Arbitration Code, as well as prior decisions of this Court.

A. The Decision Below Impermissibly Penalizes Parties To An Arbitration Agreement By Denying A Remedy Available In Court.

In *Mastrobuono v. Shearson Lehman Hutton, Inc.*, 514 U.S. 52, 115 S.Ct. 1212, (1995), the United States Supreme Court addressed a scenario in which “New York law allow[ed] courts, but not arbitrators, to award punitive damages.” *Id.* at 53, 115 S.Ct. at 1214, 131 L.Ed.2d at 81. Distilled to its essence, the Second District Court of Appeal, in the decision below, held that Florida law allows courts, but not arbitrators, to dismiss claims based upon application of the statute of limitations found in Section 95.11 of the Florida Statutes.

In *Mastrobuono*, the United States Supreme Court stated the dispositive issue as whether the award of punitive damages by the arbitrators “is consistent with the central purpose of the Federal Arbitration Act to ensure ‘that private agreements to arbitrate are enforced according to their terms.’” *Volt Information Sciences, Inc. v. Board of Trustees of Leland Stanford Junior University*, 498 U.S. 468, 479, 103 L.Ed.2d 488, 109 S. Ct. 1248 (1989).” Similarly, here, the dispositive issue is whether the decision by the Second District Court of Appeal, interpreting Section 95.11 of the Florida Statutes to apply only in court and not in

arbitration, ensures that the arbitration agreement between Raymond James and the customers is enforced according to its terms. FSDA and FSI respectfully submit that the decision below, like the decisions of the District Court and Court of Appeals disallowing an award of punitive damages by an arbitration panel in *Mastrobuono*, does not enforce the arbitration agreement between Raymond James and the customers according to its terms, and therefore fails to comply with the Federal Arbitration Act and the Florida Arbitration Code.

The decision in *Mastrobuono* is straightforward in its significance: states may not penalize parties to an arbitration agreement by denying them a remedy available in court. Citing its decisions in *Southland Corp. v. Keating*, 465 U.S. 1, 104 S. Ct. 852, 79 L. Ed. 2d 1 (1984) (Federal Arbitration Act preempts state laws invalidating arbitration agreements), *Perry v. Thomas*, 482 U.S. 483, 107 S. Ct. 2520, 96 L. Ed. 2d 426 (1987) (Federal Arbitration Act embodies a clear federal policy requiring enforcement of arbitration agreements that is not subject to any limitations under state law) and *Allied-Bruce Terminix Companies v. Dobson*, 513 U.S. 265, 115 S. Ct. 834, 130 L. Ed. 2d 753 (1995) (same as *Keating*), the United States Supreme Court in *Mastrobuono* made clear that “if contracting parties agree to *include* claims for punitive damages within the issues to be arbitrated, the FAA ensures that their agreement will be enforced according to its terms even if a rule of state law would otherwise exclude such claims from arbitration. Thus, the case

before us comes down to what the contract has to say about the arbitrability of petitioners' claim for punitive damages.” 514 U.S. at 58, 115 S.Ct. at 1216, 131 L.Ed.2d at 84 (emphasis in original).

Similarly, this case revolves around what the contract between Raymond James and the customers says about the statute of limitations. As the Second District Court of Appeal recognized, the contract plainly says that defenses based on timeliness are reserved to a court of competent jurisdiction. *Raymond James Financial Services v. Phillips*, No. 2D10-2144, 2011 Fla. App. LEXIS 18182, *16 (Fla.2d DCA Nov. 16, 2011). Yet, because the parties otherwise agreed to arbitrate the dispute between them, the Second District Court of Appeal refused to enforce the agreement according to its terms, thus contravening the “central purpose of the Federal Arbitration Act[.]” *Volt Information Sciences, Inc.*, 498 U.S. at 479. The decision below impermissibly penalizes parties to an arbitration agreement by misinterpreting specific language in Chapter 95 of the Florida Statutes (“civil action or proceeding”) to invalidate the agreement between Raymond James and the customers.

The parallels between the decision below and *Mastrobuono* are numerous and compelling. In *Mastrobuono*, the United States Supreme Court rejected the same strained logic that the Second District Court of Appeal used to reach its

conclusion. As a result, the decision by the Second District Court of Appeal, imposing a penalty because the parties agreed to arbitrate, may not stand.

B. The Decision Below Violates The Federal Arbitration Act And Florida Arbitration Code By Failing To Enforce The Parties' Arbitration Agreement And Is Contrary To Prior Decisions Of This Court.

The Second District Court of Appeal's view of Section 95.11 of the Florida Statutes, as inapplicable to arbitrations unless parties to an arbitration agreement specifically cite or reference this provision, fails to recognize established principles relating to arbitration and apposite decisions of this Court.

The Federal Arbitration Act establishes a federal policy that favors arbitration, and creates a body of federal substantive law, which governs the issue of arbitrability in either state or federal court. *Moses H. Cone Memorial Hospital v. Mercury Construction Corporation*, 460 U.S.1, 24, 103 S. Ct. 927, 941, 74 L. Ed. 2d 765 (1983). As the United States Supreme Court has held, courts must rigorously enforce agreements to arbitrate according to their terms. *Dean Witter Reynolds, Inc. v. Byrd*, 470 U.S. at 221, 105 S. Ct. at 1242. Courts must resolve all doubts in favor of arbitration. *Volt Information Sciences, Inc.*, 489 U.S. at 476, 109 S. Ct. at 1254. Applying these principles here demonstrates beyond all doubt that this Court, under the authority of the Federal Arbitration Act, must reverse the decision below.

The Second District Court of Appeal found that “the parties specifically contracted for a determination [of timeliness] by the local trial court, not the arbitrator(s).” *Raymond James Financial Services v. Phillips*, No. 2D10-2144, 2011 Fla. App. LEXIS 18182, *16 (Fla.2d DCA Nov. 16, 2011). Nonetheless, Second District Court of Appeal then erroneously ignores the parties’ arbitration agreement. The Second District Court of Appeal’s decision contravenes both federal and Florida law relating to the enforcement of arbitration agreements.

Sections 2 and 4 of the Federal Arbitration Act, 9 U.S.C. §§ 2, 4, and comparable provisions of the Florida Arbitration Code, §682.02 Fla. Stat. (2011) and §682.03 Fla. Stat. (2011), mandate enforcement of arbitration agreement between parties **according to their terms**. The Second District Court of Appeal’s decision denies the parties a judicial forum for resolution of timeliness defenses, the disposition for which they specifically contracted as the lower court acknowledged. Had the trial court honored its mandate and acted in compliance with the Federal Arbitration Act and the Florida Arbitration Code by enforcing the parties’ arbitration agreement **according to its terms**, *compare* 9 U.S.C. § 2 and 9 U.S.C. §4, *with* §682.02 Fla. Stat. (2011) and §682.03 Fla. Stat. (2011), it would have addressed the timeliness of the claims brought by the customers in the arbitration either through an evidentiary hearing or on motion for summary judgment. The trial court’s failure to comply with its mandate, and the Second

District Court of Appeal's failure recognize the trial court's error, requires reversal. *See Volt Information Sciences, Inc.*, 498 U.S. at 479 (central purpose of the Federal Arbitration Act is enforcement of arbitration agreements according to their terms).

In *E.F. Hutton & Company, Inc. v. Rousseff*, 537 So.2d 978, 981 (Fla. 1989), this Court held that a plaintiff was not required to prove loss causation to recover under Sections 517.301 and 517.211 of the Florida Statutes. In reaching this conclusion, this Court noted that “[b]ecause section 517.211 contains an express civil liability provision, Florida courts need fashion no court-made civil right. They need only follow the clear language of the statute. Section 517.211 says that if a seller (or buyer) is untruthful in a sale, the buyer (or seller) can rescind the transaction and get his money back.” *Id.* Thus, as this Court decision in *Rousseff* makes clear, the Florida legislature included a civil remedy in Chapter 517 for violations of the antifraud provision found in Section 517.301; namely, Section 517.211. *See id.*

Notably, Section 517.211 specifically mentions “an **action** for rescission, if the plaintiff still owns the security, or for damages, if the plaintiff has sold the security.” §517.211(2), Fla.Stat. (2011) (emphasis added). Specific subsections of Section 517.211 address the calculation of the recovery amount depending upon whether the plaintiff brings an action for rescission or an action for damages.

§§517.211(3), (4), (5), Fla. Stat. (2011). Thus, the Florida Legislature has used the same terminology (action) in Section 517.211 as it used in Section 95.11.

In *Oppenheimer & Co., Inc. v. Young*, 456 So.2d 1175 (Fla. 1984), *vacated*, 470 U.S.1078, 105 S.Ct. 1830, 85 L.Ed.2d 131 (1985), this Court held that claims under Chapter 517 of the Florida Statutes were not arbitrable. The United States Supreme Court vacated this decision in light of its decision in *Byrd. Oppenheimer & Co., Inc. v. Young*, 470 U.S.1078, 105 S.Ct. 1830, 85 L.Ed.2d 131 (1985).

Upon remand, this Court receded from its earlier decision and stated:

In our original decision, we held, inter alia, that the Florida Securities Act, chapter 517, Florida Statutes (1981), precludes enforcement of an arbitration agreement concerning securities transactions. Relying on Wilko v. Swan, 346 U.S. 427, 74 S.Ct. 182, 98 L. Ed. 168 (1953), we further held that the Federal Arbitration Act, 9 U.S.C. sections 1-14 (1983), did not compel a different result. We noted that Byrd v. Dean Witter Reynolds, Inc., , presenting the same issue, was before the United States Supreme Court and that should that Court recede from Wilko our decision would be different. **The United States Supreme Court has now spoken. Although it did not recede from Wilko, the Court held that the Federal Arbitration Act compels enforcement of arbitration agreements on pendent state law claims.** The effect of this holding is to preempt the state law on which we relied.

Oppenheimer & Co., Inc. v. Young, 475 So.2d 221, 222 (Fla. 1985) (emphasis added). Thus, this Court clearly and unequivocally recognized that claims under

Chapter 517 of the Florida Statutes are arbitrable, notwithstanding the Florida Legislature's use of the word "action" in Section 517.211 of the Florida Statutes.

At issue under the *Oppenheimer & Co., Inc. v. Young* line of cases was the 1981 version of Chapter 517 of the Florida Statutes. Section 517.211 in effect in 1981 also made reference to an action for rescission or damages, just like the current version of the statute.⁴ Yet, the Florida Legislature's use of the term "action" in Section 517.211 did not make claims under Chapter 517 non-arbitral under the Federal Arbitration Act. Indeed, the arbitral nature of an **action** under Chapter 517 has been settled law in Florida for more than a quarter of a century,

As a result, the simple answer to the Second District Court of Appeal's inability to come to grips with the reference to "civil action and proceeding" in Chapter 95 of the Florida Statutes is found in the *Oppenheimer & Co., Inc. v. Young* line of cases. If the use of the word action in Chapter 517 does not preclude arbitration of a claim brought under Chapter 517, then use of the term "action" in Chapter 95 of the Florida Statutes similarly cannot block the statute of limitations from application in a securities arbitration. To hold otherwise is to undo settled law in Florida, which has stood for more than a quarter of a century, and ignore the requirements of the Federal Arbitration Act (and Florida Arbitration Code).

⁴ The versions of Section 517.211 in effect during 1981 and today are virtually identical.

IV. CONCLUSION

FSDA and FSI respectfully submit that this Court should (1) reverse the decision by the Second District Court of Appeal in *Raymond James Financial Services, Inc. v. Phillips*, No. 2D10-2144 (Nov. 16, 2011), (2) answer **affirmatively** the question certified to this Court as one of great public importance and (3) hold that Chapter 95 of the Florida Statutes applies to both (a) arbitrations in Florida and (b) arbitrations to which Florida law applies and provides the basis for decision.

Respectfully submitted,

Alex J. Sabo
Florida Bar No. 262821
BRESSLER, AMERY & ROSS, P.C.
2701 SW 149th Avenue
Suite 300
Miramar, Florida 33027
(954) 499-7979
(954) 499-7969

and

Ronald D. Shindler
Florida Bar No. 781703
FOWLER WHITE BURNETT
1395 Brickell Avenue
14th Floor
Miami, Florida 33131
(305) 789-9200
(305) 789-9201

Attorneys for Amicus Curiae

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing *Interest of Amicus Curiae FSDA and FSI* has been furnished via first class U.S. Mail, on this ____ day of April, 2012 to the following:

George L. Guerra, Esq.
Wiand Guerra King, P.L.
3000 Bayport Drive, Suite 600
Tampa, FL 33607
(attorney for Appellant)
(with a copy via electronic mail to gguerra@wiandlaw.com)

Robert J. Pearl, Esq.
The Pearl Law Firm, P.A.
7400 Tamiami Trail North
Suite 101
Naples, FL 34108
(attorney for Appellees)
(with a copy via electronic mail to robert@investorattorneys.com)

Alex J. Sabo

CERTIFICATE OF COMPLIANCE

Counsel for Florida Securities Dealers Association, Inc., certifies that this *Interest of Amicus Curiae FSDA and FSI* is typed in 14 point (proportionately spaced) Times New Roman, in compliance with Rule 9.210 of the Florida Rules of Appellate Procedure.

Alex J. Sabo