

# Public Investors Arbitration Bar Association

## PIABA CALLS ON CONGRESS TO HALT MANDATORY ARBITRATION FOR SECURITIES DISPUTES OF PUBLIC INVESTORS

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**Tuesday, May 29, 2007 (Norman, OK)** - The Public Investors Arbitration Bar Association (“PIABA”) today called on the U.S. Congress to immediately halt the existing system which requires the mandatory arbitration of securities-related disputes of public investors.

“It is unfathomable that individual investors are being forced to submit all of their disputes to a system of mandatory arbitration which is owned and operated by the securities industry,” said Steven B. Caruso, President of PIABA, “especially when that inherently conflicted system deprives investors of a fair and equitable means of recovery when their financial assets are improperly taken from them.”

At the present time, when nearly all investors establish a relationship with a securities brokerage firm and/or other financial professional, they are being forced to agree that, in the event that a future dispute should arise with respect to their account, they will not pursue their claims before a judge or a jury of their peers in a courthouse.

Instead, all of their claims are required to be submitted to arbitration which is primarily administered by the securities industry groups known as the National Association of Securities Dealers, Inc. (“NASD”) or the New York Stock Exchange, Inc. (“NYSE”).

“Recent statistics clearly indicate that individual investors are not being provided with a fair chance to recover their assets when they are being forced to arbitrate their claims in forums that are owned by the securities industry before panels of arbitrators that must include a mandatory representative from the securities industry and other purported neutral public arbitrators who are permitted to have financial and/or professional ties to the securities industry,” said Caruso.

In calendar year 2006, individual investors were awarded some financial recovery by arbitration panels in only forty two (42%) percent of cases that were administered by the NASD and in only thirty seven (37%) percent of cases that were administered by the NYSE, according to statistics published by both of those organizations.

“While these statistics strongly suggest an inherent bias against individual investors and a overt deprivation of traditional due process,” Caruso further noted that “even when individual investors do recover some portion of their claimed losses, arbitrators are not providing investors with their statutory remedies and, in far too many cases, actually impose arbitration costs on individual investors which far exceed the damages that they are being awarded.”

Within the next few months, it is anticipated that the consolidation of the regulatory and arbitration functions of the NASD and NYSE may secure necessary approvals which will effectively reduce the potential forums for the arbitration of customer claims to a single forum that will be administered by the NASD.

“The creation of a monopoly for the adjudication of all securities-related disputes of public investors is the antithesis of the fundamental principles associated with consumer choice and continues to endanger investor confidence in the financial marketplace in the United States,” according to Caruso.

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The Public Investors Arbitration Bar Association (“PIABA”), established in 1990, is an international bar association which consists of more than 500 attorneys. The mission of PIABA is to promote the interests of the public investor in securities and commodities arbitration by protecting public investors from abuses in the arbitration process; making securities and commodities arbitration as just and fair as systematically possible; and creating a level playing field for the public investor in all securities and commodities arbitration forums.