

Public Investors Arbitration Bar Association

June 24, 2002

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Gene Wong, Esq.
Office of Legislative Counsel
State Capitol, Room 2205
Sacramento CA, 95814

Re: Senate Bill 1707

Dear Mr. Wong:

The Public Investors Arbitration Bar Association ("PIABA"), a national association of attorneys dedicated to the representation of investors in the arbitration of their disputes with the securities industry, wishes to submit this comment regarding Senate Bill 1707. Specifically, this letter will address the request by the New York Stock Exchange, the National Association of Securities Dealers and possibly other securities self-regulatory organization ("SRO") arbitration fora that they be exempted from the new arbitrator disclosure rules established pursuant to section 1281.85 of the California Code of Civil Procedure.

PIABA always has been in favor of improved disclosure by arbitrators. We also favor investor choice about arbitration of disputes as well. Our view all along has been that pre-dispute agreements for mandatory, binding arbitration should be enforced only in situations, such as those involving negotiated agreements between businesses, where the bargaining power is more nearly equal. Nothing about our views in either of these regards has changed.

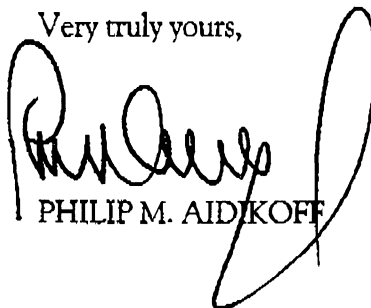
PIABA and its members are aware of substantial abuses in the arbitration process. Those abuses have been responsible for justifiable public outrage and ultimately led to the creation of the new rules. While as a general matter we favor increased disclosure, the new rules, as desirable as they are in most arbitration contexts, may not be a good fit with the somewhat different arbitration environment at the SROs. For that reason, PIABA would like to offer its assistance in working with the Judicial Council and the SROs to craft a set of rules that would be a better fit with the realities of SRO arbitration.

Gene Wong, Esq.
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If you have questions, of course, or if you would like further information from us, please feel free to contact either Scot Bernstein or me. I am in Los Angeles and can be at (310) 274-0666. Mr. Bernstein practices in Sacramento, and he can be reached at (916) 447-0100.

Thank you for your attention to this letter.

Very truly yours,



PHILIP M. AIDIKOFF

PMA/ep

cc: PIABA Board of Directors

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bcc: Robert Clemente
New York Stock Exchange
Via Telecopier Only (212) 656-2727

Linda Fienberg, President
NASD Dispute Resolution
Via Telecopier Only (202) 728-8833