

**PUBLIC INVESTORS ARBITRATION
BAR ASSOCIATION**
1111 Wylie Road #18
Norman, Oklahoma 73069

Robin Ringo
Executive Administrator
Phone: (405) 360-8776
Fax: (405) 360-2063
Toll Free: 1-888-621-7484
Web Site: www.piaba.org
E-Mail: piabalaw@aol.com

July 27, 1999

United States Senate
Committee on Banking,
Housing, and Urban Affairs
Washington, D.C. 20510

Via UPS Overnight Delivery

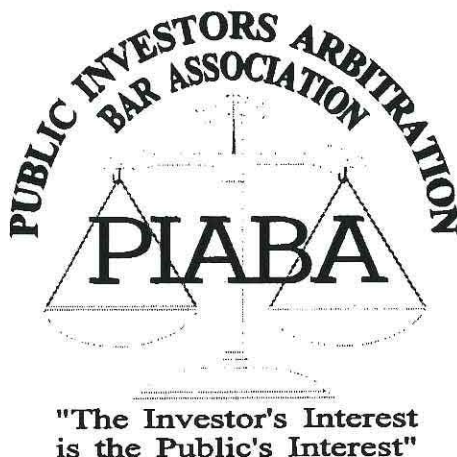
**RE: Comments on the recommendations for the proposed Securities Markets
Enhancement Act**

Dear Committee Members:

On behalf of the Public Investors Arbitration Bar Association ("PIABA"), an organization of approximately three hundred and fifty attorneys from forty-five states, please consider this letter our reply to the list of recommendations submitted for the Securities Markets Enhancement Act.

Securities Exchange Act of 1934

Number 8. With respect to the suggestion titled "Limitation of Moral Hazard Incentives," PIABA is opposed to taking away remedies for public investors in instances where broker-dealers and/or their associated persons are in violation of a state registration requirement. In many instances, broker-dealers and/or their associated persons have checkered experiences in the securities industry. As a result, they may not be able to obtain licensing in certain states that have the resources to peruse these disciplinary histories prior to registration. This is particularly common in the area of micro-cap fraud. PIABA is strongly opposed to any attempts to limit rescissionary or other remedies provided by state blue sky laws for registration violations of brokerage firms and their agents.



MARK E. MADDOX, PRESIDENT

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United States Senate
Committee on Banking, Housing, and Urban Affairs
July 27, 1999
Page 2

Number 9. With respect to the suggestion titled "Elimination of Duplicative Enforcement Actions," PIABA is opposed to prohibiting states from filing civil actions or administrative proceedings seeking financial penalties based on previous actions by the SEC or an SRO. PIABA believes it is an unnecessary effort for Congress to begin limiting securities enforcement actions that can be brought by state regulators in any way for any reason.

Investment Advisors Act of 1940

Number 3. With respect to the suggestion titled "Enhanced Public Disclosure Over the Internet," PIABA supports Congressional action to provide the NASD with the ability to extend its public disclosure of broker disciplinary to its Internet website, while maintaining its immunity from liability for actions it takes or omits in good faith. Furthermore, PIABA would support permitting the SEC to designate an entity to establish an investor advisor public disclosure system similar to or as part of the Central Registration Depository.

Proposals That Effect Multiple Acts

Number 14. With respect to the suggestion titled "Investor Arbitration," PIABA supports Congressional action to effect what is commonly referred to as "Investor Choice". In other words, PIABA believes that an investor should be free to choose any forum when a dispute arises with a brokerage firm or an associated person. Specifically, PIABA believes that an investor should have the freedom to choose from any of the following options in order to pursue a claim against a broker or brokerage firm: State Court, Federal Court, an SRO arbitration forum or a non-SRO arbitration forum. PIABA would strongly urge the Committee to include this concept of Investor Choice in the proposed Act.

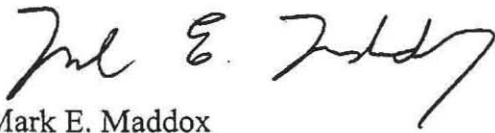
Number 15. With respect to the recommendation titled "SIPC Coverage," PIABA supports the Committee updating and modernizing the Securities Investor Protection Act ("SIPA"). I have attached to this letter a recent news release and white paper prepared by PIABA relating to this issue.

PIABA would strongly recommend that the Committee include the issue of SIPC reform in any hearings that it may hold relating to the proposed Securities Markets Enhancement Act.

United States Senate
Committee on Banking, Housing, and Urban Affairs
July 27, 1999
Page 3

As the President of PIABA, I would be happy to provide either representatives of our association or victims of securities fraud relevant to certain of these recommendations to testify before the Committee during hearings relating to these issues. If I can be of any further service to the Committee, please do not hesitate to contact me.

Very truly yours,



Mark E. Maddox

MEM/jmk

cc: Robin Ringo
Senator Rick Santorum
Senator Phil Gramm
Senator Paul Sarbanes
Senator Christopher Dodd
Senator Jack Reed
Senator Charles Schumer
Senator Evan Bayh