

PIABA Supports Feingold Johnson Proposal to Ban Mandatory Arbitration

Wednesday, December 12, 2007 (Norman, OK) - Laurence S. Schultz, President of the Public Investors Arbitration Bar Association,¹ presented PIABA's statement today to the United States Senate Committee on the Judiciary, Subcommittee on the Constitution, in support of The Arbitration Fairness Act of 2007. The Act would ban mandatory arbitration which is now being imposed on consumers, including America's 90 million investors.

Schultz said that PIABA strongly supports a ban on mandatory arbitration and challenged American industry's efforts to enforce mandatory arbitration and deny the public access to the court system. "Under our Constitution there are three branches of government - legislative, executive and judicial- and corporate America is in the process of effectively eliminating the judicial branch of our government for American consumers by denying them their Constitutional right to use the court system. Entire industries in this country are forcing consumers out of court and into mandatory arbitration as a condition of buying basic goods and services."

"And brokerage firms have led the pack," said Schultz, "Few American investors realize that the public can't buy a stock or bond or mutual fund in this country without accepting mandatory arbitration in an arbitration system run by an arm of the brokerage industry itself. And when investors do arbitrate a brokerage dispute, they lose almost 60% of time. Even winning an arbitration claim against a brokerage firm often results in an investor recovering only a small percentage of the investment losses. The system is unfair on its face and Americans need an Act of Congress to solve the problem."

Schultz said PIABA supports arbitration as a method of dispute resolution but emphasized it should not be mandatory, but rather by agreement between the parties after a dispute arises. He encouraged investors and other consumers to contact their Senators and Representatives to support the Arbitration Fairness Act to ban mandatory arbitration. "In the interest of American consumers of every type, we must get Congress to support this proposal."

A copy of PIABA's written testimony to the Senate Judiciary Committee may be found at www.PIABA.org (Go to Press Releases/2007/12/12/07).

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¹ PIABA is a national bar association of approximately 470 members who represent thousands of investors throughout the nation in arbitration disputes against the brokerage industry.