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June 20, 2014

**VIA ELECTRONIC SUBMISSION**

Mr. Kevin M. O'Neill  
Deputy Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: File Number SR-FINRA-2014-005  
Comments on Proposed Changes to FINRA Rules 12104 and 13104

Dear Mr. O'Neill:

Thank you for the opportunity to comment on SR-FINRA-2014-005. The Georgia State University College of Law Investor Advocacy Clinic is dedicated to protecting the interests of consumer investors. Because the proposal, even with Partial Amendment No. 1, could adversely affect small investors in arbitration, we submit this comment in opposition to the rule as currently proposed.

The proposed changes to Rule 12104 of the Code of Arbitration Procedure for Customer Disputes and Rule 13104 to the Code of Arbitration Procedure for Industry Disputes would permit arbitrators to make mid-case referrals when they suspect or have reason to believe, based off of evidence presented, that a serious threat to investors is imminent or ongoing. The current rules only permit such referrals when a case concludes. In addition, Partial Amendment No. 1 requires that the subject of the referral must request recusal of an arbitrator, if at all, within three days of being notified of the referral. While this proposed rule change aims to prevent fraudulent acts and protect investors, this rule will adversely affect retail investors.

Partial Amendment No. 1 does not ameliorate our earlier concerns that notifying parties of a mid-case referral will lead to adverse consequences to the claimant in the form of requests for recusal and, if the request is not granted, motions to vacate the award if the subject of the referral loses. As we discussed in our first comment letter, this will lead to increased costs and delays for the investor, such as attorney's fees, travel costs, and other court fees. While Partial Amendment No. 1 ensures that requests for recusal are at least made within three days of the parties being notified of the referral, it does not change the fact that this proposal will involve some costs and delays that will adversely affect small investors.

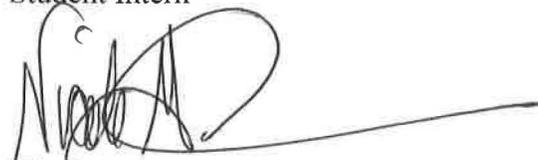
Protecting the public from serious imminent or ongoing threats is certainly very important, and we appreciate FINRA's continued efforts to do so. However, as FINRA stated in their Response to Comments, FINRA already has a Central Review Group ("CRG") that analyzes copies of all statements of claim, amended initial claims, counterclaims, amended counterclaims, cross claims, amended cross claims, third party claims, amended third party claims, and so on, for fraudulent securities activities.<sup>1</sup> If they discover anything alarming, the CRG can refer the case to the FINRA Enforcement Division themselves, without having to involve the arbitrator and endanger their impartiality. Furthermore, there is no evidence to suggest that a rule of this type would have prevented ongoing fraud and significant losses to a particular group of investors. Absent such a showing, we think the balance should favor the individual investor involved in the dispute and no change to the current rule should be made.

In keeping with our mission to protect investors, the Investor Advocacy Clinic believes that the proposal in its current form will harm investors and is unnecessary given the current CRG practices and lack of record demonstrating a need for the rule change. Thank you again for your consideration and we look forward to any further discussion.

Best regards,



Patricia Uceda  
Student Intern



Nicole Iannarone  
Assistant Clinical Professor  
Georgia Bar No. 382510

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<sup>1</sup> Letter from Mignon McLemore, Assistant General Counsel, FINRA Dispute Resolution, to Lourdes Gonzalez, Commission, dated May 19, 2014.