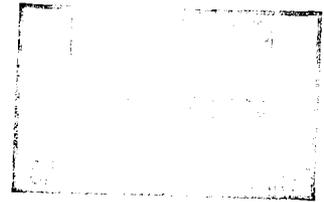


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November 10, 2004

Secretary, Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

Re: Proposed Amendment to Rule 10304 of the NASD Code of Arbitration Procedure; File No. SR-NASD-2003-101.

Dear Sirs:

Over the past 14 years, our firm has represented thousands of investors in securities arbitration cases, while declining representation of approximately 25 investors for each one we accept. A substantial number of those investors whose case we must decline are victims of fraud who cannot be helped because of the so-called "six year rule" in securities arbitration. Having been cheated, these persons are devastated to then learn there is nothing that can be done to help them. I write on behalf of all such persons as well as the multitudes more who will soon face the same fate if the NASD's Code of Arbitration Procedure 10304 is not amended to end its draconian effect.

Let me first set the scene for you: At the dawn of the 21<sup>st</sup> Century, more than 60 million Americans were invested in the stock market through more than 600,000 licensed securities brokers. We all soon learned of the extent of wrongdoing on Wall Street. Investigations ensued and fines were levied. During the past four years, investors have filed approximately 20,000 arbitration claims against brokers and their firms. Thus, although most investors lost money, only one in 3,000 has filed a claim and only one claim has been filed per 30 brokers. Meanwhile, brokerage firms are making record profits and their stock shares are near record highs. My point: There is no plethora of claims against brokerage firms and, unlike those in other industries who cry for "legal reform," any perceived "frivolous" securities arbitration claims have failed to make a dent in their profits.

Instead, it is investors - ordinary Americans, not brokerage firms - who are victims of legal abuse. One such abuse is a rule which imposes an indiscriminate cut off date for claims. This is notwithstanding that each state has applicable statutes of limitations for various causes of action, including negligence, fraud, deceptive practices as well as breaches of contract and fiduciary duty. "But for" arbitration clauses hidden in contracts with brokerage firms, investors' cases would be filed in state courts with sensibly thought-out rules regarding limitations for actions. Little do investors know that, not only are they giving up their right to go to court, but also the right to file a claim which surfaces after some arbitrary date. Arbitration is arguably "fair." A self-serving rule which exempts brokerage firms from all wrongdoing if they are able to simply hide their lies and other acts long enough, can never be considered "fair."

November 8, 2004

Secretary, Securities and Exchange Commission

Re: Proposed Amendment to Rule 10304 of the NASD Code of Arbitration Procedure; P.2

Many of our clients are widows and uneducated blue-collar workers - say, Mr. and/or Mrs. Jones - who received distributions from their pension funds [for example, in 1998]. Inexperienced and overwhelmed, the Joneses sought someone to manage their life savings. Bludgeoned by fancy advertisements promising such services, they respond and soon converse with someone professing to be a "securities advisor" or "financial consultant." The Joneses, trusting the representations, turn over virtually their entire net worth, told - and believing - their worries are behind them.

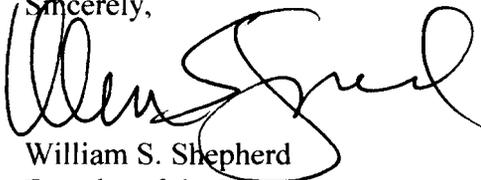
Every month the Joneses receive a check, along with a statement they do not understand. Years later [2000-2001], their investments fall in value, but it is some time [2002] before the Joneses realize that things are really not working out promised. The next year or so [2003] is consumed by new promises to the Jonesesa and changes that, they are told, will restore their accounts. When this does not occur, the Joneses determine they should complain to management. After discussions, Mr. and/or Mrs. Jones are then told to write letters that, if at all, are answered many months later.

Being conservative people, the Joneses then [in 2004] begin the soul-searching process of deciding whether they could or should seek legal help. Little do they realize that it is already too late to complain about the bulk of the misrepresentations, unsuitable investments, et cetera, which were made back in 1998! The Jones then locate a qualified attorney [late 2004] who informs them they are indeed victims of wrongdoing, but must also regrettably inform them of their fate: Nothing can be done to help them because they signed an agreement which includes hidden provisions which go beyond the law to foreclose their rights to recover after a certain date.

Thus, these victims are again victimized - this time by a clever scheme to destroy their rights to recover. Although the National Association of Securities Dealers, Inc. is the very organization entrusted to protect the Joneses from such acts, this "self-regulator" has instead instituted a provision to allow brokers and their firms to get away with any kind of fraud, even theft, so long as it can be hidden from the Jones and other trusting investors, and/or action by them can be delayed long enough for the "magic date" to pass. As the broker and firm then laugh all the way to the bank, Mr. and/or Mrs. Jones are forced to spend their dreamed-of retirement years flipping burgers or as "greeters" at Wal-Mart to pay for their prescription dugs.

The Joneses built this country, fight its wars and make life work for the rest of us. Do the right thing. Restore the rights stolen from them by the "six year rule." Approve the modification!

Sincerely,



William S. Shepherd  
Founder of the Firm

WSS/sp

cc: Public Investors Bar Association