September 14, 2005

Jonathan G. Katz, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-9303

Dear Mr. Katz:

I have been representing investors in arbitration proceedings against broker/dealers, brokers and investment advisors for 13 years. As I became familiar with the arbitration process, I began to incorporate into my description to new clients of the arbitration process the following: arbitration is mandatory; the arbitration process is a deck that is stacked against you because of the requirement of an industry arbitrator on each panel; and there is an inherent pressure in the arbitration process for arbitrators not to award claimants all of the damages to which they are entitled.

While the proposed change to the definition of "public arbitrator" is a step in the right direction, the proposed change does not go nearly far enough in leveling the playing field for customers in mandatory SRO arbitration proceedings. Further changes are needed to make the arbitration process fair for all participants.

First, the requirement for every panel to have an industry member should be eliminated. There is an inherent conflict of interest for such arbitration panelists. In many of my cases, that conflict has been apparent in the questions posed by the industry panelist to witnesses. In civil proceedings, juries are educated about the subject matter of a lawsuit by counsel and expert witnesses. Arbitration proceedings should be no different.

Second, the definiton of "public arbitrator" should be further amended to exclude any professional whose firm has represented a broker, broker/dealer, investment advisor, or other person or firm affiliated with the securities industry in the preceding 5 years. The presence on arbitration panels of professionals whose firms work for securities industry-affiliated persons or entities , in appearance and in reality, prejudices the arbitration process against customers.

Sincerely,

Scott C. Ilgenfritz