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Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: File No. DF Title IX - Pre-Dispute Arbitration

Dear Ms. Murphy:

I am an attorney in private practice and have been representing investors in claims against brokerage firms for more than 30 years. Prior to entering private practice I was assistant commissioner of the Oregon Securities Division and was responsible for enforcement of the Oregon securities laws, including those applying to broker-dealers.

I oppose mandatory pre-dispute arbitration for the reason that it is unfair to the customer and favors the brokerage industry. How else to explain the universal practice of including a mandatory arbitration provision in every customer agreement? Examples of this unfairness include:

- The routine failure of FINRA panels to award statutory damages for securities violations even when they do give the customer an award;

- The fact that brokerage firm defense attorneys can routinely disregard the discovery rules and process and know that the broker will not be sanctioned for discovery abuse;

- The fact that brokers are allowed to interpose defenses that are not available under the relevant securities statutes under the rubric of "Arbitration is Equitable";

- The fact that customers are routinely subjected to a "financial colonoscopy" even when the information sought has no bearing on the issues in the case. This is especially true in suitability cases where the real issue is what the broker knew at the time of the transaction, not what they can discover later. In addition many defense attorneys seek tax returns just to try and find some irregularity to use as a cudgel to force a settlement;

- The fact that there is an industry representative on every FINRA arbitration panel but no equivalent requirement that a customer advocate be on every panel;

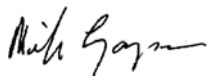
I am in favor of a rule that allows customers to use FINRA arbitration if they wish but that does not require them to do so as a prerequisite to opening a brokerage account anywhere in the United States. Arbitration should only be mandatory at the request of the customer. If the customer wants to arbitrate a dispute using FINRA the broker should be required to arbitrate the dispute using FINRA. If the customer doesn't want to use FINRA then he or she should be free to either negotiate with the broker to arbitrate in another forum, or under different rules, or free to go to court if no mutually agreeable forum and procedures can be agreed upon.

I have arbitrated cases against Registered Investment Advisors who had no pre-dispute arbitration clause but were willing to agree to a forum, venue, rules and a panel that were mutually acceptable. This is the only way to ensure fairness to customers. Give them a choice. If FINRA arbitration is the better alternative then the free market will send customers there in droves. If FINRA cannot compete in the free market then it should not have a monopoly on dispute resolution.

Finally, I would like to put to rest the idea that FINRA arbitration is "Speedy and Inexpensive". It is supposed to be but it is not. In my jurisdiction we can get to trial in under a year. In FINRA arbitration panel's routinely allow broker's attorneys to delay arbitration for well over a year. In addition, every time a customer turns around he or she is being dinged for another hearing fee. Just look at the cost to have a 5 day hearing plus 1 initial pre-hearing conference and 1 discovery hearing. Since the customer routinely gets stuck with half of the costs, he or she will pay $7500 in hearing fees in addition to filing fees. The customer still has to pay for the experts and for an attorney just like in court. Where's the savings?

If FINRA arbitration is cheaper, faster and just as fair as the courts, then customers will flock to its banner; and it will not need mandatory arbitration to provide all the supposed benefits.

Very truly yours,



Richard M. Layne

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