

Alternatives – ADR Briefs (November 2008), published by the International Institute for Conflict Prevention & Resolution and John Wiley & Sons, Inc. Excerpts from that article are as follows:

NEW SECURITIES ADR PILOT LAUNCHES, ALLOWING INDUSTRY ARBITRATOR REMOVAL

A program that addresses criticisms about the fairness of securities arbitration processes kicked off successfully last month, with a solid initial response from disgruntled investors seeking to opt into the pilot processes.

Officials at the Financial Industry Regulatory Authority Inc. are cautious in their early assessments....

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Securities dispute resolution systems have been criticized for years for the alleged coziness of industry arbitrators with the broker-dealers defendants in cases where individual and business customers complain about the way their accounts were handled. ...

The pilot program allows plaintiffs to remove all non-public, industry arbitrators from their cases. Critics still say it is too little, and not fast enough. ...

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The purpose will be to see whether parties spend more hearing time with experts in the absence of the industry panelist.

Les Greenberg, a Culver City, Calif., attorney who has been a critic of the securities industry dispute resolution practices, is concerned about the assessment and the focus on experts. "The stated criteria indicate that Finra recognizes that 'non-public' arbitrators on the panels act as quasi-expert witnesses to the 'public' members of the arbitration panels," he writes in an E-mail to *Alternatives*. "Finra may wish to continue the present procedure of allowing 'non-public' arbitrators to convey information privately to the other arbitrators without affording the parties the knowledge of that information or the ability to challenge its accuracy."