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February 11, 2008

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090



CHAIRMAN'S
CORRESPONDENCE UNIT

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Dear Chairman Cox:

On June 18, 2007, I submitted a Petition for Rulemaking in which I asked the SEC to make a rule prohibiting broker-dealers from requiring investors to accept mandatory arbitration clauses as a condition to opening an account. A copy of the Petition, with exhibits, indicating its receipt by the SEC on June 19, 2007, is enclosed.

As of this date, there has been no decision on this Petition.

On February 6, 2007, a report commissioned by the Securities Industry Conference on Arbitration (SICA) entitled *Perceptions of Fairness of Securities Arbitration: An Empirical Study*, by Jill I. Gross and Barbara Black was issued. The full report is available at:

<http://www.law.pace.edu/files/finalreporttosica.pdf>.

The North American Securities Administrators Association (NASAA) summarized the findings of this study as follows:

“The study overwhelmingly demonstrates that investors view the securities arbitration forum as biased and unfair,” said Karen Tyler, North Dakota Securities Commissioner and President of NASAA...”

According to the SICA study:

- Nearly half of the customers who expressed their views believed their arbitration panel was biased;
- 62 percent believed the arbitration process was unfair;
- 70 percent were dissatisfied with the outcome;
- 49 percent stated that the arbitration process was too expensive, and;
- A striking 75 percent of customers who compared their arbitration process to their civil litigation process indicated that arbitration was “very unfair” or “somewhat unfair” compared to court.”

NASAA joined in the call for the elimination of the mandatory arbitration provision, noting:

“... NASAA supports the passage of S.1782 and H.R. 3010, the Arbitration Fairness Act of 2007, introduced by Sen. Russ Feingold (D-WI), and Rep. Hank Johnson (D-GA), and will continue to work with Congress to restore choice, fairness and balance to the existing securities arbitration system.

The full text of NASAA’s press release may be found at:

http://www.nasaa.org/NASAA_Newsroom/Current_NASAA_Headlines/8081.cfm.

I ask you to consider the SICA study and the position of NASAA as additional reasons to grant my Rulemaking Petition.

Finally, I wish to report that we have be thwarted in our efforts to update our arbitration study (referred to in para. II. 2 of my Rulemaking Petition) because FINRA has refused to give us permission to download a database of Awards. Without access to these Awards, we cannot update our study.

We had agreed to limit our use of the database solely for non-commercial purposes and to publish the results of our updated study on the internet,

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where it would be freely available to everyone. FINRA has refused to grant us even this limited access to the database.

We can understand why FINRA is reluctant to submit these Awards to public scrutiny, but it is clearly not in the best interest of investors that they be denied the information which an update to our study would provide.

Therefore, I wish to supplement my Rulemaking Petition by requesting that the SEC order FINRA to provide us access to its database of Awards for this limited purpose. Any other result would be contrary to the public interest.

Thank you for your consideration of this supplemental request.

Sincerely yours,

A handwritten signature in cursive script that reads "Daniel R. Solin".

Daniel R. Solin