

Small-claim investors get big help

Pace law school gives legal advice when others don't

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WHITE PLAINS -- If you have a dispute with a stockbroker over a large amount of money, you could find many attorneys to argue your case.

But for small claims — say \$15,000 or less — you'll probably have a tough time finding a lawyer — if you can find one at all.

That's because when attorneys agree to take such cases, they generally earn nothing if you lose. If you win, their portion of your award might not compensate for their time.

To help fill that gap, the Pace University School of Law in White Plains is reaching out to small-claim investors who cannot find legal representation and appear to be victims of stockbroker misconduct or fraud.

First program of its kind

Pace's Securities Arbitration Clinic is the first pilot program in the country where students under faculty supervision can represent investors up to and including arbitration, according to the Securities and Exchange Commission.

The clinic, whose law students work for free, will only assist investors who live in the New York City metropolitan area.

The program grew out of concerns of SEC Chairman Arthur Levitt, who during a nationwide series of "town meetings" has repeatedly heard how hard it is for small investors to find attorneys.

The SEC approached a number of law schools to start such a clinic. But Pace was first because it could start the program the fastest by expanding the scope of its existing law clinics for criminal and domestic violence cases. The SEC is encouraging law schools across the country to set up similar securities arbitration programs.

Law professor Barbara Black of Croton, who teaches securities law, oversees six selected students



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Pace University Professor Barbara Black, left, with her team of law students that make up the university's Securities Arbitration Clinic. Standing from her left are Sapna Waller, William Orr, Dyan Barile, Alan Zoccolillo Jr. and Andrew Solow. The clinic represents small investors and provides them with representation at arbitration hearings with brokers and dealers.

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Alan Zoccolillo Jr.
law student
Pace University
Securities Arbitration Clinic

year-old retired woman, a 36-year-old small businessman and a "middle-aged" businessman — all with claims of \$15,000 or less.

"These are all intelligent, hard-working individuals, who feel embarrassed because they've been taken advantage of and they don't understand how it happened," Black said. "They start the conversation saying, 'I can't believe how stupid I was.'"

To qualify, clients must have an annual household income below \$75,000, their only major assets can be a home and a car and their claim cannot exceed \$50,000.

Senior citizens preferred

They also must have contacted three attorneys who declined to represent them because of the amount or nature of their claims or have contacted a legal referral service that denied them for the same reasons.

The clinic gives preference to senior citizens. "We get a lot of calls from elderly people," said Sapna Waller of White Plains. "They get a lot of calls from brokers. Many don't understand what they're getting into."

The six law students work in teams of two and respond to letters from clients seeking help. They also have office hours at the clinic but must be available to their clients at any time.

The hands-on work with investors is supplemented by traditional classroom instruction, including speakers from the SEC and the National Association of Securities Dealers, the industry's self-regulating group that operates under SEC oversight.

If the cases go to arbitration, the clients pay the NASD directly for the hearing.

me is that it was practical litigation experience, working with clients. ... Also, it's public-interest work — the chance to really help people."

The program began last semester and so far has received letters requesting help from more than 100 investors.

"Typical problems involve 'churning,' where brokers make excessive trades to earn more commissions for themselves. Also typical are stockbrokers who make unsuitable investment recommendations, such as telling a person on fixed income to buy high-risk stocks.

"Most people we get are middle-income investors who really feel they've been taken advantage of in some way by a slick-talking broker," said law student Alan Zoccolillo Jr. of White Plains. "They don't know who to turn to."

The clinic is focusing its resources on three investors: a 70-

How to protect yourself

Here are tips from the Securities and Exchange Commission on how to protect yourself before you invest:

- Contact your attorney general's office to see if the brokers and firms you want to do business with are licensed in your state and if any complaints are filed against them.
- Similar information is also available from the National Association of Securities Dealers by calling **1-800-289-9999**.
- Get the facts in writing. Do not be swept away by a sales pitch and always read the company's prospectus or latest annual report before you invest.
- Be extremely wary of individuals who are reluctant or who refuse to send you written information about the investment.
- Be alert for telltale signs of fraud such as high-pressure sales tactics, salespeople who offer "inside" information, claims of a "once-in-a-lifetime" opportunity and "guaranteed" returns.

in the fledgling arbitration program. The students can only give legal advice under her supervision.

Student William Orr of Darien, Conn., said he applied to the program because it would provide good background for his plans to practice corporate and securities law.

Andrew Solow of Yorktown Heights said, "What appealed to