

# Aid for the Little Guy In Securities Arbitration

By DIANA B. HENRIQUES

**S**MALL investors who cannot find lawyers to handle their Wall Street grievances may now find counsel at a small but growing number of law school clinics.

So far, only four law schools have such clinics, with a fifth set to open one in January. But if the idea catches on, advocates say, the odds faced by lawyerless investors in securities arbitration, which is mandatory in most customer-broker disputes, could be greatly improved.

Investors in general fared better in their fights with their brokers in 1997 than they have in any year since at least 1980, according to statistics released in July by the Securities Industry Conference on Arbitration, a national advisory panel that monitors the arbitration process. The panel's survey showed that investors won almost 57 percent of the arbitration cases decided last year, up from 52 percent in 1996.

But the success rate has been substantially less impressive in recent years for investors whose claims were too small to attract the help of a lawyer, according to a study early last year by the Securities Arbitration Commentator, a journal that tracks arbitration awards. Among investors with claims of less than \$10,000, those who appeared pro se — that is, representing themselves — won less than 45 percent of their cases in 1996. And when they did win, they recovered a smaller percentage of their losses, the survey showed. The percentage recovered was even more meager in pro se cases involving claims of \$10,000 to \$25,000.

The first clinic opened in November 1997 at Pace University Law School in White Plains. This fall, clinics have opened at Fordham University in Manhattan, Brooklyn Law School and the University at Buffalo Law School. Stetson University College of Law in St. Petersburg, Fla., is set to open its clinic in January.

Prof. Pamela Rogers Chepiga is getting Fordham's clinic up and running, with the support of Constantine N. Katsoris, a Fordham law professor who served for 20 years on the Securities Industry Conference on Arbitration. Professor Chepiga said interest among students was so strong that she had to turn many away after filling the six openings. Now she is looking for cases to keep the students busy.

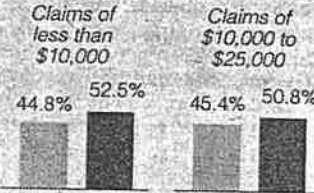
The most promising source of cases for the clinics are referrals from local lawyers or bar associations. Allen J. Charne, executive director of legal referral services for the New York City bar association, applauded the arbitration clinic initiative. "Our members have been suggesting something like this for

## At a Disadvantage

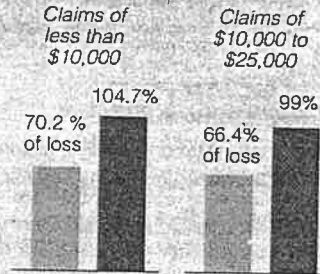
A study of arbitration awards in 1996 shows that investors without legal representation won fewer cases and recovered less of their losses.

Without representation    With representation

### SUCCESS RATE



### AVERAGE RECOVERY



Source: Securities Arbitration Commentator

The New York Times

years," he said.

One query at Fordham came from "a working woman of limited means" whose \$14,000 nest egg had shrunk to \$4,000 — and for this, she paid \$13,000 in commissions, Professor Chepiga said.

"To her, that loss can be a very significant part of her savings," the professor said.

Romaine Gardner, the professor overseeing the Brooklyn clinic, said that students benefit from the experience and that investors need the help. "But the clinics are really beneficial to everybody, including the brokerage firms," he added. "It is often difficult to defend a case when it is being handled pro se, as opposed to one that is well presented."

Investors are generally screened for hardship at the clinics so millionaires who can't find a lawyer willing to take their case need not apply.

The Legal Referral Service of the Association of the Bar of the City of New York can provide referral information for any New York area clinic at (212) 626-7373. The clinics' direct phone numbers are: Fordham, (212) 636-7231; Pace, (914) 422-4333 (ask for the securities arbitration clinic), and the University at Buffalo, (716) 645-2167. □