

Stoltmann Law Offices, P.C.

10 South LaSalle Street, Suite 3300, Chicago, Illinois 60603

Telephone 312-332-4200 Facsimile 312-332-4101

www.InvestmentFraud.PRO

August 6, 2007

Ms. Nancy M. Morris
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-9303

RE: SR-NASD-2007-021: Proposed Amendment to Rule 12100(u) of NASD Code

Dear Ms. Morris:

Having represented over 400 investors in arbitration actions against Wall Street brokerage firms, I have concluded that one of the major flaws in the NASD arbitration system is condoning conflicted public arbitrators, particularly where NASD rules require that an industry arbitrator serve on every three person arbitration panel. The prospect of having two or even three conflicted arbitrators with a pro industry bias effectively destroys the prospect of getting a fair hearing. I strongly oppose the requirement of the industry arbitrator and, while the NASD proposed amendment to Rule 12100(u) is a step in the right direction, even that proposal falls short of resolving the conflicted public arbitrator problem.

The NASD proposal to amend Rule 12100(u) will disqualify as public arbitrators professionals who for the last two years receive industry fees in excess of \$50,000 annually from matters involving investor accounts or transactions. The NASD proposal must be revised in the interest of investor protection to apply the disqualification regardless of the nature of the industry engagement. One who receives substantial fees from the securities industry should not serve as a public arbitrator regardless of the nature of the work performed. It is the receipt of fees from the securities industry that creates the conflict and the appearance of bias.

If I can provide any other insight on this extremely important issue, please let me know.

Sincerely,

Andrew Stoltmann