

July 15, 2005

**VIA FEDEX**

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-9303

Re: SR-NASD-2005-032  
Reasoned Awards

Dear Secretary Katz:

PIABA offers its comments on the NASD's proposal to have arbitrators prepare reasoned awards.

PIABA supports the concept that investors should have the choice of requesting reasoned awards. Arbitrators should, however, be cautioned that this choice is limited to the investor. Reasoned awards should not be provided as a matter of course, nor given at the request of the industry respondent, unless the investor concurs.

Investors who lose claims often wish to know why they lost. Unfortunately, a reasoned award is unlikely to answer that question to the satisfaction of the losing party. Arbitrators often decide cases on issues of credibility and fact, which will not appear in the reasoned award.

Reasoned awards have the potential to detract from one of the benefits of alternative dispute resolution. Inadequate "reasons" may provide a basis for motions to vacate. Motions to vacate are now rare. Cases typically conclude after the arbitration hearing.

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Further, in instances in which the claimant has won the arbitration case, the threat of a motion to vacate and a long appellate process, can be a basis for intimidating retired investors into settling a case they have already won, for a lower number.

Finally, the arbitration process has flaws far more fundamental than the presence or absence of reasoned awards. PIABA requests that the NASD focus efforts on elimination of the industry arbitrator, and the preparation of definitions of public arbitrators, which insure that those arbitrators are truly "public" and have no ties, past or present, to the securities industry.

Very truly yours,

Rosemary J. Shockman  
President

RJS:dlr