

## What's Inside

Recent Award Vacatures Resulting From Arbitrators' Failure to Disclose	5
Dispute Resolution and FINRA News	10
Questions and Answers	13
Mediation Update	15
Arbitrator Training	17

## Mission Statement

We publish *The Neutral Corner* to provide arbitrators and mediators with current updates on important rules and procedures within securities dispute resolution. FINRA's dedicated neutrals better serve parties and other participants in the FINRA forum by taking advantage of this valuable learning tool.

## Disclosure: The Cornerstone of Integrity and Fairness in Arbitration

By Ruth V. Glick



An arbitrator's overarching duty is to preserve the integrity and fairness of the arbitral process. That includes disclosing any conflicts the arbitrator may have with the parties, their counsel or the subject matter of the case. There are many sources for ethical guidance for disclosure, primarily, [The American Bar Association/College of Commercial Arbitrators Annotations to the Code of Ethics for Arbitrators in Commercial Disputes](#) (Code of Ethics). In addition to the Code of Ethics, there are other sources, *e.g.*, the Revised Uniform Arbitration Act, the rules of various domestic and international arbitration providers and state law.

FINRA rules incorporate many of these standards for arbitrators serving in the forum. When you are appointed as an arbitrator on a FINRA case, one of the first documents you will receive is an [Arbitrator Disclosure Checklist](#) (Checklist). The 33 questions on the Checklist are intended to help you comply with the disclosure requirements as stated in FINRA [Rule 12405](#) of the Code of Arbitration Procedure for Customer Disputes and [Rule 13405](#) of the Code of Arbitration Procedure for Industry Disputes (collectively referred to as Codes). These rules require arbitrators to disclose:

1. any direct or indirect financial or personal interest in the outcome of the arbitration;
2. any existing or past financial, business, professional, family, social, or other relationships or circumstances with any party, any party's representative, or anyone who the arbitrator is told may be a witness in the proceeding, that are likely to affect impartiality or might reasonably create an appearance of partiality or bias;
3. any such relationship or circumstances involving members of the arbitrator's family or the arbitrator's current employers, partners, or business associates; and
4. any existing or past service as a mediator for any of the parties in the case for which the arbitrator has been selected.

### Message from the Editor

Arbitrator disclosure is essential to maintaining the integrity of the arbitration process. To provide more information and practical tips on how to comply with your duty to disclose, we are devoting this issue of *The Neutral Corner* to this important topic. In addition to an article by Ruth Glick, you will find a summary of recent cases in which courts have vacated arbitration awards based on an arbitrator's failure to disclose. And there are several questions and answers that offer practical guidance on proper disclosure. We hope you find this information to be valuable as you continue to serve in FINRA's dispute resolution forum.

The obligation to disclose interests, relationships or circumstances that might preclude an arbitrator from rendering an objective and impartial determination described above is a continuing duty. This duty requires an arbitrator who accepts appointment to an arbitration proceeding to disclose, at any stage of the proceeding, any such interests, relationships or circumstances that arise, or are recalled or discovered.

When completing the Checklist, it is essential to confirm that you have made a reasonable and good faith effort to determine whether you have any relationships with the attorneys and/or parties in the dispute. In addition to disclosing relationships, the Checklist also asks potential arbitrators whether they, their immediate family members or close social or business associates have, in the last five years, ever been involved in a dispute involving the same subject matter as the assigned case. It is advisable to disclose **any** life experience, including non-brokerage financial accounts, that may raise any doubt about your ability to be impartial.

Since the importance of an impartial and independent arbitrator is critical to the success of any arbitration, how can you, as an arbitrator, fulfill your obligation to make a reasonable and good faith effort to familiarize yourself with all that must be disclosed? You can help meet disclosure requirements by using the following methods:

- **Use conflicts software.** Many lawyers have access to conflicts software at their offices, which allows them to search for business relationships with current participants in the arbitration. If it is available, you should take advantage of this valuable tool to ensure that you have disclosed any possible relationships with any of the participants or subject matter of the assigned case.
- **Create your own conflicts folder.** For those who do not have access to conflicts software—such as retired attorneys or non-attorneys who serve as full- or part-time neutrals—the ability to keep track of past cases and their participants becomes more challenging, but doable. I suggest arbitrators keep a running list of past case information in programs such as Microsoft Word, Outlook or Excel, which you can search and access quickly. Your obligation to disclose requires more than simply maintaining a list of names and addresses. You should document each case with the name of the case, the date you were appointed, the names and contact information of the attorneys,

### Comments, Feedback and Suggestions

Please send your suggestions and comments to:

Jisook Lee, Editor  
The Neutral Corner  
FINRA Dispute Resolution  
One Liberty Plaza  
165 Broadway, 27th Floor  
New York, New York 10006

You may also email Jisook at [Jisook.Lee@finra.org](mailto:Jisook.Lee@finra.org).

parties, witnesses and fellow arbitrators, as well as the outcome and date of the award. The cross referencing could help avoid any inadvertent nondisclosure. You may also look up your arbitration awards using FINRA's [Arbitration Awards Online](#) system.

- **Disclose social and professional relationships.** In making disclosures about social or professional relationships, you may have to rely on your memory or the directories of organizations to which you belong to determine possible conflicts. You should also consider providing some language in your disclosure documents that alerts the parties that you have been an active member of certain bar or professional organizations but do not maintain a database of these professional contacts and connections. If you are active on social media websites, such as Facebook, Twitter or LinkedIn, you should not correspond with anyone connected to the case. You should not add attorneys or parties with whom you have worked on arbitration cases as “friends” or “connections.” Doing so may raise doubts about your ability to serve as an impartial arbitrator and may undermine the arbitration process. (Please review the notice about social media in [Volume 2, 2010](#) of *The Neutral Corner*.) Also, if you maintain an investment or financial-related blog, you should update your Arbitrator Disclosure Report to include this information. (See the discussion of blogs in the Q&A section on page 14.)
- **Repeat your disclosures to the parties.** After making your disclosures to FINRA, it is a good idea to repeat your disclosures and ask the parties and their counsel at your first prehearing conference whether they received the disclosures you made, and whether they might be aware of any connection you may have to the participants in the case. Depending on the responses to these inquiries, you should determine whether they are willing to confirm their acceptance of you as an arbitrator. If they answer affirmatively, you should memorialize this in a prehearing order that becomes part of the record.

The measure of your value as an impartial and independent arbitrator begins and ends with your continuous ethical obligation to make disclosures of any matter that would prevent you from rendering an objective and impartial determination in the proceeding. Your diligent and accurate compliance with the disclosure requirement is the cornerstone of preserving the integrity and fairness of the arbitration process.

*The views expressed in this article are solely the views of the author and do not necessarily reflect the views or policies of FINRA.*

*Ruth V. Glick is a full-time mediator and arbitrator in the San Francisco Bay area who started her dispute resolution practice almost 25 years ago as a FINRA (formerly NASD) arbitrator and continues to serve as a FINRA mediator. She is on the national commercial arbitration and mediation panels of the American Arbitration Association (AAA), mediation and arbitration panels of the International Institute of Conflict Resolution and Prevention (CPR), and sits on a number of permanent labor and government ADR panels. She is a Fellow of the College of Commercial Arbitrators, a Distinguished Fellow of the International Academy of Mediators and the Secretary of the Dispute Resolution Section of the American Bar Association.*

## Recent Award Vacatures Resulting From Arbitrators' Failure to Disclose



FINRA arbitrators are given the flexibility to resolve disputes in an efficient, common sense manner within the parameters of the Codes of Arbitration Procedure. While FINRA does not have an appeals process to vacate an award, parties may file in court a motion to vacate an arbitration award within the statutory time period. In doing so, parties must state at least one of the limited ground(s) on which they are requesting the court to set aside the award.<sup>1</sup>

Successful motions to vacate arbitration awards are very rare. One of the limited grounds for challenging an arbitration award is evident partiality based on the arbitrator's failure to disclose conflicts of interest and other information that could give the appearance of bias.<sup>2</sup> For this reason, FINRA strongly encourages arbitrators to make a wide variety of disclosures. It is in the best interest of the parties, and in the best interest of preserving the finality of the arbitrators' award, that the arbitrators make full disclosure of all situations that might reasonably be perceived to affect the arbitrators' impartiality. Failing to do so could result in a considerable waste of time and money for all involved. In some instances, it could result in an arbitrator's permanent removal from FINRA's roster.

### Case Law

*Commonwealth Coatings Corp. v. Continental Casualty Corp* is the seminal United States Supreme Court case dealing with arbitrator disclosure.<sup>3</sup> In the underlying arbitration, the panel chair failed to disclose that one of his regular customers was a party to this case. There had been no business dealings in about a year; in fact the court described them as sporadic. And the amounts involved were relatively minor. However, the court vacated the underlying arbitration award, which had been confirmed by the U.S. District Court and the Court of Appeals, holding that the failure of the arbitrator to make a disclosure created "an inference of bias." In other words, the court was not so much concerned about the nature of the business relationship between the arbitrator and the party as it was by the arbitrator's failure to make a disclosure about the relationship. Arbitrators, the court found, "must disclose to the parties any dealings that might create an impression of possible bias."

## Recent Award Vacatures Resulting From Arbitrators' Failure to Disclose *continued*

This is an important guiding principle: arbitrators should make reasonable efforts to disclose any relationship with a party, counsel or witness in the arbitration, and should disclose it. Any doubts should be resolved in favor of making the disclosure. The following is a summary of recent cases in which courts have vacated arbitration awards on the ground of evident partiality caused by arbitrators not making a disclosure.

*Karlseng et al. v. H. Jonathan Cooke*, No. 05-09-01002-CV, 2011 WL 2536504 (Tex. App. Dallas Jun. 28, 2011).

---

In this non-FINRA case, a Texas court of appeals vacated a \$22 million arbitration award because of the arbitrator's failure to disclose a relationship he had with a lawyer representing the respondent in the assigned case. Specifically, the arbitrator failed to disclose that the lawyer for the respondent had previously given him a ticket to an NBA basketball game, a wine basket and paid for expensive meals, among other things. The court found that the arbitrator "failed to make any effort to reflect on the interests, contacts, and relationship he enjoyed for many years" with the lawyer in the case.

*Alim v. KBR (Kellogg, Brown & Root)—Halliburton*, 331 S.W.3d 178 (Tex. App. Dallas 2011).

---

A Texas court of appeals vacated a non-FINRA award because the arbitrator failed to disclose that he had previously served as an arbitrator in a case involving the respondent's representative and a related company. The court concluded that the arbitrator "failed to disclose facts which might, to an objective observer, create a reasonable impression of the arbitrators' partiality."

*Larry Hagman et al. v. Citigroup Global Markets, Inc.*, No. BS128800, 2011 WL 975535 (Cal. Superior Feb. 9, 2011) (Trial Order).

---

A California superior court vacated a FINRA arbitration award because the arbitrator failed to disclose that he had been involved in a dispute two years earlier, involving what the court believed was the same subject matter as the assigned case. In 2007, the arbitrator was a plaintiff in a bankruptcy action in which the arbitrator and his wife sued an investment partner, alleging breach of fiduciary duty. The arbitrator's claim alleged that the investment partner caused investment losses, which substantially damaged the arbitrator's retirement funds. The assigned arbitration case involved the respondent's alleged mismanagement of the claimants' accounts.

## Recent Award Vacatures Resulting From Arbitrators' Failure to Disclose *continued*

FINRA's Arbitrator Disclosure Checklist contains the following question:

Have you, any member of your immediate family, close social or business associate, been involved in the last five years in a dispute involving the same subject matter as contained in the case to which you are assigned?

The arbitrator answered "no." On appeal the court held that, although the arbitrator's bankruptcy suit involved a real estate limited partnership and not securities, the similarities between the arbitrator's suit and the arbitration claim with regard to breach of fiduciary duty and mismanagement of an investment resulting in a loss of retirement funds, were sufficient to vacate the award. The decision vacating the award was appealed, but the parties settled before the matter was decided.

*Benjamin, Weill & Mazer v. Nancy Hurwitz-Kors*, 195 Cal. App. 4th 40 (Cal. App. 1st Dist. 2011).

In a non-FINRA case involving a dispute over attorneys' fees, a California court of appeals vacated an arbitration award because it found that the arbitrator failed to disclose relevant information about his personal law practice. The court found that the arbitrator should have disclosed that he regularly represents law firms in fee disputes, which might have led the defendant to "reasonably entertain a doubt" that the arbitrator would be able to arbitrate the dispute impartially.

*Scandinavian Reinsurance Company Limited v. St. Paul Fire & Marine Insurance Co., et al.*, 732 F. Supp. 2d 293 (S.D.N.Y. 2010).

A federal district court in New York vacated a non-FINRA arbitration award in which two of the arbitrators failed to disclose their simultaneous involvement in a separate arbitration between Platinum Underwriters Bermuda, Ltd. and PMA Capital Insurance Company (Platinum Arbitration). The two arbitrators presided over the Platinum Arbitration that involved a common witness, similar issues and related parties, and overlapped in time with the assigned case. The court found that the arbitrators were aware of their simultaneous involvement in the Platinum Arbitration and failed to disclose this information, which constituted a material conflict of interest.

## Recent Award Vacatures Resulting From Arbitrators' Failure to Disclose *continued*

*Applied Industrial Materials Corp. v. Ovalar Makine Ticaret Vesanayi*, 492 F.3d 132 (2d Cir. 2007).

The Court of Appeals for the Second Circuit affirmed the district court's ruling vacating the non-FINRA arbitration award. Before the hearings started, the arbitrators were advised that Applied Industrial Materials was being sold to Oxbow Industries. The arbitrator, who was the CEO of Seacor Holdings, later disclosed to the parties that SCF, the barge division of Seacor, was engaged in contract negotiations with Oxbow. He stated that he was not involved in the contract negotiations or the day-to-day operations of SCF and that he did not plan to become involved in discussions between SCF and Oxbow. After the liability phase of the hearing, Ovalar conducted an investigation and discovered that SCF and Oxbow had a preexisting relationship. SCF earned approximately \$275,000 from this relationship. Ovalar requested that the arbitrator withdraw. In denying the request, the arbitrator disclosed that he had asked SCF's president to withhold from him all information regarding SCF's discussions with Oxbow. The court agreed with the district court's finding that once the arbitrator knew of a potential conflict, he failed to either investigate the potential relationship between his corporation and one of the parties or disclose that he walled himself off from learning more, which was indicative of evident partiality.

### Conclusion

Although it may seem obvious when an arbitrator should disclose information during a case, it is not always as easy in practice. To avoid post-award litigation and to maintain the integrity of the arbitration process and the finality of the award, arbitrators should always disclose any information that may be relevant to the assigned case. Disclosure is the cornerstone of FINRA arbitration, and the arbitrator's duty to disclose is continuous and imperative. When making disclosures, arbitrators should consider all aspects of their professional and personal lives and disclose all ties between the arbitrator, the parties and the matter in dispute—no matter how remote they may seem. If you need to think about whether a disclosure is appropriate, then make the disclosure. In short, when in doubt, disclose.

(See "Disclosure: The Cornerstone of Integrity and Fairness in Arbitration" on page 1 for more information on the arbitrator's duty to disclose.)

### Endnotes

- 1 Section 10(a) of the Federal Arbitration Act provides four grounds for vacating an arbitration award. These grounds are as follows:
  1. Where the award was procured by corruption, fraud, or undue means;
  2. Where there was evident partiality or corruption in the arbitrators, or either of them;
  3. Where the arbitrators are guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or refusing to hear evidence pertinent and material to the controversy; or of any other behavior by which the rights of any party have been prejudiced; and
  4. Where the arbitrators exceed their powers, or so imperfectly executed them that a mutual, final, and definitive award upon the subject matter submitted was not made.
- 2 "Deliberation and Award," *Securities Arbitration Procedure Manual*, Fifth Edition (2007).
- 3 *Commonwealth Coatings Corp. v. Continental Casualty Corp.*, 393 U.S. 145, 89 S. Ct. 337 (1968), *reh. den.* 393 U.S. 1112, 89 S. Ct. 848 (1969).

## Case Filings and Trends

Arbitration case filings from January through July 2011 reflect a 12 percent decrease compared to cases filed during the same seven-month period in 2010 (from 3,326 cases in 2010 to 2,916 cases in 2011). Customer-initiated claims decreased by 18 percent through July 2011, as compared to the same time period in 2010.

From January through July 2011, arbitration cases filed identified the following securities (listed in order of decreasing frequency): common stock, mutual funds, preferred stock, options, annuities (same number of claims alleging annuities as claims alleging options), corporate bonds, variable annuities, limited partnerships, auction rate securities, derivative securities and certificates of deposit. The top two causes of action alleged are breach of fiduciary duty and negligence.

## Dispute Resolution and FINRA News



### Annotated Code of Ethics for Arbitrators

The Arbitration Committee of the ABA Section of Dispute Resolution and the Ethics Committee of the College of Commercial Arbitrators have released [The American Bar Association/College of Commercial Arbitrators Annotations to the Code of Ethics for Arbitrators in Commercial Disputes](#). For greater clarity and guidance, dispute resolution professionals can see how courts have interpreted the Code of Ethics for Arbitrators in Commercial Disputes.

### Third Annual Securities Dispute Resolution Triathlon

FINRA invites you to serve as a judge, mediator or arbitrator for the Third Annual Securities Dispute Resolution Triathlon—presented by FINRA and the Hugh L. Carey Center for Dispute Resolution of [St. John's University School of Law](#).

#### When does the event take place?

October 15 – 16  
St. John's University School of Law  
Manhattan Campus  
101 Murray St.  
New York, NY

#### What is the Third Annual Securities Dispute Resolution Triathlon?

The triathlon is a competition where student teams from participating law schools demonstrate their advocacy skills in the negotiation, mediation and arbitration of a securities dispute.

#### Who can participate?

FINRA neutrals are invited to serve as judges, mediators and arbitrators in this event. Attorneys who serve as judges or neutrals during the triathlon will be eligible to receive Continuing Legal Education (CLE) credit through St. John's University School of Law.

If you would like to serve as a judge or neutral, complete the online [participation form](#). You can find more details about the triathlon on our [website](#).

## Reimbursement Mileage Rate Increase

Effective July 1, 2011, the Internal Revenue Service increased the mileage rate to 55.5 cents per mile for all business miles driven from July 1, 2011, through December 31, 2011. This is an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011 (Revenue Procedure 2010-51). The new mileage rate is reflected in the updated [Arbitrator Expense Report](#), which will automatically calculate the reimbursement for miles driven at this new rate.

## Practising Law Institute (PLI) Securities Arbitration Program

On August 10, several FINRA staff members participated on panels at the Practising Law Institute's (PLI) Securities Arbitration 2011 program. They discussed recent and proposed changes to arbitration rules and practices, the impact of significant rule changes, including changes to arbitrator selection and the discovery process. In addition, FINRA staff participated on a panel to discuss predictions for the future of FINRA Dispute Resolution.

## SEC Rule Filing

### Update to the Proposed Rule Change Relating to Disciplinary Referrals Made During an Arbitration Proceeding

Currently, Rules 12104(b) and 13104(b) of the Customer and Industry Codes provide that an arbitrator may refer to FINRA for disciplinary investigation any matter that has come to the arbitrator's attention during and in connection with the arbitration only at the conclusion of an arbitration.

To broaden the arbitrators' authority to make referrals, on July 7, 2011, FINRA filed with the Securities and Exchange Commission (SEC), an amendment to a pending proposal to permit arbitrator referrals to the Director of Arbitration during the hearing phase of an arbitration.<sup>1</sup> The amendment responds to the comments the SEC received on the original proposal, and replaces the original proposal in its entirety.

Among other things, the amended proposal would:

- amend Rules 12104 and 13104 of the Customer and Industry Codes to permit an arbitrator to refer to the Director any matter or conduct that has come to the arbitrator's attention during a hearing, which the arbitrator has reason to believe poses a serious, ongoing, or imminent threat likely to harm investors unless immediate action is taken;

- require an arbitrator to wait until the case concludes to make the referral if the case is nearing completion and, in the arbitrator’s judgment, if investor protection will not be materially compromised by this delay;
- require the Director of Arbitration to disclose the mid-case referral to the parties; and
- permit a party to request that the referring arbitrator(s) recuse themselves, as provided in the Code.

The proposed rule change would continue to permit arbitrators to make post-case referrals. However, FINRA proposes to remove the term “disciplinary” from the rule to ensure that the scope of potential referrals is not limited to disciplinary findings.

Please visit our website for more information about [SR-FINRA-2010-036](#).

### Endnote

- 1 FINRA filed an initial proposal on July 12, 2010 and received several comments. FINRA evaluated the comments and filed an amendment replacing the new proposal in its entirety on July 7, 2011.



## Questions and Answers

---

The following questions and answers all address the issue of arbitrator disclosure, in keeping with our theme of devoting this issue of *The Neutral Corner* to this important topic.

**Question:** I currently have checking and savings accounts with a commercial bank that happens to own a brokerage. My relationship with the bank is limited to these accounts, and I have no securities account with the brokerage they own. I was recently called to serve on a case in which the brokerage arm of the bank is a named respondent. Do I need to disclose the fact that I have bank accounts with the bank?

**Answer:** Yes. Although you do not have a securities account with the brokerage firm named as a respondent in the case, you have a financial relationship with an affiliated company, which should be disclosed to FINRA and the parties in the assigned case.

---

**Question:** I was recently appointed to a case in which the claimant alleged that the broker breached his fiduciary duty and made unsuitable investments. Ten years ago, I sued my business partner for a failed restaurant venture. The venture didn't involve securities, but it involved allegations of breach of fiduciary duty and the mismanagement of funds. Is this something I should disclose?

**Answer:** Yes, you should make the disclosure. Although your lawsuit did not involve securities, the allegations involved in both cases are similar enough to warrant disclosure. If you are uncertain whether you should disclose this type of information, you should contact FINRA and discuss the issue with your case administrator. It is better to be over-inclusive and provide the parties with more information rather than too little information.

---

**Question:** I am a non-public arbitrator. Recently, one of my customers made a complaint about my management of his investment portfolio. I have never had a customer complaint in my 25 years as a registered representative, and I am certain that this issue will be resolved quickly and my record will be cleared. The amount of damages that the customer claimed is \$10,000. Do I need to disclose this information to FINRA?

**Answer:** Yes. Arbitrators are under a continuing obligation to inform FINRA of any pending actions—customer complaints, arbitrations, law suits, criminal action, administrative proceedings, etc. You should notify FINRA immediately of any pending action against you. Depending on the nature of the disclosure, your availability status as an arbitrator may be affected. Please review FINRA’s [Arbitrator Disqualification Criteria](#) for more information.

---

**Question:** My stepdaughter recently accepted a job with a brokerage firm as a financial analyst. She is 35 years old and lives on her own. I do not support her financially, and I cannot claim her as a dependent. Do I need to disclose this information?

**Answer:** Yes. Even though your stepdaughter does not live with you and is not financially dependent on you, you must disclose the fact that she—an immediate family member<sup>1</sup>—is currently employed in the securities industry. Even if she is employed with a company that is not engaged in the securities business, as long as the company is affiliated with an entity that is engaged in the securities business, you must disclose this information.

---

**Question:** I like to think of myself as knowledgeable about investments, financial issues, the national debt and general money matters. For the past several months, I’ve been sharing my thoughts on these subjects through my Internet blog. Since these are just my personal thoughts and I’m not a published author, do I need to disclose the existence of my blog site?

**Answer:** Yes. You should disclose on your Arbitrator Disclosure Report that you maintain an investment/financial-related blog. On the other hand, if your blog involves a subject matter unrelated to finance/investments—such as a blog on sports—you would not be required to disclose it.

---

### Endnote

- 1 As defined in Rule 12100(u)(8) of the Customer Code, an immediate family member is:
1. a person’s parent, stepparent, child or stepchild;
  2. a member of a person’s household;
  3. an individual to whom a person provides financial support of more than 50 percent of the individual’s annual income; or
  4. a person who is claimed as a dependent for federal income tax purposes.

## Mediation Case Statistics

From January through July 2011, parties initiated 395 mediation cases. FINRA also closed 431 mediation cases during the same seven-month period. Approximately 80 percent of these cases concluded with successful settlements, and the average case turnaround time was 104 days.

## Mediation Update



### Mediation Settlement Month

October is Mediation Settlement Month. FINRA invites all active mediators on the roster to participate in this event to help promote mediation. During this annual event, mediators reduce their rates to encourage parties to explore FINRA's mediation program. At the same time, parties who are familiar with FINRA's mediation services may be encouraged to try new mediators on our roster. The following special rates will apply during Mediation Settlement Month:

Amount of Claim	Length of Mediation	Payment to Mediator
\$25,000 and under	4 hours	\$200
\$25,000.01 – \$100,000	4 hours	\$400
Over \$100,000	8 hours	\$1,000

Parties will pay mediators at their regular hourly rates for any time spent beyond the above listed hours. FINRA receives no revenue from the mediator payments, and all mediation filing fees will be reduced by 50 percent for this special event. To participate in Mediation Settlement Month, parties must agree to mediate by October 31, 2011, and conduct their mediation by December 31, 2011.

FINRA welcomes the opportunity to partner with you in making this annual event a success. Please indicate your interest by sending an email to the appropriate mediation administrator in your region.

**Boca Raton Region:** Southeast and Southwest locations: [Leon de Leon](#)

**Chicago Region:** Midwest and Northwest locations: [Rosari Domenick](#)

**New York Region:** Northeast and Mid-Atlantic locations: [Edward Sihaga](#)

## Annual Membership Fee Due September 1, 2011

---

FINRA mediators must submit their \$200 annual membership renewal fee by September 1 to remain active on the roster. Payment instructions are available on our [website](#).

If you have questions regarding the status of your membership, please email [Marilyn Molena](#).

## Mediation Settlement Day

This annual event, which will take place on Thursday, October 20, 2011, in New York City, is organized by a coalition of mediation providers to raise awareness about the benefits of mediation and the wealth of available resources. The event is sponsored by FINRA Dispute Resolution, the New York State Unified Court System and a coalition of over 100 alternative dispute resolution programs, bar associations, community-based programs, schools and public and non-profit organizations.

## FINRA Podcast: Arbitrator Panel Composition

This podcast explains recent FINRA rule changes that allow customers with claims over \$100,000 to choose an all-public arbitration panel. Listen to this informative [podcast](#) for more information about the [optional all public panel rules](#).

## Arbitrator Training



### Advanced Arbitrator Training Now Available

The Anti-Money Laundering Requirements and Suspicious Activity Reporting advanced arbitrator training module is now available [online](#).

This training module discusses anti-money laundering requirements and helps you:

- know what to do if suspicious activity report (SAR) issues arise in arbitration proceedings;
- understand how suspicious activity reporting fits into anti-money laundering regulation; and
- understand and follow the confidentiality requirements for SARs.

Links referenced during the workshop:

- [Sample Suspicious Activity Report](#)
- [FIN-2010-A014](#)—Department of the Treasury Financial Crimes Enforcement Network Advisory: Maintaining the Confidentiality of Suspicious Activity Reports (issued November 23, 2010).
- [FINRA Rule 3310](#)—Anti-Money Laundering Compliance Program
- [Financial Crimes Enforcement Network \(FinCEN\)](#)
- Law Enforcement Cases—Case Examples [One](#), [Two](#) and [Three](#).

## Directory

Linda D. Fienberg  
President, FINRA Dispute Resolution

George H. Friedman  
Executive Vice President and Director  
of FINRA Dispute Resolution

Kenneth L. Andrichik  
Senior Vice President – Chief Counsel  
and Director of Mediation and  
Strategy

Richard W. Berry  
Senior Vice President and Director  
of Case Administration and Regional  
Office Services

Dorothy Popp  
Vice President and Director of  
Operations

Barbara L. Brady  
Vice President and Director of  
Neutral Management

Scott Carfello  
Associate Vice President and Regional  
Director, Midwest Region

Katherine M. Bayer  
Regional Director  
Northeast Region

Laura D. McNamire  
Regional Director  
West Region

Manly Ray  
Regional Director  
Southeast Region

James Schroder  
Associate Vice President  
DR Product Management

Jisook Lee  
Associate Director of Neutral  
Management and Editor of  
*The Neutral Corner*

## FINRA Dispute Resolution Offices

### Northeast Region

FINRA Dispute Resolution  
One Liberty Plaza, 27th Floor  
165 Broadway  
New York, NY 10006  
Phone: (212) 858-4200  
Fax: (301) 527-4873  
[neprocessingcenter@finra.org](mailto:neprocessingcenter@finra.org)

### West Region

FINRA Dispute Resolution  
300 S. Grand Avenue, Suite 900  
Los Angeles, CA 90071  
Phone: (213) 613-2680  
Fax: (301) 527-4766  
[westernprocessingcenter@finra.org](mailto:westernprocessingcenter@finra.org)

### Southeast Region

FINRA Dispute Resolution  
Boca Center Tower 1  
5200 Town Center Circle, Suite 200  
Boca Raton, FL 33486  
Phone: (561) 416-0277  
Fax: (301) 527-4868  
[fl-main@finra.org](mailto:fl-main@finra.org)

### Midwest Region

FINRA Dispute Resolution  
55 West Monroe Street, Suite 2600  
Chicago, IL 60603-1002  
Phone: (312) 899-4440  
Fax: (312) 236-9239  
[midwestprocessingcenter@finra.org](mailto:midwestprocessingcenter@finra.org)

## Editorial Board

Arthur Baumgartner	Northeast Region
David Carey	Case Administration
William Cassidy	Southeast Region
Leon De Leon	Mediation
Mignon McLemore	Office of Chief Counsel
Christina Rovira	West Region
Patrick Walsh	Midwest Region

© Volume 4 – 2011 FINRA.  
All rights reserved.

FINRA is a registered trademark of  
Financial Industry Regulatory Authority.  
MediaSource is a service mark of FINRA.

*The Neutral Corner* is published by  
FINRA Dispute Resolution in conjunction  
with FINRA Corporate Communications.  
Send all correspondence to Jisook  
Lee, Associate Director of Neutral  
Management and Editor of *The Neutral  
Corner*:

FINRA Dispute Resolution  
One Liberty Plaza  
165 Broadway, 27th Floor  
New York, NY 10006

Or call (212) 858-4400.

No part of this publication may be copied,  
photocopied or duplicated in any form  
or by any means without prior written  
consent from FINRA. Unauthorized  
copying of this publication is a violation  
of the federal copyright law.

11\_0235.1–8/11