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Barbara Black
Pace Law School

Jill I. Gross
Elisabeth Haub School of Law at Pace University

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Investor Rights Symposium

Introduction
The Elusive Balance Between Investor Protection and Wealth Creation

Barbara Black* and Jill Gross**

The enactment of federal securities legislation in the 1930s codified the principle that investors should be shielded from securities fraud, but scholars and policymakers continue to debate the appropriate balance between protecting investors and encouraging capital formation. Congressional activity of the past decade reflects this tension. In the 1990s, Congress enacted two major pieces of legislation to restrict securities fraud class actions because of its belief that frivolous class actions were a drain on entrepreneurism.1 In 2002, after the Enron/WorldCom et al. corporate scandals, reflecting perhaps a sense that the earlier legislation had tipped the pendulum too far, Congress passed the Sarbanes-Oxley Act (SOX) with its wide-ranging reforms to improve corporate reporting and investor decision-making.2

The Pace Investor Rights Project (PIRP), launched in the fall of 20033 as an expansion of Pace Law School’s ground-breaking Securities

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* James D. Hopkins Professor of Law, Director of Research, Pace Investor Rights Project, Pace University School of Law. B.A. Barnard; J.D. Columbia.
** Associate Professor of Law, Director of Advocacy, Pace Investor Rights Project, Pace University School of Law. A.B. Cornell; J.D. Harvard.
3. In the spring of 2003, New York State Attorney General Eliot Spitzer settled an enforcement action brought under the Martin Act, New York’s securities statute, involving allegations of “IPO spinning” against a chief executive officer of a public company. See Press Release, Office of New York State Attorney General, Telecom
Arbitration Clinic, seeks to foster increased scholarly interest on topics related to investor justice in the regulatory, arbitral and judicial arenas. The Project thus produced the Investor Rights Symposium, which took place on the grounds of the Judicial Institute at Pace Law School on March 31 and April 1, 2005, to bring together academics, regulators, practitioners, investors’ advocates and students to explore the precarious balance between investor protection and wealth creation. The scholarship that follows in this volume reflects the academic and critical thoughts of six authors who explore through different lenses the various obstacles to optimal investor protection in the securities industry.

Securities Regulation

Professor David S. Ruder kicked off the Symposium with a keynote speech presenting his thoughts on the SEC’s dual role of protecting investors and facilitating wealth creation by maintaining the

Executive Agrees to Give Up IPO Profits (May 13, 2003), http://www.oag.state.ny.us/press/2003/may/may13b_03.html. As part of the settlement, the CEO agreed to donate $200,000 to Pace University School of Law to support programs of the Securities Arbitration Clinic (SAC). Pace’s SAC used this grant money to launch PIRP, an expansion of the clinic designed to promote advocacy, research and educational programs in the area of investor justice. See Press Release, Pace Law School, Pace Law School Received $200,000 Grant to Launch the Pace Investor Rights Project (Sept. 8, 2003), http://www.law.pace.edu/news/2003/SAC-Sept-2003.html. We conceived and implemented PIRP due to our perception that no organization advocated for the legal rights of small, individual investors.

4. In the fall of 1997, Professor Black founded SAC, the first such clinic in the nation, in response to an initiative by then Securities and Exchange Commission (SEC) Chairman Arthur Levitt to provide free representation to small investors who had arbitrable disputes with their brokerage firms and could not otherwise obtain representation due to the small size of their claims. Press Release, SEC, SEC Announces Pilot Securities Arbitration Clinic to Help Small Investors—Levitt Responds to Concerns Voiced at Town Meetings (Nov. 12, 1997), http://www.sec.gov/news/press/pressarchive/1997/97-101.txt. Chairman Levitt’s focus on investor protection alerted him to the lack of fairness in arbitration because small investors, whose claims were too small to make it cost-effective for a lawyer to take the case, were faring poorly without legal representation. He concluded that one solution was to use the vehicle of the law school clinic to deliver legal services to these small investors. Id. The authors currently are co-directors of the clinic. Since it opened its doors, SAC has represented more than 30 clients, and has obtained recoveries for its clients through awards and settlements totaling more than $300,000. For a more extensive description of the history and early years of Pace’s clinic, see Barbara Black, Establishing a Securities Arbitration Clinic: The Experience at Pace, 50 J. LEGAL EDUC. 35 (2000).

5. William W. Gurley Memorial Professor of Law, Northwestern University School of Law. Professor Ruder was Chair of the SEC from 1987-89.
integrity of the capital markets. Professor Ruder examined in detail whether the SEC accounts for and appropriately balances these competing considerations in the performance of its various functions, including its rulemaking, enforcement, oversight of securities self-regulatory organizations (SROs), market regulation and investor education functions. He concluded that the SEC’s pursuit of investor protection is aligned with the interests of capital formation because “honest” markets are the best markets. If investors know they will not be defrauded, the cost of capital will be lower as there will be no reason to discount for potential dishonesty.

Professor Thomas R. Hurst examined the recent regulatory approach to investor protection by reviewing the noteworthy reforms implemented by the SEC in the wake of the mutual funds scandals of 2003 and 2004, but concluded that much remains to be done. Mutual fund expenses remain high, and disclosure of mutual fund expenses is obtuse and incomplete. Low-cost index funds constitute only about ten percent of mutual fund assets, despite widespread publicity about their benefits.

Professor James J. Fishman commented that most mutual fund abuse is in the asset-gathering phase rather than the trading decision phase, so the greatest need for investor education is in the area of choosing funds wisely. He suggested more standardized presentations of criteria such as costs, performance, and allocations.

These criticisms confirm our own observations in the Securities Arbitration Clinic, where we have noted that many of our small-investor clients are placed in a variety of expensive mutual funds. We suspect this demonstrates the conflict of interest between customer suitability and brokers’ incentives to sell certain products. In fact, Professor Hurst called for sales practice reform requiring brokers to disclose all

7. Id.
8. Id.
10. These scandals included allegations of late-trading and market-timing in enforcement actions brought by the SEC and the New York State Attorney General’s Office against several mutual fund companies.
12. Professor of Law, Pace University School of Law.
compensation they receive from selling funds.\textsuperscript{13} In our opinion, many investors would be better served if, rather than seeking the services of a broker-dealer, they consulted a fee-paid investment adviser and purchased low-cost funds on their own. As Professor Hurst wondered, how can regulators increase the pressure on broker-dealers to make better mutual fund selections for their customers?\textsuperscript{14}

Securities Arbitration

As for the arbitration arena, Professor Ruder thought the SEC was on the “wrong side” of the Supreme Court’s landmark decision in \textit{Shearson/American Express, Inc. v. McMahon},\textsuperscript{15} overruling long-standing precedent and holding that federal securities law claims were arbitrable.\textsuperscript{16} However, he noted that there has been considerable reform of the SRO securities arbitration process to protect investors, including the development of a strong claimants’ bar.\textsuperscript{17} As a result, Professor

\textsuperscript{13} Hurst, \textit{supra} note 11.

\textsuperscript{14} \textit{Id.}

\textsuperscript{15} 482 U.S. 220 (1987). In \textit{McMahon}, the SEC filed a brief as \textit{amicus curiae} urging reversal of the Court of Appeals’ holding that federal securities law claims were not arbitrable. The SEC argued that the 1975 amendments to the Securities Exchange Act of 1934 gave it extensive authority to ensure the fairness of securities arbitration. \textit{Id.} at 233-34.


\textsuperscript{17} Many of the reforms have been the result of Professor Ruder’s work in chairing an Arbitration Policy Task Force appointed by the National Association of Securities Dealers (NASD) in 1994, which resulted in the report widely known as the “Ruder Report.” See \textit{Securities Arbitration Reform: Report of the Arbitration Policy Task Force to the Board of Governors National Association of Securities Dealers, Inc.} (1996).

\textsuperscript{18} The Public Investors Arbitration Bar Association (PIABA) is “a national bar association whose member attorneys are dedicated to the representation of investors in disputes with the securities industry.” PIABA Home Page, https://secure.piaba.org/piabaweb/html/index.php (last visited Sept. 7, 2005).

The mission of PIABA is to promote the interests of the public investor in securities and commodities arbitration by protecting public investors from abuses in the arbitration process, such as those associated with document production and discovery; making securities and commodities arbitration as just and fair as systematically possible; and creating a level playing field for the public investor in securities and commodities arbitration.

Ruder believes that securities arbitration currently is fair to investors.\footnote{See David S. Ruder, \textit{Elements of a Fair and Efficient Securities Arbitration System}, 40 ARIZ. L. REV. 1101, 1108 (1998) (arguing that securities arbitration “provides clear and significant advantages over the civil litigation system’’); David S. Ruder, \textit{Securities Arbitration in the Public Interest: The Role of Punitive Damages}, 92 NW. U. L. REV. 69, 74 (1997) (“[A]ctive SEC oversight of the SRO arbitration system . . . is an essential ingredient in assuring a securities arbitration system in the public interest.”); see also Barbara Black, \textit{The Eighth James D. Hopkins Lecture: Is Securities Arbitration Fair to Investors?}, 25 PACE L. REV. 1 (2004) (concluding that securities arbitration is a fair alternative to courts for investors).} He did express concerns, however, that arbitration awards lack precedential value,\footnote{See, e.g., IDS Life Ins. Co. v. SunAmerica Life Ins. Co., 136 F.3d 537, 543 (7th Cir. 1998) (“A]bitrators’ decisions are not intended to have precedential effect even in arbitration unless given that effect by contract, let alone in the courts.”).} and thus the law governing broker-dealers’ duties to their customers has not been developing since \textit{McMahon}.\footnote{See Black & Gross, supra note 16, at 1013-26.}

Certain investors’ advocates have challenged Professor Ruder’s view that securities arbitration is fair to investors and have called for changes in the process.\footnote{See, e.g., \textit{A Review of the Securities Arbitration System: Hearing Before the U.S. H. Subcomm. on Capital Markets, Insurance, and Government Sponsored Enterprises}, 109th Cong. (Mar. 17, 2005) (testimony of William Francis Galvin), http://financialservices.house.gov/media/pdf/031705wfg.pdf.} Some of those views were expressed to a House of Representatives subcommittee who, about the time of the Symposium, conducted a hearing to review the securities arbitration process.\footnote{See \textit{A Review of the Securities Arbitration System: Hearing Before the U.S. H. Subcomm. on Capital Markets, Insurance, and Government Sponsored Enterprises}, 109th Cong. (Mar. 17, 2005), http://financialservices.house.gov/hearings.asp?formmode=detail&hearing=362&comm=1 (speakers included representatives of the NASD and NYSE arbitration forums and the securities industry, investors’ advocates, and academics).} In addition, the SROs are continually reviewing their arbitration procedures and proposing rule changes to improve the process for investors.\footnote{See, e.g., Self-Regulatory Organizations; National Association of Securities Dealers; Notice of Filing of Proposed Rule Change and Amendment Nos. 1, 2, 3 and 4 Thereto to Amend NASD Arbitration Rules for Customer Disputes, 70 Fed. Reg. 36,442 (June 23, 2005) (soliciting public comment on proposed rule change to revise arbitration code governing customer disputes to make code more understandable for investors).}

At our Symposium, two scholars presented proposals for securities arbitration reform. Professor Sarah Rudolph Cole\footnote{Professor of Law, The Ohio State University, Michael E. Moritz College of Law.} presented her
analysis that securities arbitration entails state action and thus requires
due process protections, while Professor Peter Bowman Rutledge proposed to elimi-
nate arbitrators’ immunity. Professor Cole’s analysis is constitu-
tionally-based and advocates reforms that more closely equate
arbitration with a judicial proceeding, while Professor Rutledge proposes
a market-based solution that equates arbitrators with professionals with
an interest in marketing their services.

Both scholars’ reformist idealism necessarily is tempered a bit by
practical realities. Although Professor Cole’s state action argument is
more persuasive when applied to intra-industry arbitrations; as a practical
matter, if her argument prevails, the same due process protections are
likely to be added for customer arbitrations as well, since neither SRO
could justify a fairer procedure just for the industry. Moreover, as
Professor Maureen Arellano Weston commented, while Professor
Rutledge accurately points out that the lack of arbitrator accountability is
a serious problem, especially with the explosive growth of arbitration,
she does not believe that contractual immunity is workable as investors
have no negotiation power. She thus advocated for qualified immunity
of arbitrators, allowing liability only for gross negligence.

Finally, both reform proposals share a common laudable goal—to
provide incentives for arbitrators to exercise more care in deciding cases.
In particular, Professors Cole and Rutledge both advocate reasoned
awards and favor NASD’s recent rule proposal to require arbitrators to
provide reasons for their awards at the request of the customer. While
we have serious reservations about NASD’s proposal, Professor Cole
supplies the most compelling argument for reasoned awards through her

27. Assistant Professor, The Catholic University of America, Columbus School of
Law.
28. Peter B. Rutledge, Market Solutions to Market Problems: Re-Examining
Arbitral Immunity as a Solution to Unfairness in Securities Arbitration, 26 PACE L. REV.
113 (2005).
29. Associate Professor, Pepperdine University School of Law.
30. Maureen Weston, Reexamining Arbitral Immunity in an Age of Professional
31. See Cole, supra note 26; Rutledge, supra note 28.
32. See NASD, Proposed Rule Change to Provide Written Explanations in
Arbitration Awards Upon the Request of Customers or Associated Persons, Amendment
SS_GET PAGE&ssDocName=NASDW_013542 (last visited Sept. 7, 2005). For
customer disputes, industry parties will not have the same right to request arbitrators to
include written explanations in their awards.
discussion of the cognitive psychology-based thought processes of arbitrators.\textsuperscript{33}

In a robust defense of the NASD forum, George H. Friedman\textsuperscript{34} respectfully disagreed with Professor Cole’s theory that there is state action in securities arbitration. He also argued that, even if there were state action, the forum contains all requisite due process protections and NASD-DR arbitration is fair as a matter of law and fact. He does recognize that more empirical data is necessary to determine whether parties want more professional arbitrators\textsuperscript{35}—and to confirm his view that securities arbitration is a fair process.\textsuperscript{36} The authors have embarked on just such a study, with results expected in early 2006.\textsuperscript{37}

Common Law

Focusing on investor rights in the judicial arena, Professor Francis J. Facciolo\textsuperscript{38} traced the complex and somewhat contingent origins of the duty of best execution,\textsuperscript{39} noting that it evolved largely through SEC activism in creating the shingle theory.\textsuperscript{40} Professor James A. Fanto\textsuperscript{41}

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34. Executive Vice President and Director of Dispute Resolution of NASD Dispute Resolution, Inc. (“NASD-DR”).

35. See Barbara Black, \textit{Do We Expect Too Much From NASD Arbitrators?}, 2004 SEC. ARB. COMMENTATOR No. 7, 1 (Oct. 2004).


38. Assistant Professor, St. John’s University School of Law.

39. The duty of best execution refers to the duty by a broker to seek out the best price, time and market for his or her client’s trade.


41. Professor and Associate Director, Center for the Study of International Business Law, Brooklyn Law School.
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astutely observed that the SEC’s successful performance as a “legal
trepreneur” should send signals to the private bar about available legal
tories that investors’ advocates can pursue to protect investors’ rights.
In the end, Professor Fanto noted, it will take a combination of
government regulation and increased court receptivity to novel (and not
so novel) legal theories to maximize investors’ rights.

Unfortunately, in our view, the reality is that judges have not made
it easy for investors to sue their investment professionals for

and that they acted reasonably and thus were entitled to trust their broker.43
Moreover, since McMahon, there are few opportunities for a reform-
minded judge to advance investor protection in this area, thus making it
unlikely that such court receptivity is forthcoming.

Investor Backlash

With the perspective of several months, the Investor Rights
Symposium seems very well timed. By the spring of 2005, it was
abundantly clear that a backlash against investor protection efforts was
underway. The corporate community was strident in its insistence that
SOX reforms to improve financial reporting were too costly to
implement and were forcing some issuers to opt out of the public
market.44 The expensing of stock options, a major initiative of the Public
Company Accounting Oversight Board, was stalled.45 The SEC was
subjected to ongoing criticism, including from two of its own
Commissioners,46 and litigation47 over two of its reforms—the

42. See Black & Gross, supra note 16, at 1035-47; Marc I. Steinberg, Securities
43. See Black & Gross, supra note 16, at 1037-38.
44. See, e.g., Karen Richardson & Diya Gullapalli, Next SEC Chief Faces Full
Plate of Issues, WALL ST. J., June 2, 2005, at A4 (“[C]ompanies of all stripes have railed
against the time and expense of preparing internal-control reports, even as hundreds of
companies have identified deficiencies in the systems they have in place to prevent
accounting shenanigans.”).
45. Id. (“[M]any companies, particularly those in Silicon Valley, still argue against
options expensing, and they have a number of Washington politicians on their side.”); see
also Jonathan Weil, Companies Get Reprieve on Expensing Options, WALL ST. J., Apr.
13, 2005, at C3.
46. See, e.g., Letter from Commissioners Glassman and Atkins re: Staff Report on
the Exemptive Rule Amendments of 2004: The Independent Chair Condition (Apr. 29,
report because it provides no justification for the independent chair rule); Paul A. Atkins,
Speech by SEC Commissioner: Remarks Before the SIA Industry Leadership Luncheon
registration of advisers to private hedge funds and the requirement that mutual funds have boards with no less than 75% independent directors and independent chairs. A modest SEC proposal to allow shareholders the power to nominate directors in limited circumstances was declared “dead” in the face of assertions that it would cause disruption within corporate boardrooms. Finally, the concerns of investors’ advocates intensified with the ominous resignation of SEC Chair William Donaldson and President Bush’s nomination of Representative Christopher Cox, who, it is widely reported, played an important role in the enactment of PSLRA.

The backlash did not play out simply in the political arena. The consensus among federal appeals courts is that the longer statute of (June 8, 2005), http://www.sec.gov/news/speech/spch060805psa.htm (referring to the hedge fund and the independent chair rules as reflecting “a puzzling willingness to undertake sweeping regulatory actions without adequate justification”). Another Commissioner, Roel Campos, was quoted as wondering: “Is it possible to have reform—in terms of regulation—if it affects and hurts a particular industry that has significant lobbying power? Can any regulation or reform survive under our system?” See Richard Hill, Campos Considers Viability of Rules in Era of Lobbying, SEC. L. DAILY, Mar. 18, 2005.

47. The U.S. Chamber of Commerce sued the SEC asserting it had no authority to adopt the independent chair rule. In June 2005 the D.C. Circuit held that the SEC had the authority to promulgate the rule, but its failure to consider the costs of the rule violated the Administrative Procedure Act. Chamber of Commerce of the United States of America v. SEC, 412 F.3d 133 (D.C. Cir. 2005). On Chair Donaldson’s last day at the SEC, it voted, again by a 3-2 vote, not to modify the rule. Press Release 2005-99, SEC, SEC Votes to Adopt Securities Act Rule Reform and Shell Company Regulations; Considers Matters Remanded by the Court of Appeals (July 1, 2005), http://www.sec.gov/news/press/2005-99.htm. The U.S. Chamber of Commerce sued again. See Chamber of Commerce of the United States of America v. SEC, 2005 LEXIS 19602 (D.C. Cir. 2005) (denying petition for a rehearing); see also Richardson & Gullapalli, supra note 44, at A4 (reporting that hedge funds have sued the SEC over the rule requiring registration of hedge fund advisers).

48. Rule 203(b) (3)-2, 17 C.F.R. § 203(b) (3)-2.
limitations for securities fraud private actions, the only provision of SOX that directly improves investors’ remedies for securities fraud, is not to be applied retroactively, thus depriving many investors of the opportunity to recover for injuries incurred because of the corporate scandals that led to SOX’s enactment. The U.S. Supreme Court reversed the conviction of Arthur Anderson for witness tampering in connection with the government’s investigation of the Enron scandal.\(^{54}\) While the conviction was overturned because of faulty jury instructions, many blamed the Department of Justice for the demise of the accounting firm.\(^{55}\) Finally, while the government has been successful in achieving convictions in some well-publicized cases of corporate officers and securities professionals for corporate looting or other misconduct,\(^{56}\) other prosecutions were unsuccessful\(^{57}\) and call into question the ability of the jury system to handle these complex cases.\(^{58}\)

\(^{54}\) Arthur Andersen LLP v. United States, 125 S. Ct. 2129 (2005).

\(^{55}\) See, e.g., Editorial, Arthur Andersen’s ‘Victory,’ WALL ST. J., June 1, 2005, at A20.

\(^{56}\) E.g., Andrew and Lea Fastow (Enron); John and Timothy Rigas (Adelphia Communications); L. Dennis Kozlowski and Mark Swartz (Tyco); Bernard Ebbers (Worldcom); Martin Grass (Rite Aid); Jamie Olis (Dynegy); and Frank Quattrone (CSFB). See Executives on Trial: Guilty, Not Guilty, Mistrial, WALL ST. J. ONLINE, June 21, 2005, available at http://online.wsj.com/article_print/0,SB110995911259970823,00.html (some of these are currently on appeal; it is suggested that, in light of the reversal of Arthur Andersen’s conviction, Quattrone’s conviction may be set aside since the jury instructions were similar).

\(^{57}\) Most notably, a jury acquitted Richard M. Scrushy, former CEO of HealthSouth Corp., of participating in a $2.7 billion accounting fraud, despite testimony from several former HealthSouth executives about Scrushy’s involvement as well as tape recordings that implicated him. See Dan Morse, Chad Terhune & Ann Carns, HealthSouth’s Scrushy is Acquitted, WALL ST. J., June 29, 2005, at A1. A few weeks earlier, New York Attorney General Eliot Spitzer’s failure to win a conviction of Theodore Sihpol was viewed by some as a cautionary tale of prosecutorial over-zealousness. See Kara Scannell & Arden Dale, Sihpol Verdict Deals a Blow to Spitzer, WALL ST. J., June 10, 2005, at A1 (describing acquittal as a “high-profile setback for Mr. Spitzer . . .”).

\(^{58}\) Kozlowski and Swartz were each convicted of 22 counts in June 2005 after their first trial, which began in October 2003, resulted in a mistrial in April 2004. See Mark Maremont & Chad Bray, Tyco Trial Jurors Say Defendants Weren’t Credible, WALL ST. J., June 20, 2005, at A1. Scrushy was acquitted of 36 charges, including the first charge brought under SOX reporting requirements, after a trial that lasted six months, where one juror was replaced for health reasons after deliberations had begun and the jury frequently communicated to the judge that it was deadlocked. See Morse, Terhune & Carns, supra note 57.
Investor Education

Many investors are remarkably unaware of the degree to which they are responsible for their investment choices, even if those choices were influenced by their broker, and they are even less aware of basic principles such as the need for diversification, the degree of risk involved in equity investing and the lack of a broker’s duty to monitor the investor’s account on an ongoing basis absent special circumstances. 59 The high level of investor ignorance coupled with the mounting investor backlash suggests that the greatest hope for investor protection lies in investor education efforts. The Investor Rights Project has been tackling, in small ways, the need for more investor education, especially with respect to conduct that may affect investors’ legal rights and responsibilities. Through grass-roots efforts at local libraries, community centers and AARP chapter meetings, our staff attorneys have been presenting seminars to individual investors, mostly elderly, on their legal rights and responsibilities when opening and maintaining a brokerage account at a securities firm.

Despite our investor education efforts and our desire to continue them, we have reservations about their efficacy. Professor Fanto, ever a passionate observer, despaired from the Symposium audience that after studying investor education efforts, 60 he too doubted their effectiveness. Instead, adopting a regulatory model of “conservative paternalism” looked better and better to him as the only solution to investor ignorance and abuse. It is significant to us that the Global Analyst Research Settlement, touted by the regulators and the industry as a panacea for investor education deficiencies, 61 has led to nothing but political

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infighting, institutional paralysis, and what appears to be a tremendous waste of time and money.\textsuperscript{62} In particular, the Investor Education Fund has disbursed high fees to lawyers and industry personnel to service a now-defunct entity that accomplished nothing, dollars that could otherwise have been spent in the trenches, convincing investors—one at a time if necessary—that securities industry players may not have their best interests at heart, despite their rhetoric, advertising, and fancy titles. The complete failure of the SEC’s Investor Education Fund crystallizes the lack of consensus on the best way to help investors.

In light of this backlash, the ideals of the Symposium—to improve investor justice by highlighting the interplay of private and public law in areas impacting investors—seem ever more elusive. Only with persistent investor rights advocacy, through groups such as the Investor Rights Project, will the voices of average, individual investors be heard.

\textsuperscript{62} See, e.g., Deborah Solomon, \textit{What’s the Best Way to Invest in Teaching the U.S. to Invest?}, WALL ST. J., May 26, 2005, at C1 (reporting on the dispute between federal and state securities regulators on how to spend the $55 million in investor education funds set aside by the analyst settlement); Randall Smith & Ian McDonald, \textit{Frustrating Venture: SEC Education Fund to Lose Top Figures}, WALL ST. J., Mar. 23, 2005, at C1 (reporting on resignation of leaders of SEC’s investor education entity set up with analyst settlement funds); see also Application of Plaintiff SEC for Order Approving New Investor Education Plan, 03 Civ. 2937 (WHP) (on file with authors) (seeking approval from federal district court to dissolve SEC’s Investor Education Fund and to instead utilize already-existing NASD Investor Education Foundation to administer investor education monies, and notifying court of need to reimburse Investor Education Fund for its expenses).