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United States General Accounting Office
Washington, DC 20548

April 5, 2002

The Honorable John D. Dingell
Ranking Member,
Committee on Energy and Commerce
House of Representatives

Subject: Arbitration Award Payment Rate

Dear Mr. Dingell:

Concerning your letters of May 2 and June 8, 2001, to the Comptroller General requesting a GAO study of National Association of Securities Dealer's (NASD) arbitration award payment issues, we met with your staff on March 15, 2002, to gain a further understanding of your needs.

Due to the need to assess NASD data on award payment, we will proceed with a separate design phase. The purpose of this statement of intent is to set forth the study objectives and provide you with a completion date for the design phase. We agreed that the overall objectives of our work will be to (1) identify changes in arbitration claims filed since our June 2000 report, (2) determine the extent to which arbitration awards rendered by NASD panels during 2001 were paid, and (3) assess whether NASD's procedures to alleviate the problem of unpaid awards were effective.

The design phase will be completed by June 3, 2002. We will remain in contact with your staff, and at the end of the design phase, we will provide you with a projected completion date for the total study. If you should have questions, you may contact me or Orice Williams, Assistant Director, on (202) 512-8678.

Sincerely yours,

Richard J. Hillman, Director
Financial Markets and Community Investment