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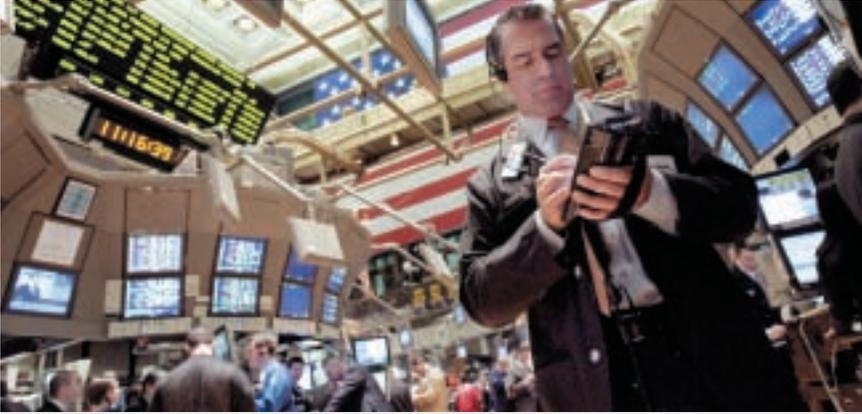
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Law School Report



Dialing for dollars

Wronged investors call for help at UB Law's Securities Law Clinic

In UB Law School's clinical program, one clinic specializes in the high-stakes, high-emotion world of personal finance.

That is the Securities Law Clinic, established in 1998 as a partnership between the Law School and UB's School of Management. At the time, it was only the second university-hosted securities law clinic in New York State, says Robert Spampata '04, who directs the Law School component of the initiative.

Spampata, whose background is in public arbitration, says the clinic accepts clients – often referred by the state attorney general's office or by UB alumni – who are generally small investors and either cannot find other representation or have no realistic chance to replace

money they have lost to a securities broker's mishandling of funds.

Typical cases, he says, involve "churning" (excessive trading by a broker of an investor's funds, to generate high fees), recommending investments that are unsuitable for a client's life circumstances, or failure to fully inform the client on such matters as the different classes of mutual fund shares and their commission structures.

"Everyone cries fraud and wants punitive damages," Spampata says. "There is a lot of emotion involved."

Most brokerage accounts, he says, have as part of the initial contract a stipulation that any dispute will be addressed through an arbitrator. Complaints are filed with the National Association of Securities Dealers, which will assign an arbitrator to the case. Students in the Securities Law Clinic will then represent the client in an arbitration hearing.

"The students handle and manage all client contact," Spampata says. That includes an intake interview, financial analysis by School of Management students if needed, group meetings to analyze the cases, and compiling a complaint. "All this stuff takes time," he says. "It often spans over more than one semester, or even into the next year."

Complicating factors can include pre-hearing conferences on discovery ("the single biggest problem that investors face," Spampata says) and evidence issues, as well as multiple hearings. But for a public service clinic that is also a teaching tool, complications are all to the good. "It is great for teaching," the director says. "The more trouble, the better."

The clinic is limited to 10 second- and third-year students looking for real-

world experience. "We do not have a casebook," Spampata says. "We go directly to the primary sources, and we ask them to do as much research as they can."

"The clinical exercise is a productive and rewarding one," Spampata says. "One of my goals is to require students to constantly build their knowledge in the substantive law of the field. So the Bar can be enticed by the fact that we are giving students substantive knowledge. When students work together to make everybody smarter, it is an experience that really works."

In the School of Management, Associate Professor Joseph Ogden says SOM students have been less involved in the past year than in previous years, partly because the cases handled by the clinic have not necessitated much financial analysis.

When that is needed, he says, typically management students will take a client's monthly brokerage statements and enter them into a computer spreadsheet. The goal is to calculate the per-



Clinical instructor Robert Spampata '04

formance of the portfolio and compare that against the performance of an investing benchmark – for stocks, likely the Standard and Poor's 500.

"Then we compute the damages according to the difference between the two," Ogden says.

Most commonly, he says, the Securities Law Clinic handles cases involving churning and un-

suitable investments, in which the broker allegedly has not invested a client's money in line with the client's risk tolerance and investment goals.

Ogden emphasizes that dealings of the clinic are "strictly confidential." He also says the clinic has an investor education function, including information on its Web site and, at times, public seminars on the basics of investing.

"We were one of the first to develop a securities clinic in the United States," he says. "Now there might be six or seven of them, but we might be the only university whose securities clinic actively involves both the School of Management and the Law School."