



Disclosure Video Series

Criminal Events

August 25, 2022

Agenda

- 01 | Criminal Disclosure Questions
- 02 | Criminal Disclosure Reporting Page (DRP)
- 03 | Criminal Disclosure SD Implications
- 04 | CRD Expungement Request
- 05 | Questions & Answers

U4 Criminal Disclosure Questions

14A – Felony Questions

(1) Have you ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?

(b) been *charged* with any *felony*?

(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to any *felony*?

(b) been *charged* with any *felony*?

U4 Criminal Disclosure Questions

14B – Misdemeanor Questions

(1) Have you ever:

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses
- (b) been *charged* with a misdemeanor specified in 14B(1)(a)?

(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in domestic or foreign court to a misdemeanor specified in 14B(1)(a)?
- (b) been *charged* with a misdemeanor specified in 14B(1)(a)?

U5 Criminal Disclosure Questions

- 7C. While employed by or associated with your firm, or in connection with events that occurred while the individual was employed by or associated with your firm, was the individual:
1. convicted of or did the individual plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to any *felony*?
 2. *charged* with any *felony*?
 3. convicted of or did the individual plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a *misdemeanor involving*: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?
 4. *charged* with a *misdemeanor* specified in item 7(C)(3)?

“A misdemeanor involving ...”

A criminal event in which an individual was charged a misdemeanor involving at least one of the following elements is reportable:

- investments
- an investment-related business
- any ...
 - fraud
 - false statements or omissions
 - wrongful taking of property
 - bribery
 - perjury
 - forgery
 - counterfeiting
 - extortion
 - a conspiracy to commit any of these offenses

Criminal DRP Demo



Criminal Reporting – Document Follow-up

Complete criminal documents are required for all reported matters that occurred within the past ten years.

Complete criminal documents include:

- Original charging document (e.g., summons, indictment, or criminal complaint)
- Any amended charging document (e.g., amended complaint, superseding indictment)
- Upcoming court date(s) for pending matters
- Judgment / sentencing document
- Final disposition document (e.g., probation completion, final dismissal order)

Documents may be required for matters older than ten years to determine reportability and/or ensure complete & accurate reporting.

Documents may be uploaded in an active Disclosure Letter or emailed to DisclosureReviewDocuments@FINRA.org

Criminal Reporting – SD Implications

- Criminal DRPs may result in a statutory disqualification (SD) review.
- Statutory Disqualification results from a conviction, within ten years, of:
 1. Any felony.
 - OR -
 2. Certain misdemeanors.
- Not all reportable misdemeanors result in disqualification.
- The Membership Continuance process (MC-400) is available if a person is determined to be disqualified.

See <https://www.finra.org/rules-guidance/guidance/eligibility-requirements> for more details.

Expungement Information

What is an Expungement?

- To expunge is to “erase or remove completely.”
- The process by which a record is destroyed or sealed from state or federal record.

Types of Expungement:

- Criminal
- Customer Complaint
- Employment/Termination
- Regulatory Actions

Expungement Information

Criminal Expungements

- Expungements are governed by state statutes, not by FINRA Rules.
- State statutes are reviewed by FINRA staff attorneys.
- Every state does not provide for criminal expungement, particularly for securities industry personnel.
- Are juvenile cases ever expunged/sealed automatically?
It depends; each state determines criminal expungement statutes.

Expungement Information

Criminal Expungement Process:

- Email the final (signed/sealed) Expungement Order for review: CRDExpungementRequest@FINRA.org (Documents only)
- If the Order is valid, the matter will be expunged from CRD in approximately 10 business days.
- If a matter has been expunged, and a confirmation letter has been received, the matter should not be reported in CRD.
- If you have a question, please call 301-869-6699 and ask to speak with an Expungement analyst.

Tips & Best Practices

1. Individual reporting is required on Form U4 or U5.
2. Answer all applicable questions “Yes” – more than one may apply.
3. Be sure to complete the correct DRP – Individual or Organization.
4. Disclose reportable matters in a timely manner.
5. Be sure to update DRPs in a timely manner as matters progress.
6. Ensure descriptions are complete, accurate, and understandable.
7. Ensure the Criminal Charge Details are complete and accurate.
8. Avoid reporting sensitive, personal, and/or confidential information.
9. Be mindful of DRP comments; amend/update when necessary.
10. Submit documents as required.



For questions regarding specific disclosure reporting issues,
Call [301-869-6699](tel:301-869-6699), [Option 4](#) for Disclosure Review