

**ELTON JOHNSON, JR., LIEUTENANT COLONEL, USA (RET)**

[REDACTED]

My comments regarding two of the five questions for which comments are requested in Regulatory Notice 21-17 are as follows:

3. What, if any, FINRA operations and administrative processes have a disparate impact on individuals in the broker-dealer industry (on the basis of national origin, language, age, gender, race, color, ethnicity, socioeconomic status, religion or spiritual practice, disability, sexual orientation, gender identity, family structure or veteran status) or discourage participation in the broker-dealer industry?

My comments:

a. Administrative Processes. In my opinion, administrative processes within the FINRA to eliminate unintended barriers to greater diversity and inclusion in the broker-dealer industry are definitely lacking. As a matter of fact, in my opinion, they are so lacking that it appears that this is intentional and not accidental. If the FINRA is genuinely interested in having greater diversity and inclusion in the broker-dealer industry instead of playing the usual "lip service-no action" game that it has played in the past, then meaningful, effective, and efficient administrative processes need to be created and implemented and then a genuine and sincere effort needs to be made by the FINRA to ensure that FINRA members are aware of these administrative processes. My suggestions are as follows:

(1) Establishment of an Internal Affairs Department (or the appointment of an Internal Affairs Person) to investigate and take action against unethical, biased FINRA employees reported by FINRA members. I strongly urge this recommendation based upon my own personal experiences operating my own broker-dealer in District 2.

[REDACTED]

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***The comment discusses potential personnel matters which are not appropriate for publication.***

[REDACTED]

If the FINRA is really serious about greater diversity and inclusion in the broker-dealer industry, then it needs to create and empower a department (or an individual) that is tasked to investigate and discipline [REDACTED]

This will result in eliminating a barrier to greater diversity and inclusion in the broker-dealer industry.<sup>1</sup>

- (2) Establishment of formal official complaint procedures. In addition to the establishment of a department (or the appointment of an individual) to combat any cases of systemic racism within the FINRA, formal and standard complaint procedures should also be created and publicized so that FINRA members are fully aware of how they can take action if they and/or their broker-dealer are the targets of systemic racism by certain FINRA employees. These procedures could, for example, be incorporated into a Notice to Members (NTM). Proper reporting procedures should include, but not be limited to, the following: the submission of supporting evidence, information on witnesses, information on others being targeted by the FINRA employees in question, etc. These proper procedures are necessary in order to avoid frivolous or groundless complaints. The more evidence that is submitted because it is required, the better the department (or individual) tasked with investigating these complaints will be able to perform its job. I also think that formal official complaint procedures should be established to report racial discrimination being perpetrated by FINRA members against registered reps or registered principals working for these FINRA members.

4. Does the current collection and publication of registered representative background data, including that which relates to education, employment status, tenure, and complaints and grievances, create an unintended barrier to greater diversity in the broker-dealer industry?

My comments:

I do not think that the current collection and publication of the items mentioned create an unintended barrier to greater diversity in the broker-dealer industry. However, I do believe that the FINRA should have procedures in place that would allow registered reps to clear their Broker Check reports of any derogatory/negative information that is no longer relevant due to verifiable corrective action(s), e.g., pardons, expungements, etc. This should pertain to all registered reps regardless of status, but it is significantly

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<sup>1</sup> [REDACTED]

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relevant for registered representatives who are minorities since the practice of profiling and railroading of minorities for the purpose of burdening them with a record that they have to report, even though they were innocent of whatever they were accused of, still occurs in this country. These records must be shown on the Broker Check report. However, once a registered rep has the documentation showing that his/her record is clear, his/her Broker Check report should be cleared of this record as soon as possible. These procedures should also apply to FINRA member broker-dealers

[REDACTED]



Elton Johnson, Jr.  
28 June 2021

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