

Monday, December 01, 2014

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506



RE: Comment: Regulatory Notice 14-37 (CARDS)

Dear Ms. Asquith:

As an independent financial advisor, I support FINRA's goal of investor protection and appreciate that FINRA's Comprehensive Automated Risk Data System (CARDS) may -emphasis. "may"- further that goal.

However, the sheer amount of fraud reported for erroneous IRS tax refunds, overpayments to Medicare and Medicaid providers, and the fiasco that is the "Obamacare" website... gives me EXTREME distrust and NO CONFIDENCE in FINRA or federal agencies and their ability to create -let alone protect- a computer system that can do what they say it will do, do it for the amount budgeted, AND protect my clients and me from Chinese and Russian hackers looking for opportunities like this 24 hours a day.

In particular, I have concerns regarding the following issues:

- Data Privacy: Nobody can stop these hackers. So why create more opportunities for them? I have multiple passwords that must be changed every 30-60 days. I have more problems getting into my own client accounts than these guys do. So let's not open another door for them. The harm to the investor via identity theft will be worse than potential losses for stopping investment fraud.

- Data Quality: FINRA thinks they know what they need to collect. But in reality, we all know that either there will be "mission creep" as with the NSA needing all kinds of data from all kinds of people instead of what they said they would do; OR there will be data collected that leads to "false positives" and advisors and broker dealers who are doing a good job are forced to defend themselves in a Guilty Until Proven Innocent Environment. I doubt FINRA or Congress has thought about funding an "Advisors Victims Fund" to compensate for lost income and productivity when someone is accused of wrong doing that turns out to be erroneous. A false positive for me would leave hundreds of families without an advisor while I try to clear my name. Even if I'm successful, I doubt FINRA will actively contact my now former clients to convince them that I'm actually a good guy and didn't do anything wrong. That they just had bad information and "sorry to scare you." Nope. My business is ruined. My wife and young children disgraced. And now how do I find employment when I've owned my own business for the last 14 years and I'm now "damaged goods"?

- Policing the Police: How will we know if CARDS is implemented that it is working? How will we know if the estimated costs of implementation and ongoing maintenance are accurate? Or will this be another agency with a great idea and a noble heart, only to have it grow beyond the original mandate? Suddenly we no longer have a free market, but a government managed economy. How are small business owners like me going to fare if our financial system goes the way of Australia and the UK? Costs of regulations rise, and eventually bureaucrats start creating price controls for my profession, forcing many into retirement or to find new employment. Right at the very time we have too many Retirees and not enough

Advisors? Who will shut down CARDS if it turns out not to work as planned? When will enough funding be enough? I contend the cure is more expensive than the costs it is trying avoid via fraud.

If you have made it this far, let's summarize by talking ELEPHANT. The one in the room. We already know the US Markets have plenty of rules on the books right now. And adding additional layers of complexity will not stop the next Bernard Maddoff or John Stanford or whomever dreams up and implements the next Ponzi Scheme. It has been happening since the start of the US Stock Market and will always be there. Without CARDS, Harry Markopolos and his boss tried to stop Maddoff multiple times with help from FINRA and SEC. And if you read the book, "So Nobody Would Listen" you will know that nobody did. CARDS wouldn't have caught Maddoff. Motivated, intelligent FINRA employees would have AND they would rightfully been lauded as heroes!!! Instead, Markopolos had to go it alone as he couldn't find anyone with commonsense or who were sufficiently motivated - TO DO THEIR JOB!!! Is that clear enough? Are you starting see the shape of the elephant?

Rather than implementing CARDS, how about we clean house at FINRA and SEC and IRS and DOL? How many of the folks who were directly contacted about previous wrongdoings of the Maddoff's and Stanfords are still employed? How many continue to receive a paycheck and even raises for work not done? How many are still allowed to watch pornography and play video games on computers that tax-payers like me have bought for them to fight the Bad Guys? Do we have a CARDS system to monitor what they are doing at their desks? Have we acquired a filter to stop them from going to those websites? Websites know to be full of bugs that let in hackers to see sensitive info on your computer? Does CARDS do anything about that?

I am not against regulation. I am human. You are human. Humans are inherently bad. We need to be watched. So how about we start by holding FINRA and others accountable for doing their job and fighting the Bad Guys every day, instead of creating a STAR WARS Missile Defense System at the cost of billions of dollars which may or may not work in the end? The amount of money spent on CARDS could be channeled into retaining great FINRA employees and adding new ones who want to fight crime just like them. The improved morale due to having teammates who want to do their jobs and are passionate about protecting investors will gain the added confidence investors, advisors, B/Ds, and Congress are looking for through strong, common-sense enforcement procedures.

What this really boils down to is trying to protect 100% of the investors 100% of the time. A noble goal that is unachievable. Let's start by doing what we are capable of first. Once we have given that an HONEST effort, then we can look at adding CARDS and other fancy programs which likely won't be needed at that point either. A better focused and motivated and monitored FINRA is a better watchdog ~~that~~ ^{than} spending money on suspect technology in the guise of efficiency and improved oversight.

CARDS should be voted down without a second thought.

Thank you for taking my comments into account.

Sincerely,



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