

# Election Notice

## Notice of Contested Election and Ballots for Small Firm NAC Member Seat

### Executive Summary

The purpose of this *Election Notice* is to notify small firms of a contested election for the open National Adjudicatory Council (NAC) Small Firm seat and to distribute to eligible FINRA small firm members the ballots to vote for a Small Firm NAC Member. The vacant Large Firm NAC Member seat was not contested.

Small firms are urged to vote in this election. In order for a ballot to be considered valid, it must be signed by the executive representative of the small firm eligible to vote in the election. Small firms that are members of FINRA as of the close of business on October 18, 2011, are eligible to vote.

Ballots must be returned no later than November 18, 2011.

**Note:** This *Notice* was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at [www.finra.org/notices/NACElection/101911](http://www.finra.org/notices/NACElection/101911).

Questions regarding this *Election Notice* may be directed to:

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Marc Menchel, Executive Vice President and Regulatory General Counsel, at (202) 728-8410.

### Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters and considers appeals of membership proceedings and exemption requests.

### Composition of the NAC

The NAC comprises 14 members—seven industry and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two At-Large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

**October 19, 2011**

### Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

The FINRA Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

## Candidates for Small Firm NAC Member

In July 2011, FINRA's Nominating and Governance Committee nominated the following individual to fill the upcoming small firm vacancy on the NAC:

- ▶ **David M. Sobel**—Executive Vice President and Chief Compliance Officer, Abel/Noser Corp.

One candidate successfully petitioned to have her name added to the ballot as an additional Small Firm NAC Member candidate:<sup>1</sup>

- ▶ **Karen Z. Fischer**—Financial and Operations Principal and Compliance Principal, Hunter Scott Financial, LLC

Profiles of each candidate are included in Attachment A.

## Nominee for Large Firm NAC Member

The Nominating and Governance Committee also nominated Jill W. Ostergaard, Managing Director and Chief Compliance Officer of Morgan Stanley & Co. Incorporated, as FINRA's nominee for the vacant Large Firm NAC Member seat. The Large Firm NAC Member nomination was not contested, and Ms. Ostergaard will begin her term upon appointment by the FINRA Board.<sup>2</sup>

Ms. Ostergaard's profile is included in Attachment B.

## Term of Office

NAC members hold office for three-year terms. The elected Small Firm NAC Member and the uncontested Large Firm NAC Member will be appointed to three-year terms, beginning January 1, 2012.

## Voting Eligibility

In the case of a contested election, firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, only small firms may vote in this election.

The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible small firms will receive a ballot containing the candidates for the vacant Small Firm NAC Member seat.

## Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address, in FINRA's records. This will ensure that important mailings, such as election information, will be properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.<sup>3</sup>

To update an executive representative's name, mailing address and email address, firms may access the FINRA Contact System via the Firm Gateway at <https://firms.finra.org/fcs>. For assistance updating information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

## Voting Methods

Small firms may submit ballots by U.S. mail. The ballot sent to eligible small firms contains detailed instructions on the submission procedures. Ballots must be postmarked on or before November 18, 2011.

## Endnotes

1. Pursuant to Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated by the Nominating and Governance Committee may be included on a ballot if he or she is eligible to hold an open seat and obtains the requisite number of petitions in support of his or her nomination from members entitled to vote (based on firm size classification) for such nominee's election.
2. Pursuant to Sec. 6.4 of the FINRA Regulation By-Laws, if the Nominating and Governance Committee proposes a candidate for nomination and no additional candidate successfully petitions pursuant to Section 6.2, the Nominating and Governance Committee shall nominate its candidate to the FINRA Board for appointment.
3. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period that may be agreed to by FINRA staff. See NASD Rule 1160 and FINRA [Regulatory Notice 07-42](#) (September 2007).

## **Attachment A—Profiles of Candidates for Small Firm NAC Member Seat**

### Petition Candidate for Small Firm NAC Member Seat

**Karen Z. Fischer**  
**Financial and Operations Principal, Compliance Officer, Registered Rep.**  
**Hunter Scott Financial, LLC**

Karen Fischer has been based in Boca Raton, Florida, since 1984 and has 23 years of industry experience. Karen holds Series 7, 27, 79 and 24 licenses. She also has significant hands-on industry experience as a Financial and Operations Principal and Compliance Officer. Currently, she is registered with five small broker-dealers. Ms. Fisher's additional credentials include being a graduate accountant from Long Island University in Brooklyn, New York, with a practice that has spanned 40 years plus. She has also been a State of Florida Certified Mediator for thirteen years. She is completely familiar with and assists firms through the arduous 1017 start up process, supervisory manual updates and AML procedure manuals. It is noted that 1017 appeals are heard by the NAC. Clients and attorneys have often requested her to research compliance issues. She is a frequent commentator on Membership issues.

Ms. Fischer is an active participant in many District functions, including a District 7 focus group that meets with FINRA top management to discuss membership issues. Over her 23-year career, she has had extensive experience interacting directly and frequently with FINRA, the SEC and other regulators including the FBI and the IRS. As an outside accountant and compliance consultant for several, small business broker-dealers, she has acquired a wealth of practical knowledge of the different FINRA Districts across the nation and the various state regulators.

Ms. Fischer currently serves, and has served as a FINRA Industry Arbitrator for 15 years. Karen currently serves on the Board of Directors of the Independent Broker-Dealer Association, an organization committed to FINRA-membership reform.

## FINRA Nominee for Small Firm NAC Member Seat

**David M. Sobel**  
**Executive Vice President and Chief Compliance Officer**  
**Abel/Noser Corp.**

David M. Sobel, Esq. is currently Executive Vice President, General Counsel and Chief Compliance Officer of Abel/Noser Corp., a FINRA/NYSE member broker-dealer. He was previously a partner at The Goldstein Law Group, P.C. where he concentrated in the areas of broker-dealer compliance/regulation, securities litigation, including arbitration and mediation and disciplinary/enforcement matters at the SEC, NYSE, AMEX and FINRA. Mr. Sobel was a Floor Member of the New York Stock Exchange from 1982 through 1991 as a floor broker for both H.A. Brandt & Co. and First Options of Chicago, and President of his own NYSE member firm, Ampro Securities, Inc. After leaving the NYSE floor, he was a Senior Equity Trader/Market Maker for Trimark Securities.

Mr. Sobel has a Master of Science Degree from Brooklyn College and a Law Degree from Pace Law School where he was an Editor of the International Law Review and recipient of the Dean's Award. He has served as a FINRA arbitrator, on FINRA's District 10 Committee and on FINRA's Small Firm Advisory Board. He has also served on the Board of Directors of the National Society of Compliance Professionals and as Chairman of the Board of the NAIBD.

Mr. Sobel has been quoted in or interviewed by *Compliance Reporter*, *WSJ.com*, *Complanet*, *Trader's Magazine*, *Wall Street Letter*, *BD Week*, *Op/Risk and Compliance Magazine*, *Institutional Investor News* and the Dow Jones Newswire, and is a frequent speaker at securities conferences for SIFMA, NSCP, NRS, NAIBD, FMW and Strategy Institute. Recent conference topics include managing risk at small BDs, internal audits, supervisory responsibility, financial responsibility, fraud prevention in portfolio management, social networking, foundations of compliance, best practices and forensic compliance.

Mr. Sobel is admitted to practice before the Supreme Courts of New York and Connecticut, the U.S. District Courts for the Southern and Eastern Districts of New York and the Second Circuit Court of Appeals. He is a member of the New York County Lawyers Association, the New York State Bar Association and the American Bar Association.

## FINRA Nominee for Large Firm NAC Member

**Jill W. Ostergaard**  
**Managing Director and Chief Compliance Officer**  
**Morgan Stanley & Co. Incorporated**

Jill W. Ostergaard is a Managing Director and Chief Compliance Officer for Morgan Stanley & Co. Incorporated, covering all of the firm's institutional businesses in the United States, Canada and Latin America.

Ms. Ostergaard is a member of SIFMA's Compliance and Regulatory Policy Committee (formerly Self-Regulatory and Supervisory Practices Committee) and served as co-chair from 2006 through 2008; she also was a member of the working group that drafted the *Whitepaper on the Role of Compliance*. Ms. Ostergaard is a member of FINRA's Compliance Advisory Committee and previously served on the Electronic Communications Task Force. She has spoken on a variety of topics, including: market structure, institutional trading, detecting and preventing fraud, supervisory control rules, new products, gifts and entertainment, best execution, and trading desk supervision.

Prior to joining Morgan Stanley in 1998, Ms. Ostergaard was vice president and counsel providing legal coverage to the sales and trading desks for the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation. She started her career as an attorney with the SEC's Division of Market Regulation and studied the then-potential effects of decimalization on the U.S. securities markets for Commissioner Steven M.H. Wallman. Ms. Ostergaard graduated *cum laude* from Hope College and received her J.D. from Loyola University of Chicago.



