

Date: May 28, 2019

Sent: VIA E MAIL (pubcom@finra.org)

Re: FINRA Proposed New Rule 4111 Comment

Dear Ms. Mitchell,

Once again, FINRA is proposing new rules which will undoubtedly cost member firms and their registered representatives money and time. Not surprisingly, the determination of who will be required to pay is based upon disclosure items prominently displayed on BrokerCheck. FINRA has again chosen to extract money and resources from its members, based merely upon allegations, rather than adjudicated findings of fact. When implemented, the assessment of costs and resources is triggered by mere allegations. Policy which fails to consider the veracity of allegations prior to implementing this punitive measure is wholly irresponsible and tantamount to a gross abuse of authority.

BrokerCheck publishes unsubstantiated allegations related to investor complaints and customer disputes. It publishes information related to alleged Rule violations which have not yet been adjudicated or found to have occurred.

While the public benefits by having access to admitted, proven, and verified wrongdoing by financial professionals, the publication of false, misleading, erroneous, and potentially defamatory disclosures does nothing more than dilute the integrity of such reporting.

Yes, through FINRA's dispute resolution process, FINRA U4 expungement and U5 Termination expungement are possible. In fact, over the last few years, we have assisted our clients with disclosure removal in over 520 instances. In each one of these cases, all facts and evidence are considered by a neutral arbitrator or judge. Then, and only then, the neutral arbitrator or judge has made a finding that the facts and evidence fail to adequately support the allegations made. More specifically, these finders of fact apply the standards enumerated within FINRA's Rule governing which specific circumstances warrant expungement of the inadequate allegations.

In the current regulatory environment, both the falsely accused and the true "bad actors" are immediately branded by public disclosures on their BrokerCheck profile when allegations are made. The proposed Rule amounts to nothing more than FINRA broadening the scope of an ineffective and inefficient practice to punish both the guilty and the innocent.

Despite FINRA's attempt to pass this off as a measure aimed at protecting the investing public, the proposed Rule 4111 is merely another expensive obligation for firms that is based on the cauldron of true and untrue allegations within BrokerCheck. The purported goals of the imminent Rule appear to be honorable. However, FINRA completely undermines itself by choosing to rely upon a watered-down population of data containing both guilty and innocent individuals.

Sincerely,

