

Election Notice

Notice of Annual Meeting of FINRA Firms and Election Proxy

July 8, 2020

Summary

FINRA will conduct its Annual Meeting of firms on Friday, August 7, 2020, at 10:00 a.m. Eastern Time in the FINRA Visitors Center at 1735 K Street, NW, Washington, D.C. The purpose of the meeting is to elect individuals to fill one small firm seat and one large firm seat on the FINRA Board of Governors (FINRA Board).¹

It is important that all eligible firms be represented by proxy or in person at the Annual Meeting. Firms are urged to submit a proxy using one of the methods described below. In order for a proxy to be considered valid, it must be signed by the executive representative of the firm eligible to vote in the election.

Firms that are members of FINRA as of the close of business on Tuesday, July 7, 2020 (the Annual Meeting record date), are eligible to vote.

Note: This *Notice* was mailed and sent electronically to the executive representative of each FINRA member firm eligible to vote in the election. It is also posted on FINRA's website at www.finra.org/notices/election/070820.

Questions regarding this Notice may be directed to:

- ▶ Marcia E. Asquith, Executive Vice President and Corporate Secretary; or
- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at CorporateSecretary@finra.org or (202) 728-8949.

Election of Governors

Election Notice 5/08/2020 previously announced the two upcoming vacancies on the FINRA Board, FINRA's nominee, and the process by which interested individuals could seek petitions in support of their nomination to be included on the proxy.²

Below is the list of candidates who were either nominated by the Nominating Committee or submitted the requisite number of petitions and were certified by the Corporate Secretary as eligible candidates.

July 8, 2020

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Large Firm Governor Candidate

FINRA Nominating Committee Nominee

- ▶ Jim Nagengast, CEO of Securities America Financial Corporation Inc. and President of Securities America, Inc.

Nominees by Petition

- ▶ None

Small Firm Governor Candidates

FINRA Nominating Committee Nominee

- ▶ None

Nominees by Petition

- ▶ Stephen A. Kohn, President & CCO, DMK Advisor Group, Inc.
- ▶ Wendy Lanton, Chief Operations/Compliance Officer, Lantern Investments, Inc.
- ▶ Jim R. Webb, CEO, Cape Securities, Inc.

Attachment A includes the profile of the Large Firm Governor candidate and Attachment B contains the profiles of the Small Firm Governor candidates.

Term of Office

Governors are appointed or elected to three-year terms. Governors may not serve more than two consecutive full terms.³ The winning candidates' terms will start immediately following the Annual Meeting.

In order for the Board to maintain compliance with the compositional requirements of the FINRA By-Laws, elected Board members have a continuing obligation to satisfy the firm-size classification throughout the entire term for which the Governor is elected. The By-Laws expressly provide that a Governor's term on the Board shall terminate immediately upon a determination by a majority vote of the remaining Governors, that the Governor no longer satisfies the classification for which he or she was elected and the Governor's continued service would violate the mandated compositional requirements of the Board.

Voting Eligibility

FINRA firms are eligible to vote for the nominees who are running for seats that are in the same size category as their own firm. Therefore, firms registered with FINRA as of the close of business on Tuesday, July 7, 2020, will receive a proxy card listing the candidates running for the seat that is the same size category as their own firm.

Along with a copy of this *Notice*, a proxy listing the Small Firm Governor candidates was mailed to the executive representative of each eligible small firm, and a proxy listing the Large Firm Governor candidate was mailed to the executive representative of each eligible large firm.

Voting Methods

Firms will be able to submit a proxy by any lawful means, including using any of the following methods:

- ▶ Telephone;
- ▶ U.S. mail; or
- ▶ Internet.

Alternatively, firms may attend the Annual Meeting and vote in person. The proxy mailed to each eligible firm contains detailed instructions on the proxy submission procedures.

For purposes of the election, for each open Governor seat, a quorum must be met in each size category. Therefore, as mentioned above, it is important that all firms be represented at the Annual Meeting. Following receipt of this *Notice* and proxy, executive representatives may receive telephone reminders during the election period to ensure that FINRA receives sufficient proxies to satisfy the Annual Meeting quorum requirements, as well as broad participation in the election by all firms that are eligible to vote.

Revocation of Proxies

If you have given a revocable proxy pursuant to a proxy card distributed by FINRA, you may nonetheless revoke your proxy by attending the Annual Meeting and voting in person. In addition, you may revoke any such proxy you give at any time before the Annual Meeting by delivering to FINRA's Corporate Secretary a written statement revoking it or by duly delivering another proxy at a later time. Your attendance at the Annual Meeting will not in and of itself constitute a revocation of your proxy.

Voting Instructions

The named proxies shall vote as instructed by the FINRA firm. In the absence of a direction with respect to the election, any duly delivered proxy will not be counted in determining the outcome of the election, but will be counted in determining the presence of a quorum at the Annual Meeting. In their discretion, the named proxies will be authorized to vote upon all such other matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Endnotes

1. To be eligible to serve, Small Firm Governors must be registered with a small firm and Large Firm Governors must be registered with a large firm. *See* FINRA By-Laws, Article I (xx) and (z). Pursuant to Article I of FINRA's By-Laws, a small firm is defined as a firm that employs between one and 150 registered persons, and a large firm is a firm that employs at least 500 registered persons.
2. A person who has not been nominated by the Nominating Committee was eligible for inclusion on the ballot for the election if he or she timely presented the requisite number of petitions in support of his or her nomination. *See* FINRA By-Laws, Article VII, Section 10.
3. *See* Article VII, Section 5. If a Governor is elected or appointed to fill a vacancy for a term of less than one year, the Governor may serve up to two consecutive full terms following the expiration of the Governor's initial term. *Id.*

Attachment A: Profile of Large Firm Governor Candidate

JIM NAGENGAST

CEO, Securities America Financial Corporation Inc.
President, Securities America Inc.

Jim Nagengast joined Securities America in 1994 and became CEO in 2010. During his tenure, Mr. Nagengast served as Chief Financial Officer, Chief Operating Officer and President of the broker-dealer, directly leading most functional areas and departments throughout the firm. Securities America is an independent investment advisory and brokerage firm that services and supports over 2,500 financial advisors from its headquarters in Omaha, Nebraska.

Mr. Nagengast obtained his MBA in accounting and finance from Columbia University in 1992 and his AB in economics magna cum laude from Harvard University in 1987. He is a former member of the adjunct faculty at the University of Nebraska at Omaha and a former member of the Nebraska Society of CPAs.

Prior to joining Securities America, Mr. Nagengast worked as an analyst for Merrill Lynch Capital Markets in New York City and as a consultant for Marakon Associates in Greenwich, Connecticut.

Mr. Nagengast served on the Board of Directors of Heartland Family Services, one of metropolitan Omaha's largest charitable organizations, from 2001 to 2010, and was Chairman of the Board from 2007 to 2009. He chaired the Financial Services Institute (FSI) National Conference in 2012.

Attachment B: Profiles of Small Firm Governor Candidates

- ▶ Stephen A. Kohn, President & CCO, DMK Advisor Group, Inc.
- ▶ Wendy Lanton, Chief Operations/Compliance Officer, Lantern Investments, Inc.
- ▶ Jim R. Webb, CEO, Cape Securities, Inc.

STEPHEN A. KOHN

President & CCO, DMK Advisor Group, Inc.

Stephen Kohn has been employed in the financial services industry since 1984, to which he has devoted most of his working life.

Mr. Kohn founded, owned and operated a FINRA small member firm, Stephen A. Kohn & Associates, Ltd. (SAKL) located in Lakewood, Colorado since 1996. On January 1, 2020, ownership of SAKL was turned over to DMK Advisor Group, Inc. (DMK). He has assumed the role of president and CCO of DMK and, will continue as such well into the future.

Mr. Kohn has been elected previously, by the Small Firm Membership, to the FINRA Board of Governors, to represent their interests and issues at the highest levels.

He has been twice elected to the National Adjudicatory Council (NAC) by FINRA's small firms, first in 2009 and again in 2014. The NAC is FINRA's appellate division, hearing appeals to enforcement decisions and other issues.

Mr. Kohn served on the NAC's Sanction Guideline Review and Revision Sub-Committee. This sub-committee was convened to review the guidelines, ensure that sanctions in appeals that are upheld by the NAC are fair and appropriate and to recommend revisions to the Sanction Guidelines as needed. He is also an industry arbitrator and has served on the District 3 Committee.

Mr. Kohn holds the following securities licenses: Series, 7, 24, 53, 63, 72, 73, 79 and 99. He graduated from C.W. Post College of Long Island University in 1964 with a BA degree. He has served in the U.S. Coast Guard.

WENDY LANTON**Chief Operations/Compliance Officer, Lantern Investments, Inc.**

Wendy Lanton has been in the financial services industry for more than 25 years. She is a founding principal of Lantern Investments, a FINRA registered broker dealer, and Lantern Wealth Advisors, an SEC registered investment advisor. She has been the Chief Compliance Officer of Lantern Investments since its inception in 1993. The firm has multiple business lines and currently has 40 registered representatives and operates 10 branch offices across the country. She has held positions in compliance, management, sales, operations and business development. Ms. Lanton is responsible for both the firm's compliance and the day-to-day operations. In December 2015 she was appointed to the FINRA Small Firm Advisory Committee and served as the committee's chairperson in 2018. Since 2010, she has been serving on the Steering Committee for her firm's current clearing firm and was the co-chairperson on the steering committee at her previous clearing firm. As a steering committee member, her industry experience is called upon to help direct compliance, operational and technology resources. Ms. Lanton served as the chairperson for multiple Compliance Forums for retail brokerage firms. She is a frequent panelist/speaker at FINRA and SEC conferences providing valuable insight as a small firm member. Her industry perspective is called upon to discuss topics such as Anti-Money Laundering, Top Regulatory Concerns, Effective Risk Based Examinations, Cybersecurity, and most recently Regulation Best Interest. She has written numerous compliance-centric articles focusing on topics ranging from client suitability to cyber-security which have been published in various media outlets. Ms. Lanton graduated from George Washington University where she majored in International Finance.

JIM R. WEBB

CEO, Cape Securities, Inc.

Mr. Webb has served in the financial industry for 30 years. He spent his first three years in the industry as a financial planner. Over the next 15 years he worked as a regional business consultant for several fund and annuity companies. During this time, he met with thousands of brokers and hundreds of broker-dealers where he became aware of the numerous challenges that small firms encounter.

In 2007, Mr. Webb became the owner of a small broker-dealer, Cape Securities, Inc. Intent on overcoming the many hurdles of building a compliant firm, Mr. Webb determined that active involvement in understanding and advocating on regulatory matters and forming strong relationships with other small firms and FINRA was essential for his company's success. Cape Securities has grown over the past 13 years from a tiny firm with just two representatives into a firm with just under 100 representatives serving customers nationwide. Mr. Webb has since acquired and is now growing a second broker-dealer, American Global Wealth Management, Inc. Mr. Webb also owns and runs an SEC registered investment advisory firm, Cape Investment Advisory, Inc., and a full-service insurance agency, Cape Insurance Solutions, Inc.

Mr. Webb is currently serving his fourth term as a member of FINRA's South Region Committee representing District 7 and previously served as the District 7 Regulatory Advisory Committee (RAC) member. He has focused on productive interaction with other FINRA members and staff in seeking solutions to problems that face the industry nationwide.

Mr. Webb has served as a panelist/speaker at many FINRA regional and national meetings. Topics covered included: *How a small firm can best use social media, Changes in business and how to best consult the CMA/MAP groups and Outside Business activities*, among others.

He currently holds the Series 4, 7, 8, 24, 28, 63 and 66 Securities Registrations as well as various insurance licenses, and received his BA degree from Kenyon College in 1990.