

May 26, 2008

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1500

RE: Requests for Comment on Proposed Changes to Forms U4 and U5, Notice 08-20

MWA Financial Services Inc. (MWAFS) welcomes the opportunity to comment on proposed rule changes concerning the U4 and U5. We are an independent broker/dealer who takes our supervisory responsibility for our financial advisers and their customers very seriously. U5 disclosures are very important in the registration process; however, we believe the disclosures need to be complete and accurate in order to provide a clear understanding of an adviser's past history.

BrokerCheck, U4 and U5 disclosures and the 3070 filing system are tied together and can provide invaluable information for investors and firms. It is imperative that the information be complete and accurate. Therefore, it is also imperative to have the ability to expunge or amend incorrect information or information that stems from false claims, accusations, or flawed internal investigations. By definition, expunge means: "To remove or invalidate by, or as if by running a line through or wiping clean". FINRA does not provide any remedy for error when filing on the CRD. There is the opportunity to enter additional comments, which may or may not be equally regarded, but not to erase or modify initially entered information. There needs to be away for FINRA to expunge or revise unfounded allegations.

In reviewing an adviser's past information on a U5, we have found inconsistencies and less than accurate information that has provided an incomplete account of the adviser's past. Information was omitted completely or in part, which caused the firm to make incorrect decisions or consumed time and money to investigate in order to create a true representation.

Our firm takes the position that responsible advisors/parties need to be held accountable, however it is not ethical to hold someone accountable for an issue for which she/he was not responsible. A person who is merely implicated in an arbitration or litigation without being named could result in guilt by association not in reality. The "throw a wide net" mentality in order to get the liable person(s) and name them all in a complaint benefits and protects no one. In fact, the system gives the appearance the accused is guilty. Only the guilty or responsible should have their U4s and U5s updated and a 3070 filing completed. This would more accurately reflect the incident, hold the responsible parties accountable, aid the firms in the hiring process and protect the investors.

We applaud FINRA's dedication to investor protection and market integrity. It is now time to consider what irresponsible and unethical investors are doing to the industry and the damage being done to honorable advisers. Investors are becoming savvier concerning securities. They are beginning to take control of the financial matters and saving for their future, which is good. But a consequence has been the investors are also learning that they can submit a complaint against an adviser. They can recover surrender charges or market losses simply by claiming they did not understand the risk or cost, when it has been clearly demonstrated they did in fact understand the risk and/or cost.

FINRA rules and regulations constantly change to account for unforeseen issues. Issues are considered from every aspect, rules are put into effect, then something happens that that no one considered and then it is back to the "rule-making board" to correct gaps and eliminate the risks. Notices for comment are issued and new rules are put into effect. Following this format, it is only reasonable to allow broker/dealers to revise the disclosure language to more accurately reflect the facts, and therefore provide a clear picture as more information is discovered. That would be an effective and efficient way to protect investors.

Incomplete or inaccurate information does not protect investors. The CRD, a few years ago, was used by NASD member firms and some state regulators to obtain consistent information on NASD registrants. Most of the information was guarded as personal and non-public. Now if an investor does not like the adviser or the product he knows he can complain and adjustments could be made. Worse yet if there is an unfounded allegation of fraud, misrepresentation, forgery, etc., it shows up for the whole world to see. Where is the "reasonable" in the current system? This proposal does nothing to address this area and could possibly make it worse.

One of FINRA's primary functions is "investor protection and education". FINRA is dedicated to providing investors with complete, clear and accurate information about investing, brokers, broker/dealers and securities products, which is very apparent on their website. It is inconceivable then to counteract that commitment with a rule that could provide incomplete, incorrect and misleading information. The system needs to accurately reflect the non-compliant actions of financial advisors and entities in order to protect investors and industry standards.

Thank you for this opportunity to comment on FINRA's proposed changes to Forms U4 and U5.

Sincerely,

Pamela S. Fritz, CCO
MWA Financial Services, Inc.