

July 12, 2008

By e-mail (pubcom@finra.org)

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

RE: Notice to members 08-20; Proposed changes to forms U4 and U5

Dear Ms. Asquith,

As a member of FINRA's District 6 Committee, a registered representative in good standing and a former series 8 licensed branch office manager, please accept my comments concerning the Notice to Members 08-20 seeking input on potential changes to questions on forms U4 and U5.

I apologize for sending these comments after the deadline but hope they will still be considered in FINRA's future deliberations.

While understanding the intent of these proposed changes (to cause a Registered Person, not specifically named as a party in a sales practice violation, action or proceeding against only a member firm to be forced to disclose that action or proceeding on such Registered Person's form U4) I see two potential problems.

The first problem concerns the potential change to questions 14I(2) and 14I(3) and the definition of the word "involved" in Endnote 6 on page 8, specifically the inclusion of the phrase "...or failing reasonably to supervise another in doing an act." All Registered Persons are supervised by a number of licensed individuals, for example; 1) a branch manager or registered principal with direct supervisory responsibility for the RP; 2) a B/D compliance officer with direct responsibility over the actions of the BOM or RP; 3) a senior compliance officer with direct responsibility over the actions of the B/D compliance officer and 4) the B/D CEO or COO who has the ultimate supervisory responsibility.

By utilizing such definition of the word "involved" it can easily be argued that the entire chain of supervisors will need to answer "yes" as well as the RP; is such the intended consequence of the proposed change?

IF the intent of this change IS to ensnare supervisors as well as registered representatives, then there needs to be some reasonable break in the chain. My suggestion would be to include only the direct supervisor of the Registered Person and change the definition accordingly.

The second problem is based on the legal and equitable “fairness doctrines”. An un-named person has no standing in any adversary proceedings, and no right to legal counsel, no right to present a defense, no rights of discovery, 4) no right to cross-examine named parties and witnesses and no input in a matter that may effect such unnamed person’s ability to function within the security industry.

In fact, it is entirely possible the member firm might not even tell the Registered Person of the action, thereby causing the RP unknowingly answer the question incorrectly thereby creating the appearance of further improprieties.

An unnamed person to any adversary proceedings should in no way be bound by or obligated by the results of such proceedings.

As a side note to the structure of questions 14I(2) and 14I(3), I find it extremely interesting that someone’s involvement in forgery, theft, misappropriation or conversion of funds or securities for only the past 24 months is of concern.

I also find it interesting that the “forever” damage level in question 14I(2) is \$ 10,000 and \$ 5,000 over the last 24 months in question 14I(3), both of which levels have been in place since I began filling U4’s in 1983.

Obviously if questions 14I(2) and 14I(3) become subject to further revision, questions 7E(2) and (3) would also require adjustments as well.

Thank you for the opportunity to comment on the Notice to Members 08-20. Should you have questions or need additional clarification, please feel free to call me at 832-375-2513.

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