
From: Layne, Jeffrey [mailto:jlayne@jhnetwork.com]
Sent: Tuesday, June 23, 2009 3:26 PM
To: Comments, Public
Subject: FINRA Regulatory notice 09-25

PLEASE FORWARD TO MS. MARCIA ASQUITH

Ms. Asquith,

Broadening FINRA's net? I have reviewed the notice proposing expanding the scope of FINRA and found language that is very disturbing to me as a 20-year veteran of the Financial Service Industry. The stated purpose of this effort is to protect investors. Unfortunately, when taken to its natural extreme, this Regulation would do more harm than its intended good and increase the cost and complexity already found in our industry and its products. Instead of being merely a critic, I would like to offer an alternate solution.

There are already existing agencies and policies in place to accomplish what this *new layer* of oversight seeks to implement. Also, the new regulation would require at its extreme, for unregistered persons to be held accountable for products in which they are not trained nor can receive compensation for selling. Is there public outcry for this? Why would FINRA want to overextend itself into areas where it has neither experience nor expertise? The public has seen numerous examples where regulatory bodies have ignored their own sphere of responsibility.

Who was supposed to be monitoring the egregious actions which have disrupted the entire global economy? Fannie Mae and Freddie Mac were supposed to be competent in overseeing real estate. FINRA watched, with the rest of the world, as companies like Enron and WorldCom managed to avoid oversight of their books and records, resulting in millions lost for investors. What was the response to these? A new regulation (Sarbanes-Oxley) was initiated. Didn't we already have policies and agencies for these responsibilities?

Of course who can forget Bernard Madoff? Former "non-executive chairman" of the NASDAQ stock exchange, he reported, supposedly, directly to FINRA! Once again, millions lost of investors' savings. Member Firms such as AIG, Citigroup, Merrill, and Lehman and many more were also supposedly under the watchful eye and jurisdiction of FINRA, but have all lined-up at the Federal Reserve for bailout money stemming from their practices...more lost wealth for investors.

Why should the American investor have confidence in FINRA's ability to oversee any other area of the financial service industry when these examples clearly reveal a breach in FINRA's current fiduciary role? Who oversees the overseer? In **Luke 16:10** (KJV) Jesus states, "He that is faithful in that which is least is faithful also in much: and he that is unjust in the least is unjust also in much." I think that passage can also apply to this situation nicely.

I respect the institution that is FINRA in its daunting task of serving as a "trusted advocate for investors, dedicated to keeping the markets fair, ensuring investor choice, and proactively addressing emerging regulatory issues before they harm investors or the markets" from your website. It is also in your mission to foster education to the investing public. Instead of trying to impose regulations on everyone for the transgressions of a few unethical advisors, why not focus on educating the masses - starting in our school systems?

I do not feel it is possible to regulate to protect against ignorance. With only 4 - 7% of the US population retiring above the official poverty line, the need for financial literacy training is apparent. (Social Security Bulletin, Vol. 65 No. 3, 2003/2004) Regulation will not overcome ignorance - Education will overcome ignorance. If FINRA would chose to focus on its education mission more rigorously, there would be less ignorance to protect against. An educated investor would be less likely to be naïve and succumb to the unscrupulous practices of those practitioners who do not follow the Know Your Customer Rule already woven into our industry.

In closing, I feel FINRA should concentrate its efforts on its existing missions of educating investors and promoting investor confidence. I do not feel it would be the best use of FINRA's limited resources to spread into other areas which already have oversight. Rather, FINRA could encourage policymakers to create and mandate financial literacy as part of the required curriculum to graduate from our taxpayer-funded education system. This would be in the scope of FINRA's authority and mission and help to bring about the type of reform we need.

Jeff Layne, CLU, ChFC
Sales Manager
Capitol Financial Solutions
3951 Westerre Parkway, Suite 400
Richmond, VA 23233

Office: (804)665-1561
Fax: (804)665-1553
Cell: (804)389-2231
Watts:(888)246-6706
Website: www.capitolfinancialsolutions.com

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