

Election Notice

District Elections and Ballots

Notice of FINRA District Committee Election and Ballots

Executive Summary

The purpose of this *Notice* is to inform firms of the upcoming election to fill vacancies on the FINRA District Committees and distribute ballots to the firms eligible to vote in this election. Firms that are members of FINRA as of the close of business on Tuesday, October 18, 2011, are eligible to vote for the seat corresponding to their district and firm size.

Firms are urged to vote in this election using one of the methods described in this *Notice*. In order for a ballot to be considered valid, the executive representative of the firm eligible to vote in the election must sign it. Ballots are due by Friday, November 18, 2011.

The candidates running for election are listed in Attachment A to this *Notice*. Information about each candidate is available at www.finra.org/notices/DistrictElection/101911.

The elected committee members will take office in January 2012.

A list of the current District Committee members is available at www.finra.org/districtcommittees.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and is posted on FINRA's website.

Questions concerning this *Election Notice* may be directed to:

- ▶ Marcia Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949, or via email to CorporateSecretary@finra.org; or
- ▶ Chip Jones, Senior Vice President, Member Relations, at (240) 386-4797, or via email to chip.jones@finra.org.

October 19, 2011

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Background

The FINRA District Committees serve an important role in the self-regulatory process by, among other things:

- ▶ alerting FINRA to industry trends that could present regulatory concerns;
- ▶ consulting with FINRA on proposed policies and rule changes; and
- ▶ serving on disciplinary panels in accordance with FINRA rules.

Committee members must have the experience, ability and commitment to fulfill these responsibilities, including:

- ▶ understanding the issues facing the securities industry and possessing the ability to apply knowledge and expertise to these issues to develop solutions;
- ▶ educating firms in their district on the responsibilities of FINRA;
- ▶ attending regularly and participating in a collegial manner in District Committee meetings; and
- ▶ remaining objective and unbiased, regardless of the interest of their firm, in the performance of District Committee matters.

Committee members also must adhere to the following prohibitions and restrictions:

- ▶ being sensitive to conflicts, such as those that can arise from firm-related work and service on industry committees, or as an expert witness, hearing panelist or arbitrator, and refraining from participating in a particular matter when a conflict exists;
- ▶ refraining from using membership on the District Committee for commercial purposes, for qualifying as an expert or suggesting special access to FINRA; and
- ▶ keeping sensitive, non-public or proprietary information confidential.

Changes to District Committee Composition

On May 4, 2011, the SEC approved amendments to FINRA Regulation's By-Laws to, among other things, adjust the size and composition of District Committees to align more closely with the industry representation on the FINRA Board of Governors and replace District Nominating Committees with a process of direct nomination and election based on firm size.¹

Candidate Nomination Process and Eligibility

All candidates who submitted their names and met the qualifications set forth in Article VIII, Section 8.2 of the FINRA Regulation By-Laws were included on their district's ballot.

In this election, the District Committees for Districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 11 each have three seats to fill: one representing small firms, one representing mid-sized firms and one representing large firms.² District 10 has five seats to fill: two representing small firms, one representing mid-sized firms and two representing large firms.

Firm size categories are:

- ▶ **small firm**—a firm that employs at least one and no more than 150 registered persons;³
- ▶ **mid-size firm**—a firm that employs at least 151 and no more than 499 registered persons;⁴ and
- ▶ **large firm**—a firm that employs 500 or more registered persons.⁵

Only one eligible candidate per vacancy submitted his or her name for consideration for the following seats:

- ▶ District 1 Small Firm Representative
- ▶ District 1 Mid-Size Firm Representative
- ▶ District 2 Small Firm Representative
- ▶ District 4 Mid-Size Firm Representative
- ▶ District 5 Mid-Size Firm Representative
- ▶ District 6 Mid-Size Firm Representative
- ▶ District 7 Small Firm Representative
- ▶ District 8 Mid-Size Firm Representative
- ▶ District 10 Small Firm Representative (two vacancies)

Therefore, because the candidates listed in the attachment for the above-listed seats are running unopposed, FINRA will not distribute ballots and the candidates will take office in January 2012.

Additionally, no candidates self-nominated for the following seats:

- ▶ District 3 Mid-Size Firm Representative
- ▶ District 9 Mid-Size Firm Representative
- ▶ District 10 Mid-Size Firm Representative
- ▶ District 11 Mid-Size Firm Representative

Therefore, in accordance with the by-laws, FINRA will not distribute ballots for these positions and individuals will be appointed to fill those slots.⁶ The committee members will be announced once the appointments have been made.

Ballots will be distributed for the following seats:

- ▶ District 1 Large Firm Representative
- ▶ District 2 Mid-Size Firm Representative
- ▶ District 2 Large Firm Representative
- ▶ District 3 Small Firm Representative
- ▶ District 3 Large Firm Representative
- ▶ District 4 Small Firm Representative
- ▶ District 4 Large Firm Representative
- ▶ District 5 Small Firm Representative
- ▶ District 5 Large Firm Representative
- ▶ District 6 Small Firm Representative
- ▶ District 6 Large Firm Representative
- ▶ District 7 Mid-Size Firm Representative
- ▶ District 7 Large Firm Representative
- ▶ District 8 Small Firm Representative
- ▶ District 8 Large Firm Representative
- ▶ District 9 Small Firm Representative
- ▶ District 9 Large Firm Representative
- ▶ District 10 Large Firm Representative
- ▶ District 11 Small Firm Representative
- ▶ District 11 Large Firm Representative

Terms of District Committee Members

The term for District Committee members is three years. There is no limit on the number of terms that a member of a District Committee may serve, except that a District Committee member may not serve two full terms consecutively. Terms of District Committee members will terminate if they do not remain eligible for the seat for which they were elected.

Those individuals elected or appointed in this election will serve three-year terms beginning on January 1, 2012.

Voting Eligibility

Firms that are members of FINRA as of the close of business on Tuesday, October 18, 2011, are eligible to vote for candidates running for the seat corresponding to their firm size in the district in which it has its principal office or one or more registered branch offices as indicated in the Central Registration Depository®.

Ballots have been mailed, along with a copy of this *Notice*, to the executive representatives of those firms eligible to vote in this election. Detailed voting instructions are included on the ballots.

Voting Methods

Firms will be able to vote by telephone, the Internet or by U.S. mail. The ballot sent to eligible firms contains detailed instructions on the submission procedures. Ballots are due on Friday, November 18, 2011.

Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address in the FINRA Contact System. This will ensure that important mailings, such as election information, are properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.

To update an executive representative name, mailing address and email address, firms may access the FINRA Contact System, via the Firm Gateway, at <https://firms.finra.org/fcs>. For assistance updating FCS, contact FINRA's Call Center at (301) 590-6500 or the Office of Corporate Secretary at (202) 728-8949.

Endnotes

1. See Securities Exchange Act Release No. 64363 (April 28, 2011), 76 FR 25397.
2. The By-Law change adjusts the composition of the District Committees over a three-year transition period to align more closely with the industry representation by firm size on the Board of Governors. All District Committees except District 10 (New York) are adjusted from nine to seven members and District 10 is adjusted from 12 to 14 members. All currently serving District Committee members will serve out their original terms. Vacancies since the last election will not be filled because they entail partial terms that were not elected based on firm size.
3. See Article I (jj) of the FINRA Regulation By-Laws.
4. See Article I (aa) of the FINRA Regulation By-Laws.
5. See Article I (y) of the FINRA Regulation By-Laws.
6. See Article VIII, Sec. 8.8 of the FINRA Regulation By-Laws.
7. Under NASD Rule 1160, firms must 1) update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as 2) review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period agreed to by FINRA staff. See NASD Rule 1160 and *Regulatory Notice 07-42* (September 2007).

Attachment A—Candidates for District Committee Seats

Information about each candidate is available at www.finra.org/notices/DistrictElection/101911.

District 1: *Northern California (the counties of Monterey, San Benito, Fresno and Inyo, and the remainder of the state north or west of such counties), northern Nevada (the counties of Esmeralda and Nye), and the remainder of the state north or west of such counties) and Hawaii*

Small Firm Representative Candidate

- Alan Carlisle, Director of Supervision, Hanson McClain

Mid-Size Firm Representative Candidate

- Stephen Chipman, President & CEO, Foothill Securities, Inc.

Large Firm Representative Candidates

- Bill Hatcher, PCG Regional President, Wells Fargo Advisors, LLC
- Scott D. Rash, Sr. Vice President /Complex Manager, Morgan Stanley Smith Barney

District 2: *Southern California (that part of the state south or east of the counties of Monterey, San Benito, Fresno and Inyo), southern Nevada (that part of the state south or east of the counties of Esmeralda and Nye) and the former U.S. Trust Territories*

Small Firm Representative Candidate

- Cynthia Aragon, Chief Compliance Officer/General Counsel, WestPark Capital, Inc.

Mid-Size Firm Representative Candidates

- Houston A. Goddard, Chief Compliance Officer and General Counsel, Girard Securities, Inc.
- Ann M. Doty-Mitchell, Operations Manager/Compliance, Crowell Weedon & Co.
- Dennis DeYoung, CFP, Branch Manager, Financial West Group

Large Firm Representative Candidates

- David Altshuler, Marketing Manager, Wells Fargo Advisors, LLC
- Frank W. Epinger, Senior Vice President/ Complex Manager, Morgan Stanley Smith Barney
- Kathleen D. VanNoy-Pineda, Executive Vice President and Brokerage Chief Compliance Officer, LPL Financial

District 3: *Alaska, Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, Washington and Wyoming*

Small Firm Representative Candidates

- Adam M. Carmel, President, Larimer Capital Corporation
- Chester Hebert, President & CEO, Colorado Financial Service Corporation
- Sabine Koenig, Compliance, Operations, Martin Nelson & Co., Inc.
- Paige W. Pierce, CEO, RW Smith & Associates, Inc.

Large Firm Representative Candidates

- Bernard A. Breton, VP and Chief Compliance Officer, Multi-Financial Securities Corp.
- Mary K. Simonson, Vice President, Chief Compliance Officer, SagePoint Financial, Inc.
- Lance Wells, Compliance Director, Metropolitan Life Insurance Company

District 4: *Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota*

Small Firm Representative Candidates

- J. Daniel Stepp, Managing Director—CEO, Central States Capital Markets, LLC
- Michelle Timm, Operations Team Lead, DeWaay Financial Network

Mid-Size Firm Representative Candidate

- Chad Estep, Chief Compliance Officer, Century Securities Associates, Inc.

Large Firm Representative Candidates

- Chris Cokinis, Vice President and Chief Compliance Officer, ING Financial Partners
- Diane Gabriel, Managing Director, Wells Fargo Advisors, LLC
- Terry L. Lister, Senior Vice President and Chief Regulatory Officer, Waddell & Reed, Inc.
- Ann C. McCague, Managing Director—Chief Compliance Officer, Piper Jaffray & Co.
- Jeremy Michelman, Principal/Compliance, Edward Jones

District 5: *Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Tennessee*

Small Firm Representative Candidates

- Carolyn May, CCO/Advisory Director, Simmons First Investment Group, Inc.
- Phillip H. Palmer, President / Owner, First Independent Financial Services, Inc. and Affiliates
- Sarah Sherck, Managing Director, Equity Research and Chief Compliance Officer, Avondale Partners

Mid-Size Firm Representative Candidate

- Rush F. Harding III, Chief Executive Officer, Crews & Associates, Inc.

Large Firm Representative Candidates

- Andrew C. Black, Jr., Senior Vice President/Complex Manager, Morgan Stanley Smith Barney
- Patrick Dogan, Chief Compliance Officer, Sterne, Agee & Leach, Inc.
- Jay Hoyle, Market Manager, Wells Fargo Advisors, LLC

District 6: *Texas*

Small Firm Representative Candidates

- Darla K. Bartkowiak, SVP/Chief Compliance Officer, Amherst Securities Group, LP
- Glenn S. Martini, OSJ Manager, VFG Securities, Inc.

Mid-Size Firm Representative Candidate

- David W. Stringer, President, Prospera Financial Services, Inc.

Large Firm Representative Candidates

- Trip Bomar, Market Manager, Wells Fargo Advisors, LLC
- Mitzi Hallmark, Vice President/Compliance Manager, Merrill Lynch, Pierce, Fenner & Smith, Incorporated
- Daniel J. Hughes, Senior Vice President, Complex Manager, Morgan Stanley Smith Barney
- Christine L. Staib, Branch Manager/President—Staib Wealth Management, LPL Financial

District 7: *Georgia, North Carolina and South Carolina, Florida, Puerto Rico, Panama and the Virgin Islands*

Small Firm Representative Candidate

- Jim R. Webb, President/CEO, Cape Securities Inc.

Mid-Size Firm Representative Candidates

- Richard K. Bryant, President & CEO, Capital Investment Group, Inc.
- Beth E. Burns, Director of Compliance, Synovus Securities, Inc.
- Fred G. Fram, Executive Vice President, Compliance and Operations, Summit Brokerage Services
- Brian Kovack, Esq., President, Kovack Securities, Inc.

Large Firm Representative Candidates

- Michael Higgins, Complex Manager, Morgan Stanley Smith Barney
- Ken Muraoka, Senior Vice President, Compliance, Advisor Group/FSC Securities

District 8: *Illinois, Indiana, Kentucky, Michigan, Ohio and Wisconsin*

Small Firm Representative Candidates

- Gina Bokios, Senior Vice President and General Counsel, Regal Securities, Inc.
- Joseph Novak, Esq., CAO, Incapital LLC
- J. Lawrence Taunt, President, Regulus Advisors LLC

Mid-Size Firm Representative Candidate

- Lynn Goebel, Chief Compliance Officer, ValMark Securities, Inc.

Large Firm Representative Candidates

- Erwin J. Dugasz, Jr., Managing Counsel, Nationwide Investment Services Corporation
- Robert Samson, Market Manager, Wells Fargo Advisors, LLC
- Norman R. Sherman, Chief Compliance Officer, Horace Mann Investors, Inc.
- Enrique M. Vasquez, President and CEO, Genworth Financial Securities Corp.

District 9: *New Jersey and New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City) Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia*

Small Firm Representative Candidates

- Victoria Bach-Fink, CEO/CFO, Wall Street Financial Group, Inc.
- Robert L. Palleschi, Chief Compliance Officer, Sumridge Partners, LLC
- Terri F. Rumans, Chief Compliance Officer, Sage Ruddy & Co., Inc.

Large Firm Representative Candidates

- Mark R. Hastings, Chief Compliance Officer, Prudential Investment Management Services LLC
- Nancy L. Heffner, Director of Compliance, Lincoln Investment Planning, Inc.
- John M. Powers, SVP/ Complex Manager, Morgan Stanley Smith Barney

District 10: *New York (the counties of Nassau and Suffolk, and the five boroughs of New York City)*

Small Firm Representative Candidates

- Myles J. Edwards, General Counsel and Chief Compliance Officer, Constellation Wealth Advisors LLC
- David M. Sobel, Esq., EVP/CCO, Abel/Noser Corp.

Large Firm Representative Candidates

- John R. Campbell, Complex Manager, Morgan Stanley Smith Barney
- Joseph Neary, Chief Compliance Officer, Royal Alliance Associates, Inc.
- Douglas G. Preston, SVP, Compliance Executive, Merrill Lynch, Pierce, Fenner & Smith, Incorporated

District 11: *Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont*

Small Firm Representative Candidates

- Leonid Berline, Executive Vice President and Chief Compliance Officer, Winslow, Evans & Crocker, Inc.
- John I. Fitzgerald, Managing Director—Legal and Compliance, Leerink Swann LLC

Large Firm Representative Candidates

- John Cataldo, Chief Compliance Officer, Investors Capital Corporation
- James Connors, Market Manager, Wells Fargo Advisors, LLC
- Gary Klein, Executive Vice President and Deputy General Counsel, LPL Financial
- Robert Malenfant, Complex Manager, Morgan Stanley Smith Barney
- Victoria Olson, Compliance Officer, Prudential Annuities Distributors
- Paul J. Tolley, Chief Compliance Officer, Commonwealth Financial Network