

Election Notice

Notice of Election and Ballots for FINRA Small Firm NAC Member Seat

Ballots Due: November 14, 2014

Executive Summary

The purpose of this *Election Notice* is to notify small firms of the election for the open National Adjudicatory Council (NAC) Small Firm seat and to distribute to eligible FINRA small firm members the ballots to vote for a Small Firm NAC Member.

Small firms are urged to vote in this election. In order for a ballot to be considered valid, it must be signed by the executive representative of the small firm eligible to vote in the election. Small firms that are members of FINRA as of the close of business on October 14, 2014, will be eligible to vote.

Ballots must be returned no later than November 14, 2014.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at www.finra.org/notices/NACElection/101514. Executive representatives should circulate this *Notice* to their firms' branch managers.

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

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Paul Robichaux, Governance Analyst, Office of the Corporate Secretary, at (202) 728-8949.

October 15, 2014

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters, considers appeals of membership proceedings, exercises exemptive authority and acts in other proceedings as set forth in the Code of Procedure.

Composition of the NAC

The NAC comprises fourteen members—seven industry members and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two at-large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

The Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

Candidates for Small Firm NAC Member

In July 2014, FINRA's Nominating and Governance Committee elected not to nominate a small firm candidate, instead allowing eligible individuals to petition for inclusion on the ballot for election.

Three individuals submitted the requisite number of valid petitions for inclusion on the ballot as Small Firm NAC Member candidates:¹

- ▶ Stephen Kohn—President/CEO, Stephen A. Kohn & Associates, Ltd.
- ▶ Melinda (Mimi) G. LeGaye—President, Moody Securities, LLC
- ▶ Steven L. Thornton—Principal and the Financial and Operations Principal, WBB Securities

Profiles of the Small Firm NAC Member candidates are included in Attachment A.

Term of Office

NAC members hold office for three-year terms. The FINRA Board will appoint the elected Small Firm NAC Member to a three-year term beginning January 1, 2015.

Voting Eligibility

Firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, only small firms may vote in this election for a Small Firm NAC Member candidate.

The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible small firms will receive a ballot containing the candidates for the vacant Small Firm NAC Member seat.

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 FINRA's records. This will ensure that important mailings, such as election information, will be 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's 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 information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Voting Methods

Small firms will be able to submit ballots by U.S. mail. The ballot sent to eligible small firms contains detailed instructions on the submission procedures. Ballots must be postmarked on or before November 14, 2014.

Endnotes

1. Pursuant to Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated by the Nominating and Governance Committee may be included on a ballot if he or she is eligible to hold an open seat and obtains the requisite number of petitions in support of his or her nomination from members entitled to vote (based on firm size classification) for such nominee's election.
2. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as 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 that may be agreed to by FINRA staff. See NASD Rule 1160 and [FINRA Regulatory Notice 07-42](#) (September 2007).

Attachment A – Profiles of Petition Candidates for the Small Firm NAC Member Seat

Stephen Kohn—President/CEO, Stephen A. Kohn & Associates, Ltd.

Melinda (Mimi) G. LeGaye—President, Moody Securities, LLC

Steven L. Thornton—Principal and the Financial and Operations Principal, WBB Securities

Stephen Kohn President/CEO, Stephen A. Kohn & Associates, Ltd.

I have been employed in the financial services industry since 1984.

Founded in 1996, I own and operate a FINRA member firm, Stephen A. Kohn & Associates, Ltd. (SAKL) located in Lakewood, Colorado. SAKL is a small, independent broker-dealer, catering to the needs of 28 independent representatives with office locations in seven states. As an owner and operator, I oversee all aspects of the broker-dealer, including, but not limited to compliance, trade execution, recruiting and day-to-day operations.

At various stages of my career in the financial services industry, there were fleeting moments of tenure with both large and small firms. Of all the firms at which I have been employed, SAKL is one of two that are still in business.

Being the owner of a small broker-dealer provides the perfect, if not, ultimate qualification for serving on the National Adjudicatory Council (NAC). No one can better represent small broker-dealers than a small broker-dealer owner.

As such, I was elected by the small firm FINRA members in 2009 and served as your small firm representative on the NAC from 2010 through 2012. The NAC, among other responsibilities, hears matters of appeal, to enforcement actions, from the FINRA membership. I also serve as a FINRA industry arbitrator.

In 2010, on behalf of the small firm membership, I met with the entire PCAOB Board and staff to point out the negative effects of sharply rising small firm auditing fees upon broker-dealers. The net effect could ultimately force smaller broker dealers out of business. Fewer firms would drastically reduce the public's options on where to conduct their investing business. The result of that meeting was that the PCAOB would welcome information of exorbitant fee increases and sanction any auditor that blindly overstepped ethical fee increases. As president of the Independent Broker-Dealer Association, I reported the result of that meeting to the small firm membership, encouraging them to report abuses to the PCAOB.

I hold the following securities licenses: Series, 7, 24, 53, 63, 72, 73, 79 and 99.

I graduated from C.W. Post College in 1964 with a Bachelor of Arts degree. I have served in the U.S. Coast Guard Reserve.

Melinda (Mimi) G. LeGaye
President, Moody Securities, LLC

Melinda (Mimi) G. LeGaye, president of both Moody Securities, LLC and MGL Consulting, LLC has 30 plus years experience representing the interests of small broker-dealers having held the positions of president, CCO and FINOP for several small broker-dealers. She currently serves as president of Moody Securities, LLC and as FINOP and a registered representative for Silver Portal Capital, LLC.

Prior to forming MGL, Ms. LeGaye served as CCO of Horne Securities Corp. a broker-dealer which was formed to distribute Reg D private placements of real estate limited partnerships. During the early 1980s to late 1980s, she served on the Regulatory Affairs Committee and as president of the local chapter of the Real Estate Securities & Syndication Institute (RESSI) which was an affiliate of the National Association of Realtors. Ms. LeGaye is actively involved with ADISA (formerly Real Estate Investment Securities Association, aka REISA).

As a consultant, Ms. LeGaye has worked primarily with small and mid-size broker-dealers, but she has also worked with many larger broker-dealers providing clearing services to introducing broker-dealers. Having served as president, CCO, FINOP, General Securities Principal, and Municipal Securities Principal for various broker/dealers since the mid 1980's, Ms. LeGaye has worked extensively with retail and institutional broker-dealers, as well as boutique broker-dealers which provide investment banking, mergers & acquisitions advisory services, or which conduct business in the wholesale/retail distribution of Reg D Private Placements, non-traded REITs or 1031 Exchange Programs. As a municipal securities principal she worked for a small minority enterprise broker-dealer which was involved in municipal bond underwritings, capital raising and financial advisory activities.

As president, CCO, FINOP and a small business owner, Ms. LeGaye has first-hand experience and an in-depth understanding of the challenges FINRA small firm members (less than 150rrs) face on a day to day basis.

Ms. LeGaye holds the Series 7, 24, 27, 53, 63, 79 and 99 registrations. She has previously held the Series 22, 39 and 3 registrations as well. She received her BBA from Sam Houston State University. An advocate for small broker-dealers and sensitive to the compliance, operational and regulatory challenges they face, she has spoken at numerous industry seminars and compliance programs over the years on topics ranging from supervision of independent brokers; surveillance using exception reports; compliance testing for small firms; product due diligence; and most recently the IMN Crowdfunding Conference for Real Estate held in September 2014.

Steven L. Thornton

Principal and the Financial and Operations Principal, WBB Securities

Mr. Thornton has over 20 years of securities compliance, auditing and accounting experience. Mr. Thornton is a principal and the FINOP for WBB Securities. In addition to Mr. Thornton's responsibilities with WBB Securities, Mr. Thornton is the president of Thornton & Associates, LLC which is a national compliance consulting firm. He specializes in the areas of general compliance, net capital regulation, general accounting practices, Anti-Money Laundering, FINRA New Member Applications and Continuance in Membership Applications. Mr. Thornton has extensive experience with SEC, NASD, FINRA and MSRB rules and regulations. Over the last 12 years, Mr. Thornton has been registered with over 56 broker-dealers as a Financial and Operations Principal as well as a General Securities Principal and Chief Compliance Officer. He is the author of the supervisory manual for broker-dealer procedures used by hundreds of firms.

In 2009 Mr. Thornton was elected to the FINRA District 2 Committee (Southern California). While on the committee he served as a hearing panelist for FINRA actions. He currently is on the Board of Directors for the National Association of Independent Broker Dealers. Thornton & Associates supervises firms and operations in California, Massachusetts, Nevada, New York, and Pennsylvania.

Prior to forming Thornton & Associates, LLC, Mr. Thornton held a position as a senior compliance examiner with the National Association of Securities Dealers (NASD Regulation, Inc.) While with the association, he was a member of the NASD Regulation Examination Committee where he assisted in the development of trading and market making audit procedures and the restructuring of the new-hire regulatory training program. He received national recognition as the recipient of the prestigious NASD President's Award for Outstanding Service as a securities examiner.

Mr. Thornton served in the United States Marine Corps as an infantryman from 1989 – 1995 and is a veteran of Operation Desert Shield/Storm.

After his military service, Mr. Thornton received his Bachelor of Science Degree from California State University, Northridge with a major in Finance. He currently speaks at compliance seminars for securities compliance professionals, and has testified as an expert witness in Orange County Superior Court.