

Small Firm Candidates Questions and Answers

As described in [Election Notice 7/9/14](#), FINRA will conduct its annual meeting of firms on Thursday, August 14, 2014, to elect individuals to fill one small firm seat and one large firm seat on the FINRA Board of Governors. To help small firms make an informed decision and help candidates promote their platforms, the Small Firm Advisory Board (SFAB) invited the four small firm governor candidates to voluntarily answer five questions. FINRA is publishing the candidates' answers below.

- [Mark Cresap, President and Owner, Cresap, Inc.](#)
- [Karen Fischer, Financial and Operations Supervisor and Chief Compliance Officer, BG Strategic Advisors, LLC](#)
- [Paige W. Pierce, President and CEO, RW Smith & Associates, Inc.](#)
- [Carrie Wisniewski, President, Bridge Capital Associates, Inc.](#)

Mark Cresap President and Owner Cresap, Inc.

- 1. Please tell a bit about yourself, your business and your experience in the securities industry, including any FINRA committees, industry organizations and any outside activities, which qualify you for this role.**

I founded Cresap Inc. in 1990 and am sole owner and President. In addition, I am the firm's FINOP, CCO and Supervising Principal for General Securities, Municipals and Options. We have forty registered representatives and are also an SEC Registered Investment Advisor. Previously, I ran the broker/dealer subsidiary of a large Philadelphia Insurance company where I had responsibility for 1500 registered representatives and established one of the first general securities clearing arrangements for an insurance affiliated broker/dealer.

I began working with FINRA (then NASD) in 1998 on the District Committee which I chaired in my final year. I then chaired the District Nominating Committee and served on the Membership Committee. In 2009, I joined the FINRA Small Firm Advisory Board which I chaired in my final year.

- 2. What qualities do you possess that you believe will be a positive influence at the board level?**

As a firm owner, I empathize with small firm executives who struggle with the strain of regulation while trying to operate a successful business. After 33 years running two broker/dealers, where in each instance the line of responsibility came directly to me, I very well know what it's like to feel the sting of overregulation. The pendulum of regulation, particularly as it relates to small firms, has swung too far in the wrong direction. This is the message I would like to carry to the Board.

- 3. What do you believe are issues of current importance to small firms, and what do you think, as Governor, you can do to effect those issues?**

Most small firms share serious concerns about the costs of regulation and the way examinations are conducted. In addition, there are strong feelings about BrokerCheck, PCAOB audits and the threat that CARDS poses, to name a few troublesome issues. It is certainly worth pushing back on a rule-by-rule basis, but the greater goal is to achieve truly risk based regulation. We all hope for an environment in which small firms feel the presence of regulation but are not oppressed by it. The real mission is to strive for a change in mindset. It is easier for

examiners to occupy your office for two weeks as opposed to taking on a large bank given their complexity and industry clout. We must work constantly to resist this bureaucratic tendency.

4. **Are there any initiatives for small firms that you would like to start and champion and, if so, what do you think it would take to make them happen?**

In the Philadelphia area, for example, there are many small firms but we never get together as a group to discuss our issues. A process whereby small firms meet regularly within FINRA Districts would produce prioritized issues that could be brought to the District Director or the Small Firm Advisory Board. Right now there is very little coordinated effort to engage small firms within each District. While the Small Firm Advisory Board is very effective on a national basis, this sort of regional activity could contribute greatly to improved regulation by directly involving more small firms.

5. **We have four great candidates for Governor, what makes you the best of all the candidates?**

Regulation is not an abstract concept with me. Having run two broker dealers for 33 years continuously, I have felt the force of regulation in many different ways, with some truly memorable episodes. As a small firm owner, the anxiety that regulation can cause is all too familiar to me. This personal experience combined with my work within FINRA over the years will make me a forceful and credible advocate for small firms.

Karen Fischer
Financial and Operations Supervisor and Chief Compliance Officer
BG Strategic Advisors, LLC

1. **Please tell a bit about yourself, your business and your experience in the securities industry, including any FINRA committees, industry organizations and any outside activities, which qualify you for this role.**

I am a college graduate with a degree in accounting. I have been in the securities industry since 1987, and have series 7, 27, 24, 79, and 99. I am currently registered as a compliance and/or Finop officer for multiple small broker dealers. I have completed many successful New Membership Applications, CMA applications, written and updated supervisory procedures and AML procedures. I provide independent AML testing for several BD's. I am a Securities Industry Arbitrator and have been on many Disciplinary Hearing Panels and have completed the course for Securities Mediator.

I was a member of the District 7 Conduct Committee Conduct Committee, a member of the NSCP. I have been very active in NASD/FINRA programs. I was a participant in the "ARM", seminars involved in the development of the CRD system and meeting with many state regulators. I was part of the test pilot for the program and I was recently part of a panel discussing bringing the regulatory CE program in house instead of going to a testing center. I am also part of the "Focus" group where we discuss, but not limited to, issues of concern, new regulations and hot topics., spoken at several trade groups such as FSX and LIMRA and am currently on the Board of Directors of the Independent Broker Dealer Association. At the end of this year I will have completed my three year term on the National Adjudicatory Council, that you have honored me with, as a small firm member.

2. **What qualities do you possess that you believe will be a positive influence at the board level?**

I believe that from serving on all these committees and panels I have an understanding of what FINRA wants and needs to hear, and how they want to have the membership behave; giving me the insight into how the best way to approach a topic with them would be in order to get results we are looking for.

I believe I have the ability to discuss issues with representatives of FINRA, such as; how new (and oft times over zealous) regulations, numerous forms to fill out, and more rules to follow that have no bearing on our business, are affecting small firms and be able to do it in a professional manner. My experience on the NAC has taught me how to work with extremely intelligent people, how to negotiate and how to get my opinion, (and ultimately your opinion), heard.

3. What do you believe are issues of current importance to small firms, and what do you think, as Governor, you can do to effect those issues?

Some of my issues are, but not limited to, the costs to be a member, overbearing regulation, one size fits all rulebook, concern that members are afraid to speak up, abuse of the 8210 process, and for some too many audits in a short period of time. In communicating with the members, some of the issues of concern that I would want to address to the Board is the PCAOB audit that is really geared to Public Companies, issues that arise at a FINRA audit, such as customer protection rules which could be dealt directly with the clearing firm. Some members have complained about the regulators not understanding their business, making the audit very frustrating, or that the regulators do not have to have a securities license, which could contribute to why they do not understand the business. The first step to getting any action is to bring up the issue. As many members already know, I have done that many times, many times with success. I was told that I have been called a "straight shooter" and that is the way I will be on the Board. Again, I must emphasize that the important issues are yours, and I will be representing you.

4. Are there any initiatives for small firms that you would like to start and champion and, if so, what do you think it would take to make them happen?

I would like to get small firms more involved in the membership, without having to become part of a committee etc. There should be more opportunity for networking, more local meetings on a peer level and then the ability to bring the membership concerns to the right source for action. Telecommunication is the way of the world today. Having these meetings via the computer and telephone would get more participation and then from there maybe local personal meetings could evolve. There must be membership participation to get change. Right now, the first step would be to be sure you vote. If you don't vote then you don't have a say in who is representing you.

5. We have four great candidates for Governor, what makes you the best of all the candidates?

My unique experience in the industry will make me the best candidate. Not being from "one firm", I have been exposed to many different facets of the securities business. I have had interactions with many districts and executives. As an arbitrator and a member of the NAC, I have deep understanding of the disciplinary process from what can get you into a situation and what possible resolves there are for you. I have successfully helped many new applicants become members, and many existing members go through a change of membership. This process provided me with tremendous insight into what FINRA is looking for in a member. Most of all, the fact that I have contact with many of you and listen to what your issues and grievances are, I feel I can be the kind of Board Member that will represent YOU. I will be there for YOU. As many of you already are aware, I take your concerns seriously and believe that my issues should be secondary to YOURS as your representative on the Board.

Paige W. Pierce
President and CEO
RW Smith & Associates, Inc.

1. Please tell a bit about yourself, your business and your experience in the securities industry, including any FINRA committees, industry organizations and any outside activities, which qualify you for this role.

I have been in the investment industry for over 30 years.

I began as a ticket entry clerk at PaineWebber and have worked my way up steadily throughout the course of my career to the position of CEO. I have worked at both large and small firms, have broker-dealer, dealer bank, investment advisory and interdealer broker experience, with a product background of taxable and tax-exempt fixed income (trading, underwriting, sales, compliance, risk management, operations, information technology, human resources, financial control and business & product development). In addition to starting, running, and selling companies, I enjoy the challenge of turning around troubled small firms or divisions of large companies and have done all of these things in my career.

Regulatory, Legislative and Association Experience.

- Presently represent the Small Firm sector on FINRA's National Adjudicatory Council (the appellate court for cases FINRA brings against members/firms);
- Current member of the FINRA Fixed Income Committee;
- Served a 3-year term on the FINRA District 3 Committee (Chair 2010-11);
- Serve as a hearing panelist for cases brought by or through FINRA;
- Actively serve as a member of the SIFMA Small Firms Advisory Committee, Municipal Executive Committee, Municipal Broker's Broker Committee (Chair 2008-11), and the Emergency Markets & Calendar Committee;
- Advocate for small firm issues on Capitol Hill, as well as represent Small Firms in Municipal and Credit Markets meetings with the Federal Reserve Chairman;
- I am a frequent speaker and panelist at industry events.

2. What qualities do you possess that you believe will be a positive influence at the board level?

Leadership. The Naval Academy teaches the five pillars of leadership are Competence, Character, Commitment, Courage and Compassion. I have worked steadfastly to develop these five traits because I do not happen to believe that leaders are born, I believe leadership skills are forged one life experience at a time. I would add Competitive to this list too because, as a fierce competitor myself, I believe this quality is the sixth component of leadership and is a key driver of excellence. I commit to you to bring my competence, character, commitment to small firms, courage to fight the fight at every level, compassion and competitive spirit to the board, with the specific and deliberate intention to impact people, issues and events.

Accountability. Good leadership involves responsibility to the welfare of the group, which means when meeting that duty some people on the other side of the table will get angry. It is inevitable, if you're honorable. Trying to get everyone to like you is a sign of mediocrity; you will avoid the tough decisions and you will avoid confronting the people who need to be confronted. I do not suffer from the affliction of needing to be liked, I would rather be listened to and respected. The responsibility of being accountable to the small firm membership will remain my focus at all times.

Passionate and Relentless. Ask anyone who knows me. I can do this job and, if elected, I will do it well.

3. **What do you believe are issues of current importance to small firms, and what do you think, as Governor, you can do to effect those issues?**

Where do I stand on key issues? I stand on the side of Small Firms.

Small firms are the majority members, but still have a minority voice. I want to change this by bringing a strong, well-respected voice to the board.

Fees and regulatory expenses. FINRA, MSRB, SIPC, PCAOB, GASB, AML, STATE TAXES, FEDERAL TAXES, AND MORE -- **ENOUGH IS ENOUGH!** All of these expenses are crushing us, I am fed up (!) and I want to use this board position to bring this conversation to the forefront in every meeting I participate in.

The endless stream of regulations coming out of Washington needs to end. Small firms are going out of business in large part because it has become almost impossible to remain in compliance with the burgeoning rule sets from various regulatory bodies. Something must be done about this and one of the key places to start is on this board.

FINRA member firms, especially small firms, need appropriate rule exemptions based on individual business models. The one-size-fits-all approach to current regulation does not work and the fix to this requires immediate attention.

When working for a regulator provides more income and security than working in the industry being regulated something is wrong. It incentivizes rulemaking for rulemaking's sake, which then crushes small companies, resulting in immeasurable harm to both markets and customers, most especially retail customers.

Are there additional issues to be addressed? Absolutely, but these are some at the top of my list.

4. **Are there any initiatives for small firms that you would like to start and champion and, if so, what do you think it would take to make them happen?**

In addition to the weighty work listed above, I want to work with FINRA on the matter of small firm representatives on the NAC and the Board being able to communicate directly with our small firm member constituencies about the work we are doing on their behalf. The Confidentiality Agreement we are required to sign eliminates any chance of speaking directly to firms about the good work that is being done by their representatives and the ongoing challenges that we face on this council and board. In this age of transparency, it is incumbent upon us to pull back the curtain on what goes on in these very important and influential rooms to better inform small firm members.

I was one of the catalysts to improve the current voting process, but I would like further improvements to the nomination and election process of Small Firm Seat positions on the NAC and Board of Governors. These elections interrupt small firms' production days, are inefficient for both the candidates and executive reps and need to be amended immediately.

I intend on coordinating small firm meetings with the individuals at FINRA who run, specifically but not exclusively, the divisions responsible for the auditing and enforcement of member firms. It has come to my attention in meetings that there is a disconnect between senior executives at FINRA and what they believe is happening in the field verses what is actually happening in the field, as experienced regularly by small firms across the country.

5. **We have four great candidates for Governor, what makes you the best of all the candidates?**

My spectrum of knowledge and background in this industry encompasses many facets and I bring a knowledge base that supplements and will improve that of the current BOG.

Our work in the financial industry is rooted in the best of the big ideas on which our nation is founded - capitalism, commerce, free trade. We help to deliver on the American ideal of creating a better life by helping to keep our nation's financial engines moving. Being on the front lines every day is tough and competitive, but we are banded together in our commitment to preserving and protecting our way of life for the future.

But what good is an idea unless it is backed by a promise anchored in principles of integrity, responsibility, and hard work? If elected to the Board, I will be your anchor and your advocate. Final thought: We are under attack, plain and simple; our companies, our livelihoods and our ideals are all under attack. There are over 1000 fewer small firms today than there were a few years ago, the regulatory environment has regressed to being adversarial and aggressive, the costs of doing business in our industry are suffocating, intimidation is too often the tool levied against us by our regulators, and regulations are being pumped out at an alarming rate. We need leaders who are passionate, determined and unafraid to take on these critical issues (and more), I am one of these leaders.

Carrie Wisniewski
President
Bridge Capital Associates, Inc.

- 1. Please tell a bit about yourself, your business and your experience in the securities industry, including any FINRA committees, industry organizations and any outside activities, which qualify you for this role.**

I have over 29 years of securities industry experience, have earned my MBA degree in Finance and hold numerous industry designations including Certified Fraud Examiner, Certified Financial Crimes Specialist, Certified Regulatory Compliance Professional, Certified Securities Compliance Professional™ and Certified Financial Planner™. I also maintain several FINRA licenses including the 4, 7, 24, 27, 28, 53, 63, 79 and 99.

I am a former NASD Senior Examiner from the Atlanta District Office. I resigned in 1994 to build a compliance consulting enterprise known as B/D Compliance Associates, Inc. I founded the company almost overnight because I was unhappy going into member firms several times a year to judge their overall compliance in hindsight; it just didn't seem fair. I decided consulting would give me the opportunity to educate member firms on the myriad rules and regulations and help them stay compliant on a proactive basis. Over the last 20 years I have helped hundreds of broker/dealers and RIAs with all aspects of regulatory compliance. In 2007 I formed Bridge Capital Associates, Inc., a broker/dealer specializing in M&A transactions and investment banking. I continue to serve as the Executive Representative and owner of Bridge Capital. Bridge Capital has 12 branches across the country.

I have recently served on the FINRA District 7 Committee and was a board member of the National Association of Independent Broker/Dealers. I am currently a member of the National Society of Compliance Professionals, where I serve on the Small Broker/Dealer Sub-Committee.

- 2. What qualities do you possess that you believe will be a positive influence at the board level?**

I am very outspoken and confident enough to discuss my views with all levels of staff and executives within organizations without the fear of rejection or reprimand. Some members may

feel intimidated about questioning a regulator on the effectiveness of a rule or the logic behind a proposed rule. Maybe it's because I used to work at FINRA, but I am quite comfortable speaking my mind and proposing solutions that would create a win-win outcome between balancing investor protection with overall broker/dealer profitability. I also have a proven track record of developing action plans and following through to achieve goals. It is one thing to stand up at a board meeting and grumble or propose a change, the real question is whether a board member can see it through by her actions.

3. **What do you believe are issues of current importance to small firms, and what do you think, as Governor, you can do to affect those issues?**

The biggest issue facing my constituency is mounting regulatory expenses. The costs of running a FINRA member firm have grown exponentially over the last several years and profit margins have been shaved even thinner as a result. During the most recent economic downturn, hundreds of small broker/dealers went out of business or were taken over by larger firms. In the same period of time, FINRA fees increased across the board from annual assessments to the cost to sit for an exam. This has created a cycle where regulatory fees continue to increase and the number of small firms continues to decrease.

The small broker/dealer community is the backbone of our country's ability to provide liquidity in all types of securities in the United States. If we allow ourselves to get into a situation where only a handful of large broker/dealers exist we will be in the "too big to fail" crisis right along with the banks. Small broker/dealers are critical for providing excellent customer service, education and access to the markets for investors who might otherwise not have access to a qualified broker based on their geographic location.

I would like to see unnecessary member expenses eliminated by assessing the need for various regulatory filings and member fees based on a firm's unique business model. A prime example is Form Custody. Very few firms actually maintain custody, yet every firm has to submit the filing. It's a waste of time and resources that would be better spent with our customers.

4. **Are there any initiatives for small firms that you would like to start and champion and, if so, what do you think it would take to make them happen?**

I have two words. User. Friendly.

FINRA is a self-regulatory organization, so I'd like to put the 'self' back into our SRO. FINRA should be helping us, not educating the investing public as to what a bunch of crooks we are. I think we need to turn around FINRA's education initiative to provide at least as much education to its members as it provides for the investing public.

My first idea is to make the FINRA Annual Conference more meaningful by having more panelists from the industry instead of from FINRA staff. I've sat through countless sessions where staff members read Regulatory Notices verbatim without shedding any light on the best practices to develop the policies and procedures necessary to comply with the Notice. I would like to see labs and break-out sessions where members get together and share knowledge and ideas in conjunction with FINRA staff.

Second, I would like to develop a WSP template that could be posted on FINRA's website for use by registered firms. I think FINRA has been hesitant to provide a template in the past because they're afraid it will be used as a cookie-cutter set of procedures and not customized

for each specific firm. Quite frankly, I give us a lot more credit than that and think it would be a wonderful addition to the other templates that are already provided.

5. **We have four great candidates for Governor, what makes you the best of all the candidates?**

I am a results-driven small business owner with extensive industry experience on both the regulatory and street sides of the aisle. We need a board representative who understands that overall regulation is for the greater good of the investing public, but that we are all in for-profit businesses. I am passionate about restoring mutual respect and trust between FINRA and the membership. Small broker/dealer firms are critical to our country's economic system and we need a board member who can work with FINRA to create a regulatory environment where communication between regulatory staff and its constituency flows freely and easily for the benefit of everyone, most importantly the investing public.