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June 27, 2018

Jennifer Piorko Mitchell
Vice President and Deputy Corporate Secretary
FINRA
1735 K Street NW
Washington, DC 20006-1506

Dear Ms. Mitchell:

We are writing in response to FINRA's request for comment on its RN18-16 regarding changes intended to protect the public against high-risk brokers.

We are acutely aware of the problem posed by registered representatives who move from firm to firm leaving injured investors in their wake. Their conduct harms the reputation of the entire industry, and we fully support measures to make it more difficult for such bad actors to continue their careers. However, we believe that certain aspects of the proposal will result in unnecessary burdens on both firms and on FINRA.

Specifically, we agree with SIFMA's proposal that Amended IM-1011-2 be altered to require materiality consultations only where the person is seeking to become associated with the firm as an owner or control person. In addition, we would go a step further by requiring the materiality consultation when a person having the specified risk events is already associated with the firm and then seeks to become an owner or control person.

We also suggest that the proposal is potentially unfair to persons who have multiple risk events stemming from a single act or incident. This happens from time to time where, for example, a single product-related issue results in multiple customer complaints and settlements. In other cases a single act may have triggered both a customer settlement and a separately reportable FINRA disciplinary action. To treat such cases as two separate and independent events is simply wrong.

Finally, we believe that the type of criminal action should be taken into account, with the materiality consultation required only where the conviction was investment- or fraud-related. FINRA notes in Footnote 63 that it recognizes that the proposal would encompass convictions triggered by entirely non-business conduct, and we are puzzled as to the perceived investor benefit of requiring a materiality consultation in connection with the hiring of an individual with such a non-business-related criminal conviction.

Thank you for the opportunity to comment on this proposal.

Very truly yours,



Chris Charles
President