

Dear FINRA:

FINRA has a lot of nerve pre-judging future behavior and demanding funds for itself. FINRA has a regular habit of exacting payment in circumstances where it has not suffered any harm or loss. And now FINRA wants to profile firms and use this crystal ball to force firms to set up prepaid accounts to cover FINRA's future shakedown interests. This is pathetic and unacceptable.

In its never ending examinations FINRA taxes firms' resources to track down the smallest little compliance issues that often pose no material risk to the investing public. FINRA then identifies these insignificant items to justify the massive waste of firms' resources in these unorganized and nearly endless audits. Are these little "infractions"(which often are disputed by firms) a basis for requiring restricted deposits from firms?

FINRA collects disclosures of allegations and traffics in them publicly, regardless of the damage it does to innocent firms and representatives. Are these unadjudicated allegations the basis for lifting money from firms? If a firm hires a representative who has some items on his/her Form U-4 over a lengthy career but now must submit to a new broker/dealer's system, is the new firm penalized for hiring this representative?

We do not trust the judgments of FINRA. This position is informed by years of enduring silly exercises over negligible issues with FINRA personnel. Who at FINRA is going to determine the necessity for and size of a required restricted deposit? Will there be a trigger and a formula described in an actual rule? What redress do firms have when the FINRA decision is disproportional or completely ridiculous?

Many firms do not have large amounts of cash available to be held as restricted deposits. Firms need these assets to handle their own responsibilities within their businesses and to grow their operations. And as with most regulation, such new requirements further reduce competition for the larger firms by pricing the smaller firms out of business. But more importantly, many of us are tired of FINRA treating us like opportunistic criminals and using us as bank accounts to expand the activities of a runaway self-regulator.

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