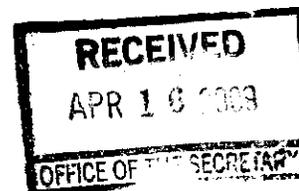




CAPITAL INVESTMENT BROKERAGE, INC.
 CAPITAL MORTGAGE ASSOCIATES, LLC
 CAPITAL INVESTMENT COUNSEL, INC.
 CAPITAL INVESTMENT GROUP, INC.
 CAPITAL INSURANCE AFFILIATES
 THE CAPITAL FOUNDATION
 CAPITAL BANK PARTNERS
 CAPITAL ADVISERS, INC.

April 13, 2009

Elizabeth M. Murphy
 Secretary
 Securities and Exchange Commission
 100 F Street, N. E.
 Washington, D. C. 20549-0609



Re: File No. SR-FINRA-2009-08

Dear Ms. Murphy:

Thank you for the opportunity to comment on the FINRA Rule Proposal to amend the Forms U-4 and U-5 and on FINRA's customer complaint disclosure rules. I am the Chief Compliance Officer for several related Broker-Dealer and Registered Investment Advisory firms. Prior to my current position, I served on the Broker-Dealer side as a Registered Representative, Branch Manager, and Regional Director. In addition, I served as a Securities Investigator for the State of North Carolina. This background provides me a unique perspective from which to respond.

As I read the proposed revisions, they can be categorized in four distinct areas: Revisions to forms U4 and U5 regarding Willful Violations; Alleged Sales Practice Violations where Registered Person is not a named party; Revisions to Raise Monetary Threshold for reporting customer complaints; and allowing firms to amend the date of and reason for termination on Form U5. I will address each in the order presented.

Revisions to forms U4 and U5 regarding Willful Violations:

The stated intent of the revision is to enable FINRA and other regulators to identify more readily persons subject to statutory disqualification as a result of "willful" violations. This proposal would require thousands of FINRA registered Broker-Dealers to review all outstanding DRP related disclosures to determine where willful violations of securities and/or commodities laws have occurred. That review would be time-



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consuming and in many cases put the firm in the position to determine if an act was a "willful" violation. This would be particularly cumbersome for smaller Broker-Dealers and divert limited resources, both financial and personnel, from other mission-critical needs. Since the proposed new questions all contain a requisite finding by either the SEC or CFTC, would not a reporting requirement by those bodies be a more expeditious process? I ask that you reconsider this portion of the proposed revisions. As currently drafted, this component of the proposed revisions offers little guidance on the required time frame for review (look back 5 years, 10 or 35?) or the criteria for obtaining disclosable information and offers no "safe harbor" for a firm's reasonable or even best efforts.

Alleged Sales Practice Violations where registered person is not a named party:

While I applaud FINRA's attempt to provide the investing public with appropriate information by which to judge the reasonableness of selecting an investment professional, I believe the current proposal leaves much to be desired. I have studied the proposal at length and the supporting comments to date. I am discomfited by the number of favorable supporting comments that claim that the unwillingness to name a representative is justified solely as a "legal strategy." In our current turbulent market, a registered representative's success can no longer be tied to the reputation of their Broker-Dealer. That is why more and more reps. are moving to the independent (broker-dealer or RIA) platform. It is also the reason why it is imperative for legitimate representatives to protect their reputations. As a simple matter of fairness, financial professionals should be allowed a meaningful opportunity to respond to unproven allegations before having their reputation damaged through the reporting of these matters to the Central Registration Depository (CRD) and made available to the public through FINRA's BrokerCheck program.

I am aware that there are other situations under the current rules that require mere allegations contained in written customer complaints to be shared with the public and the regulators. However, I disagree with FINRA's conclusion that this should be extended to arbitrations and litigation that fail to name the financial advisor as a party. We should err on the side of caution when reporting allegations of wrongdoing. A reputation damaged in error might be difficult, if not impossible, to repair. Ample avenues to identify proven wrongdoers currently exist.

Revisions to Raise Monetary Threshold for reporting customer complaints:

In a difficult financial environment, more and more firms are faced with the necessity to make settlement decisions based upon the financial reality of the costs of legal and regulatory representation and not upon the merit of the underlying claims. The proposed rule change to increase the settlement disclosure amount to \$15,000 more accurately reflects the current awareness of industry reputational context and cost-benefit analysis used by even the most reputation-conscious firms in determining the practical necessity of settling claims without material merit. From a practical perspective, more and more

unmerited claims are settled simply because the cost to defend exceeds the amount of settlement. The proposed increase in disclosure level is reasonable and should be supported.

Allowing firms to amend the date of and reason for termination on Form U5:

I have no objection to the proposed revision as it relates to changes to “date of” and “reason for” termination provided a reason for the amendment is provided. The current process precludes any changes even in the presence of error except by comment. The proposed revisions are reasonable and consistent with fair dealing for industry professionals and firms and the desire to inform the investing public.

Again, thank you for this opportunity to comment.

Sincerely,



Ronald L. King
Chief Compliance Officer
Capital Investment Companies