

St. John's University School of Law
Securities Arbitration Clinic

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April 17, 2009

VIA E-MAIL

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number SR-FINRA-2009-008

Dear Ms. Murphy:

The Securities Arbitration Clinic at St. John's University School of Law is very pleased to accept this opportunity to comment on the proposed changes to Forms U4 and U5 concerning the reporting of customer complaints as set forth in Release No. 34-59616, File No. SR-FINRA-2009-008. The Clinic strongly supports the proposed changes to these Forms. The Clinic indicated this support previously, when FINRA first sought comments on its proposed changes last spring with Regulatory Notice 08-20.

In addition to representing aggrieved investors, the Securities Arbitration Clinic is committed to investor education and protection. Accordingly, the Clinic has a strong interest in the rules governing the public disclosure of information about brokers, and ensuring that investors have complete information available to them to make informed decisions when deciding which investment professional is appropriate for them.

The first of the proposed changes would allow FINRA and other regulators to identify more readily persons subject to statutory disqualification as a result of willful violations. It appears that this rule change does not require that any additional incidents be reported, but rather that incidents be more fully reported. We support these proposed changes. It is important that information reported be meaningful. Statutory

disqualification serves an important role, and anything that would make it easier to identify an individual or firm that fits that criterion is a worthwhile change.

The second of the proposed changes is much more significant. There is a serious loophole in the current versions of the Forms U4 and U5. If a customer makes a written complaint implicating the actions of a broker, that complaint is reported on that broker's Form U4 and/or U5. However, if a customer files an arbitration or civil litigation implicating the very same actions of a broker, but fails to name the broker in the caption of the proceeding, that complaint is not reported against the broker. The same inconsistency currently exists with respect to the reporting of a settlement of a customer complaint versus the settlement of an arbitration or civil litigation which does not name the broker in the caption. The proposed changes help to close this serious, and inconsistent, loophole. Arbitration and litigation are arguably more serious steps in the complaint process than a simple written complaint made to the brokerage firm directly. An attorney may have various reasons for not naming the broker in the caption of the claim. A broker should not receive a free pass in these instances simply because of a tactical decision made by a Claimant's attorney. If the broker's conduct is the basis for the claim, it should be reportable against a broker in the same manner that a simple written complaint is now reportable against a broker. With the proposed changes, the public will have fuller and fairer disclosure of the broker's alleged conduct. Full and fair disclosure is essential to maintain any credibility in the system.

Additionally, FINRA proposes to raise the reporting threshold from \$10,000 to \$15,000. By raising the threshold, the reporting requirements on the Forms U4 and U5 would now mirror those of NASD Rule 3070. We agree that the reporting requirements should be consistent, and believe that \$15,000 is reasonable reporting threshold.

We believe that the proposed changes to the Forms U4 and U5 are necessary to ensure full and fair disclosure and to close a serious loophole that currently exists in the reporting system. We ask that the SEC approve these changes on an accelerated basis, and that FINRA continue to consider other changes that may be made to Forms U4 and U5 to address the protection of the public investors. Thank you for your consideration of this important matter.

Very truly yours,

/s/ Christine Lazaro

Christine Lazaro

/s/ Lisa Catalano

Lisa Catalano