

# SHOCKMAN LAW OFFICE

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

3001 E. CAMELBACK ROAD  
SUITE 120  
PHOENIX, ARIZONA 85016

ROSEMARY J. SHOCKMAN  
602-955-2465  
FACSIMILE 602-955-2613

April 17, 2009

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: U-4, U-5 Form Change  
SR-FINRA-2009-008

Dear Ms. Murphy:

I write in support of the proposed change to Forms U-4 and U-5.

I have represented investors in securities arbitrations for more than 20 years.

This change is needed. Currently, broker dealers do not report filed arbitration claims involving wrongdoing by their registered representatives if the registered representative is not named as a **party** in the Statement of Claim. The registered representative is named as a wrongdoer and his or her actions would typically be discussed in the Statement of Claim. However, it is common for registered representatives not to be named as respondents, for various legal and strategic reasons.

The failure of broker dealers to report such claims, so they appear in the CRD system results in several bad consequences.

1. Now that Broker Check is online, many investors check that source to review the record of a potential broker. The record will often fail to include claims of very egregious wrongdoing by brokers, thereby misleading the public investor.
2. Registered representatives often become arbitrators in FINRA cases. Some then fail to list these prior cases on their disclosure reports. Because the cases and claims do not appear on the registered representative's CRD, the broker/arbitrator can, in essence, present a "clean record" to claimant's lawyers making strikes on arbitrator selection lists, when the arbitrator may, in fact, be far from "clean", and may have been involved in serious wrongful conduct in the securities industry. I am personally aware of a situation where

a non-public arbitrator was involved in a significant case in which his wrongdoing resulted in the financial destruction of one of his clients. The matter became the basis for an arbitration case. It was settled for an amount well above the typical reporting threshold. Nevertheless, because the arbitrator/broker was not named as a **party** in the case, but only as a wrongdoer, there is no report of this matter on his CRD. He does not report it on his disclosure report. Claimant's lawyers are misled when they are deprived of this information from his background.

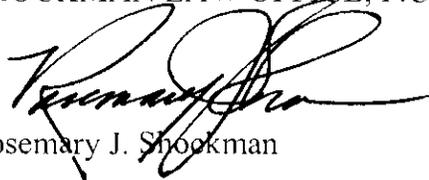
3. Broker dealers are required to impose heightened supervision on registered representatives with numerous prior customer claims. Because of the flaw in the reporting system, a broker dealer might not have the information to learn that a broker had numerous prior claims, which should cause heightened supervision of that employee.

4. Finally, of course, a claimant in cases should have full access to prior claims against brokers whose conduct is at issue in their case. Some firms do not produce all of the prior claims.

I urge the SEC to adopt the proposed changes to Forms U-4 and U-5.

Very truly yours,

SHOCKMAN LAW OFFICE, P.C.



Rosemary J. Shockman

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