



## PUBLIC INVESTORS ARBITRATION BAR ASSOCIATION

2415 A Wilcox Drive | Norman, OK 73069  
Toll Free (888) 621-7484 | Fax (405) 360-2063  
www.piaba.org

June 1, 2015

Mr. Brent J. Fields, Secretary  
Securities and Exchange Commission  
100 F Street, NE,  
Washington, DC 20549-1090

Re: SR-FINRA-2015-009

Dear Mr. Fields:

Pursuant to Rule of Practice 192(a) of the Securities and Exchange Commission ("SEC"), the Public Investors Arbitration Bar Association ("PIABA") submits its comment letter to the SEC concerning SR-FINRA-2015-009 and its proposed modifications to FINRA Rule 2272. PIABA is a bar association whose attorneys are committed to representing investors in securities arbitrations. Since its formation in 1990, PIABA has promoted the interests of the public investor in all securities and commodities arbitration forums, while also advocating for public education regarding investment fraud and industry misconduct. Our members and their clients have a strong interest in rules promulgated by the Financial Industry Regulatory Authority ("FINRA") relating to both investor protection and disclosure. In support of public investors, PIABA often comments upon proposed changes to the arbitration process to ensure the rights and fair treatment of the investing public.

PIABA submits this letter because the proposal addresses issues of significant importance to the investing public and, in particular, the service men and women who continually risk their lives for their country. While PIABA supports the proposal because it moves in the right direction and places an increased focus on suitability, PIABA believes that adequately promoting investor protection requires additional changes.

The sale of investment services to military service members and their families provide unique suitability problems. The primary suitability issue stems from recommendations that service members purchase products with increased fees when they move their savings out of their government savings plan, often referred to as the Thrift Savings Plan. The Thrift Savings Plan provides investment services at an unparalleled low cost. By some estimates, similar stock funds outside the Thrift Savings Plan have costs 50 times greater than in the Thrift Savings Plan. See <http://www.famag.com/news/brokers-lure-soldiers-out-of-low-fee-federal-retirement-plan-18869.html>. A recommendation to pay such an increased cost for essentially the same fund is a recommendation that is likely unsuitable for any investor.

---

### *Officers and Directors*

President: Joseph C. Peiffer, LA

EVP/President-Elect: Hugh D. Berkson, OH

Secretary: Andrew Stoltmann, IL

Treasurer: Marnie C. Lambert, OH

Robert S. Banks, Jr., OR

Jason Doss, GA

Samuel B. Edwards, TX

Christopher J. Gray, NY

Scott C. Ilgenfritz, FL

William A. Jacobson, NY

Richard A. Lewins, TX

Mark E. Maddox, IN

Angela H. Magary, MA

Peter J. Mougey, FL

Jeffrey R. Sonn, FL

Robin S. Ringo, *Executive Director*

Mr. Brent J. Fields, Secretary

June 1, 2015

Page 2

Investment service fees are difficult for a layperson to understand. Complicating the issue is the fact that service members typically receive very little financial training and have spent years not worrying about income and financial needs, such as housing and medical care, after their contract for military service ends. Many do not know what to expect for their post-service employment and income. The combination of uncertainty regarding future finances and a lack financial sophistication often leaves service members unable to evaluate the investment options presented to them.

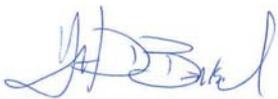
PIABA applauds the recognition of the suitability issues faced by service members and their families but believes that the proposed rule should be expanded. Of particular concern is that the rule is limited to offers made on military bases. However, the suitability challenges to service members exist irrespective of where the service member and his/her family live. All service members are faced with a substantial increase in costs and similar problems with the assessment of risk when solicited with a plan to leave the Thrift Savings Plan. Thus, the rule should apply to all service members and their dependents, not just those living on military installations.

Additionally, registered representatives should be trained concerning the special suitability needs of service members. Education concerning these needs should be included in firm and regulatory element programs. At a minimum, these programs must focus on the need to compare proposed investments with those available within the service members' Thrift Savings Plan accounts.

FINRA should also focus on service member financial education. While the FINRA Investor Education Foundation is a good step in educating members of the military, an Investor Alert focusing on service members and their dependents could reach more individuals concerning the issues described above.

Thank you for the opportunity to comment on this rule proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Berkson".

Hugh Berkson, Vice-President/President-Elect  
Public Investors Arbitration Bar Association