

**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

In the Matter of the Application of

Adam Strege

File No. 3-21880

For Review of Action Taken by  
Financial Industry Regulatory Authority

**FINRA'S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW**

Alan Lawhead  
Senior Vice President and  
Director – Appellate Group

Elizabeth Sisul  
Assistant General Counsel

FINRA  
Office of General Counsel  
1700 K Street, NW  
Washington, DC 20006  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org

August 14, 2024

**TABLE OF CONTENTS**

**Page**

I.	INTRODUCTION .....	1
II.	FACTUAL AND PROCEDURAL BACKGROUND.....	3
	A.    The Director Denied Strege Access to FINRA’s Arbitration Forum for Statement of Claim I .....	3
	B.    The Director Further Explained His Denial of the Arbitration Forum for Statement of Claim I .....	5
	C.    Strege Filed an Application for Review of FINRA’s Action .....	6
	D.    The Director Denied Strege Access to FINRA’s Arbitration Forum for Statement of Claim II.....	7
III.	STATUTORY STANDARD .....	8
IV.	ARGUMENT .....	9
	A.    The Specific Grounds for FINRA’s Denial of Strege’s Access to FINRA’s Arbitration Forum Exist in Fact.....	9
	B.    FINRA Properly Denied Strege Access to Its Arbitration Forum in Accordance with FINRA Rules .....	10
	1.    The Director Determined that Strege Was a Danger to Arbitrators, Staff, and Parties and Their Representatives .....	10
	2.    The Director Properly Denied FINRA’s Arbitration Forum for Statement of Claim II.....	13
	C.    The Director’s Denial of the Arbitration Forum Was Consistent with the Purposes of the Exchange Act.....	15
V.	CONCLUSION.....	17

**TABLE OF AUTHORITIES**

**Page**

**Federal Register**

*Order Approving Proposed Rule Change and Amendments 1, 2, 3, and 4 to Amend NASD Arbitration Rules for Customer Disputes and Notice of Filing and Order Granting Accelerated Approval of Amendments 5, 6, and 7 Thereto, 72 Fed. Reg. 4574 (Jan. 31, 2007)* .....11, 14, 15

**SEC Decisions and Releases**

*Consol. Arb. Applications, Exch. Act Release No. 97248, 2023 SEC LEXIS 868 (Apr. 4, 2023)* .....17

*Ryan William Mummert, Exch. Act Release No. 97680, 2023 SEC LEXIS 1520 (June 9, 2023)* .....12

*Notice of Filing of Proposed Rule Change and Amendment Nos. 1, 2, 3, and 4 Thereto to Amend NASD Arbitration Rules for Customer Disputes, Exch. Act Release No. 34-51856, 2005 SEC LEXIS 1432 (June 15, 2005)* .....10, 11, 13

*Adam Strege, Exch. Act Release No. 99267, 2024 SEC LEXIS 9 (Jan. 3, 2024)* .....2, 5

**Federal Statutes and Codes**

15 U.S.C. 78o-3(b)(6) .....15

15 U.S.C. § 78s(f) .....8

17 C.F.R. § 201.201(a) .....8

**FINRA Rules**

FINRA Rule 12203 .....10

FINRA Rule 12402(c)(1) .....13

FINRA Rule 12514(b) .....13

**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

In the Matter of the Application of

Adam Strege

File No. 3-21880

For Review of Action Taken by  
Financial Industry Regulatory Authority

**FINRA’S BRIEF IN OPPOSITION TO THE APPLICATION FOR REVIEW**

**I. Introduction**

Applicant Adam Strege seeks Commission review of FINRA’s action denying him access to FINRA’s customer arbitration forum. While Strege’s confusing and duplicative filings have complicated this matter’s procedural history, the issue on appeal is simple—whether the Director of FINRA’s Dispute Resolution Services (the “Director”) properly exercised his authority under FINRA rules to deny Strege access to FINRA’s arbitration forum because he posed a risk to the safety of arbitrators, staff, and parties and their representatives. The record amply demonstrates that the Director appropriately exercised his authority, and the Commission should dismiss Strege’s application for review.

Strege, a brokerage customer, filed a statement of claim with FINRA’s Dispute Resolution Services (“DRS”) against FINRA member firm TD Ameritrade, Inc. (“TD

Ameritrade”). After a remand by the Commission,<sup>1</sup> FINRA notified Strege that the Director denied Strege access to FINRA’s arbitration forum to protect the safety of arbitrators, staff, and parties and their representatives. The Director explained that Strege’s statement of claim, which contained repeated references to violence, murder, and mass shootings, as well as FINRA’s understanding that Strege previously made violent threats against a federal agency, raised concerns that permitting Strege access to FINRA’s arbitration forum posed a safety risk. Strege appealed.

While his appeal was pending, Strege filed a second statement of claim against TD Ameritrade based on similar alleged misconduct. The Director again denied Strege access to FINRA’s arbitration forum to protect the safety of arbitrators, staff, and parties and their representatives. The Director also denied Strege access to FINRA’s arbitration forum because the second statement of claim alleged essentially the same misconduct against the same respondent as the first statement of claim.

In various submissions to the Commission, Strege has not provided any justification for reversing the Director’s exercise of his authority to protect arbitrators, staff, and parties and their representatives. To the contrary, Strege’s filings continue to reference violence, bolstering the Director’s determination that Strege presented extraordinary and continuing safety concerns that require denial of FINRA’s arbitration forum. Indeed, the facts and circumstances of this matter present precisely the scenario for which the Commission approved FINRA rules granting the Director authority to deny access to the arbitration forum on safety grounds. The Commission therefore should dismiss Strege’s application for review and sustain FINRA’s action.

---

<sup>1</sup> See *Adam Strege*, Exch. Act Release No. 99267, 2024 SEC LEXIS 9 (Jan. 3, 2024) (remanding for clarification of the basis for FINRA’s action).

## **II. Factual and Procedural Background**

### **A. The Director Denied Strege Access to FINRA’s Arbitration Forum for Statement of Claim I**

On November 30, 2022, Strege filed with DRS a statement of claim in FINRA DRS Case No. 22-02722, against FINRA member TD Ameritrade (“Statement of Claim I”).<sup>2</sup> In Statement of Claim I, Strege alleged that TD Ameritrade violated FINRA rules because its employees recommended that he open a margin account without offering a function for setting stop-loss orders. (RP at 122.) Strege alleged that this conduct also violated the Americans with Disability Act because a stop-loss function was a reasonable accommodation for his disability. (RP at 123.) Strege further alleged, among other things, that TD Ameritrade had committed war crimes, crimes against humanity and aggression, and various other statutory and constitutional violations unrelated to securities. (RP at 122-23.)

Strege’s Statement of Claim I contained a parade of shocking allegations of violence against TD Ameritrade.<sup>3</sup> (RP at 121-22.) For example, Strege accused “TD Ameritrade [of] murder[ing] its customers to rob their brokerage accounts that TD Fraudulently robs Trader’s money on all trades with fraudulent incorrect buy and sell prices.” (RP at 122.) Strege also appeared to suggest that FINRA seemingly tolerates these malicious acts, claiming that “FINRA has Jurisdiction with Bank of America the Owner of 3 Brokerage Firms TD Ameritrade, Charles

---

<sup>2</sup> Strege first filed a statement of claim on November 29, 2023. (RP at 1-117.) On November 30, 2023, he filed an almost identical amended statement of claim in response to a notice from DRS providing him an opportunity to cure certain deficiencies in the original statement of claim. (RP at 119-20.) All references in this brief to Statement of Claim I are to Strege’s amended statement of claim filed on November 30, 2023.

<sup>3</sup> Strege’s claims were primarily against TD Ameritrade, but he also named other parties as respondents, including Bank of America Financial Services Company and Charles Schwab & Co., Inc. (RP at 1-2; 121.)

Schwab Corporation, Merrill Lynch Conspiracy to commit a crime Murdering and Robing [sic] Traders Money.” (RP at 121.) Similarly, according to Strege’s purported transcription of his electronic chats with a TD Ameritrade representative, Strege wrote, “You are not afraid that People will File a lwasuit [sic] against TD Amertade [sic] will murder anyone that does.” (RP at 128.)

Strege also included in Statement of Claim I more than 100 pages of unrelated content, frequently of a violent nature. These pages include paragraphs of words and phrases that seemingly bear no relation to each other. For example, Strege wrote “[t]he St. Valentine’s Day Massacre in Chicago [h]og butcher for the world, Cornelius Vanderbilt Covid 19 Vaccine Laboratory VA Hospital by Headquarters Hardee.” (RP at 141.) He also boasted, “I was Forman [sic] of the Grand Master Ku Klux Klan brought Guns to work his Truck was Stollen [sic] Vandalized and pull a knife on me at McDonnolds [sic].” (RP at 154.)

In Statement of Claim I, Strege repeatedly referenced murder, weapons, and mass deaths. (RP at 121-239.) Indeed, Strege included the word “murder,” or variations thereof, approximately 33 times. (RP at 121, 122, 124, 128, 131, 137, 144, 148, 164, 171, 174, 179, 181, 188, 198, 199, 202, 203, 212, 219, 220, 230, 237, 238, 239.) Strege’s opening paragraph of the statement of claim introduces one of his apocalyptic themes. In it, Strege wrote: “My Only means of relief God loves to collapse the atmosphere and exterminate all earth people with the Plague and Corona Virus . . . .” (RP at 121.)

Strege also repeatedly referenced mass casualty events, ranging from the September 11, 2001 terrorist attacks on the World Trade Center to several high-profile mass shootings. (RP at 144, 149, 150, 151, 161, 181, 190, 213, 217, 221, 239.) For example, he referenced the 2015 shooting in San Bernadino, the 2016 Pulse nightclub shooting in Orlando, and the 2017 shooting

at a music festival in Las Vegas. (RP at 149, 190, 221.) Regarding the 1999 shooting at Columbine High School, he wrote: “Columbine CO School Shooters worked at Black Jack Pizza and From Sheridan WY and Linda Kock and me visit Estes Park Beside McDonalds the Shinning Hotel Steven King Hotel Mirror.” (RP at 181.) He also asserted that he was “false[ly] arrest[ed]” by the FBI for making threats against the Social Security Administration. (RP at 231.)

On November 30, 2023, DRS notified Strege that the Director had denied him access to FINRA’s arbitration forum pursuant to FINRA Rule 12203(a). (RP at 243.) Strege thereafter filed an application for review with the Commission seeking review of FINRA’s action. (RP at 255-56.) The Commission remanded the proceeding to FINRA to clarify the basis for the Director’s denial of FINRA’s arbitration forum. *Strege*, 2024 SEC LEXIS 9. (RP at 655-56.)

**B. The Director Further Explained His Denial of the Arbitration Forum for Statement of Claim I**

On February 1, 2024, the Director sent Strege a letter explaining that he denied Strege access to FINRA’s arbitration forum pursuant to FINRA Rule 12203 to protect the safety of arbitrators, parties and their representatives, and staff. (RP at 661-63.) The Director’s letter cited Strege’s numerous references to violence, murder, and the mass shootings at Columbine High School, Pulse nightclub in Orlando, and a music festival in Las Vegas as the basis for the Director’s determination that Strege posed a safety threat. (RP at 661-62.) The Director’s letter also explained that FINRA had found an FBI press release stating that, in 2019, the FBI had arrested an individual named Adam Strege for making bomb threats, corroborating Strege’s statement that he was arrested by the FBI for making threats against the Social Security Administration, and reinforcing the Director’s determination that Strege was a safety risk. (RP at 662.) The Director further advised that he consulted FINRA’s Director of Corporate Security,



who found, based on the consistent theme of violence in Strege's statement of claim, that Strege posed a serious threat to arbitrators, parties and their representatives, and staff. (RP at 662.)

In his letter, the Director explained that FINRA offices are not "equipped with the appropriate security measures to ensure the safety of arbitrators, staff, and parties or their representatives" when parties to a dispute pose a serious safety risk. (RP at 662.) The Director also explained that a remote hearing would not negate the risk Strege poses because Strege would learn the names and other identifying information of the arbitrators, parties and their representatives, and staff. (RP at 662-63.) In this regard, the Director noted that, in accordance with FINRA's Code of Arbitration Procedure, parties to an arbitration select their panel, and that staff is heavily involved in coordinating and administering the arbitration process and communicates frequently with the parties. (RP at 662.) Thus, he reasoned, Strege would have enough identifying information to feasibly locate these individuals. (RP at 662-63). The Director therefore concluded that a remote hearing was not a viable option. (RP at 663.) Accordingly, the Director stated that he was exercising his authority under FINRA Rule 12203 to deny Strege use of FINRA's arbitration forum to protect the safety of arbitrators, staff, and parties and their representatives. (RP at 663.)

**C. Strege Filed an Application for Review of FINRA's Action**

On February 26, 2024, Strege filed an application for review with the Commission in the above-captioned matter. Strege's submission included screen shots of the Commission's January 3, 2024 remand decision and FINRA's February 1, 2024 letter denying him access to FINRA's

arbitration forum.<sup>4</sup> (R. 683-86.) Like his previous submissions, Strege’s application contained content unrelated to the issues on appeal, including references to violence, murder, and mass shooting events. (RP at 683-790.)

**D. The Director Denied Strege Access to FINRA’s Arbitration Forum for Statement of Claim II**

On February 23, 2024, Strege filed a statement of claim in FINRA DRS Case No. 24-00430 (“Statement of Claim II”). (RP at 665-69.) Strege’s allegations in Statement of Claim II were essentially the same as the allegations in Statement of Claim I. In Statement of Claim II, Strege again alleged misconduct by TD Ameritrade, which he asserted closed his accounts in retaliation for his claims in Statement of Claim I.<sup>5</sup> (RP at 665.) Like Statement of Claim I, Strege asserted myriad claims, including disability discrimination, war crimes, crimes against humanity and aggression, and various other federal statutes unrelated to securities. (RP at 665.) Strege did not include, however, the violent language that he had used pervasively in Statement of Claim I and his previous submissions to the Commission.<sup>6</sup>

On March 7, 2024, DRS sent Strege a letter notifying him that the Director had denied him access to the arbitration forum pursuant to FINRA Rule 12203 for Statement of Claim II.

---

<sup>4</sup> While Strege appears to be seeking review of FINRA’s subsequent action in Administrative Proceeding Number 3-21253, the Commission assigned this application for review to the above-captioned proceeding, Administrative Proceeding Number 3-21880.

<sup>5</sup> Strege submitted a DRS claim information tracking form and submission agreement in which he names Fred Tomczyk, the CEO of TD Ameritrade from 2008 to 2016, as the respondent. (RP at 671-78, 681.) Strege, however, does not name Tomczyk as a respondent in the statement of claim.

<sup>6</sup> Despite omitting violent language from Statement of Claim II, Strege has since filed with the Commission multiple documents replete with violent references. (*See* Strege’s June 6 Submission at 1-205; Strege’s July 1 Submission at 1-246.)

(RP at 793-795.) As before, the Director’s letter recounted Strege’s violent references in Statement of Claim I and his arrest for making bomb threats against a federal agency. (RP at 793-95.) The Director noted that while Statement of Claim II did not contain violent references, it did nothing to dissuade the Director of his prior conclusion that Strege presented a serious safety risk and the risk remained ongoing. Therefore, the Director denied Strege access to the forum pursuant to FINRA Rule 12203 to protect the safety of arbitrators, staff, and parties and their representatives. The Director also noted the similarities of the allegations in Statement of Claim II to those in Statement of Claim I and cited an additional basis for the denial of forum—that the subject matter of the dispute was inappropriate pursuant to FINRA Rule 12203 because the Director had previously denied the forum for the same alleged misconduct. (RP at 795.)

On March 7, 2024, Strege requested Commission review of FINRA’s decision to deny access to the forum for Statement of Claim II. (RP at 797-804.) Strege did not serve FINRA with his application for review. The Commission docketed Strege’s March 7, 2024 filing under the above-captioned proceeding, Administrative Proceeding Number 3-21880.<sup>7</sup>

### **III. Statutory Standard**

Under Exchange Act Section 19(f), the Commission must dismiss Strege’s application for review if it finds that: (1) the specific grounds on which FINRA based its action exist in fact; (2) FINRA’s denial of the arbitration forum was in accordance with its rules; and (3) those rules were applied in a manner consistent with the purposes of the Exchange Act. 15 U.S.C. § 78s(f).

---

<sup>7</sup> The Commission’s combining of Strege’s applications for review of FINRA’s actions in a single proceeding is authorized by the SEC’s Rules of Practice. *See* 17 C.F.R. § 201.201(a) (establishing that the Commission may consolidate “proceedings involving a common question of law or fact . . .”).

#### **IV. Argument**

Allowing Strege to pursue his arbitration claims in FINRA's forum, interact with the people who would be respondents, and sit in a conference room with the arbitrators and witnesses is a truly frightening proposition. The Director recognized this danger and explained that Strege's arbitration submissions "contain[ed] myriad red flags." The Director's safety concerns were bolstered by the FBI's press release that Adam Paul Strege had a criminal complaint issued against him and had been arrested for conveying false information concerning a bomb threat. The Director concluded that the safety concerns raised by Strege were "extraordinary" and required him to deny the use of FINRA's forum. To protect the safety of all involved, the Director's decision should be upheld.

The Director's decision to deny Strege access to FINRA's arbitration forum was in accordance with FINRA rules and consistent with the purposes of the Exchange Act. The Commission should dismiss Strege's application for review.

##### **A. The Specific Grounds for FINRA's Denial of Strege's Access to FINRA's Arbitration Forum Exist in Fact**

It is undisputed that the Director denied Strege access to FINRA's arbitration forum because the Director determined that Strege posed a safety risk to arbitrators, staff, and parties and their representatives. In the case of Statement of Claim II, the Director also denied the forum because he had previously denied Strege access to the forum for the same claims. The Director's determination was based on Strege's repeated use of violent language and references to violent acts in his arbitration filings and the similarities between those filings. Accordingly, the specific grounds on which FINRA denied access to its arbitration forum exist in fact.

**B. FINRA Properly Denied Strege Access to Its Arbitration Forum in Accordance with FINRA Rules**

FINRA Rule 12203 authorizes the Director to deny access to FINRA’s arbitration forum for arbitration claims that pose a risk to the health or safety of arbitrators, staff, or parties or their representatives. The rule also authorizes the Director to deny access to the forum when the subject matter is inappropriate. Rule 12203(a) provides:

The Director may decline to permit the use of the FINRA arbitration forum if the Director determines that, given the purposes of FINRA and the intent of the Code, the subject matter of the dispute is inappropriate, or that accepting the matter would pose a risk to the health or safety of arbitrators, staff, or parties or their representatives.

FINRA properly denied Strege access to FINRA’s arbitration forum because, with respect to Statement of Claim I and Statement of Claim II, the Director determined that Strege posed a safety risk. With respect to Statement of Claim II, the subject matter was inappropriate because the Director had previously denied access to the forum for the same allegations.

**1. The Director Determined that Strege Was a Danger to Arbitrators, Staff, and Parties and Their Representatives**

The record establishes that the Director properly exercised his authority under FINRA Rule 12203 to deny Strege access to FINRA’s arbitration forum based on his determination that Strege posed a safety risk to the arbitrators, people who Strege named as respondents, and FINRA personnel who administer arbitration claims.

The Director’s authority under Rule 12203 to protect the security of FINRA’s arbitration forum is far reaching and intended for use in situations precisely like this one. FINRA Rule 12203(a), adopted in 2007, empowers the Director to exclude matters that pose a health or safety risk and allows the Director “to respond appropriately in emergency situations.” *See Notice of Filing of Proposed Rule Change and Amendment Nos. 1, 2, 3, and 4 Thereto to Amend NASD*

*Arbitration Rules for Customer Disputes*, Exch. Act Release No. 34-51856, 2005 SEC LEXIS 1432, at \*11 (June 15, 2005) (hereinafter “*Notice of Filing of Proposed Rule Change*”). In the notice of the proposed rule change, FINRA specifically referenced situations in which the “Director believes that it is in the best interest of the forum to deny use of the forum for reasons other than subject matter,” such as when there is “reason to believe that a party would present a security risk to the forum or to other parties.” *Id.* at \*10. The change, therefore, was designed to “give the Director limited, but crucial, flexibility to protect the integrity and the security of the [FINRA] forum.” *Id.* at \*11.

In its order approving FINRA Rule 12203, the Commission underscored that the rule empowers the Director to deny access to the arbitration forum based on health or safety concerns. Specifically, the Commission agreed with FINRA that, “in emergency situations, it is reasonable for the Director to have the authority and flexibility to act quickly to protect the health and safety of users and administrators of the forum.” *Order Approving Proposed Rule Change and Amendments 1, 2, 3, and 4 to Amend NASD Arbitration Rules for Customer Disputes and Notice of Filing and Order Granting Accelerated Approval of Amendments 5, 6, and 7 Thereto*, 72 Fed. Reg. 4574, 4602 (Jan. 31, 2007) (hereinafter “*Order Approving Proposed Rule Change and to Amend NASD Arbitration Rules*”).

In this case, FINRA acted pursuant to its rules when the Director denied access to FINRA’s arbitration forum because Strege posed a safety threat. The Director had ample “reason to believe” that Strege “present[ed] a security risk to the forum or to other parties.” *Notice of Filing of Proposed Rule Change*, at \*10. Strege’s Statement of Claim I contained more than sufficient red flags to raise serious concerns that Strege posed a security risk to arbitrators, staff, and parties and their representatives. Strege accused the respondent brokerage firm of

murder and robbery and repeatedly invokes murder, large-scale homicides, and lethal weapons. (RP at 121-239.)

In addition to the red flags contained in Strege's Statement of Claim I, the Director learned that the FBI had arrested Strege in 2019. Special Agent in Charge Douglas Leff of the FBI's San Juan Field Office announced that a criminal complaint was issued in May 2019, which charged "Adam Paul Strege with 'Maliciously Conveying False Information Concerning a Bomb Threat in Interstate Commerce.'" (RP at 664.) The press release noted that Strege was arrested without incident in Puerto Rico on May 15, 2019. (RP at 664.)<sup>8</sup> These pieces of information provided the Director with a composite picture of Strege as a looming threat to everyone involved with Strege's arbitration claim. *Cf. Ryan William Mummert*, Exch. Act Release No. 97680, 2023 SEC LEXIS 1520, at \*10-11 (June 9, 2023) (holding that the Director must engage in fact-finding when exercising his discretion to deny access to FINRA's arbitration forum pursuant to FINRA Rule 12203).

As the Director explained in his letter denying Strege access to the forum, FINRA offices are simply not equipped to manage parties who evidence violent tendencies or pose a serious safety risk. (RP at 662.) Moreover, while the Director has permitted remote hearings in limited circumstances, in this instance, conducting Strege's arbitration remotely would not mitigate the safety risk Strege posed. Even in the case of a virtual hearing, Strege would necessarily learn the names and other identifying information of the arbitrators, parties, witnesses, and staff.

Disclosure of the identity of arbitrators and other participants is unavoidable under FINRA rules. Arbitration procedures permit parties to select arbitrators from a list that includes

---

<sup>8</sup> The FBI's press release stated that a criminal complaint is not evidence of guilt and that a defendant "is presumed to be innocent until and unless proven guilty." (RP at 664.)

the arbitrators' names, employment history for the past 10 years, and other background information. *See* FINRA Rule 12402(c)(1). Prior to the arbitration hearing, parties must exchange the names and business affiliations of any witnesses they intend to present at the hearing. FINRA Rule 12514(b). It would also be impossible to maintain the anonymity of staff, who are heavily involved in coordinating and administering the arbitration process and communicate frequently with the parties. Thus, even in a remote hearing scenario, Strege would have the information necessary to identify and locate any arbitrator, party, witness, or staff participating in the arbitration process. Therefore, the Director properly concluded that conducting a hearing remotely would not mitigate the serious security threat.

Based on the foregoing, the Director concluded that Strege presented extraordinary safety concerns and denied him access to FINRA's arbitration forum to protect the safety of arbitrators, staff, and parties or their representatives. The Director's exercise of his authority under FINRA Rule 12203 was necessitated by safety concerns and in accordance with FINRA rules.

## **2. The Director Properly Denied FINRA's Arbitration Forum for Statement of Claim II**

The record also establishes that, in the case of Statement of Claim II, the Director properly exercised his authority under FINRA Rule 12203 to deny Strege access to FINRA's arbitration forum. The Director concluded that Strege continued to pose a serious safety risk. As a second reason, the Director determined that the subject matter was inappropriate given the intent of its arbitration codes because the Director had previously denied access to the forum for essentially the same claims.

For Statement of Claim II, the Director again had ample "reason to believe" that Strege "present[ed] a security risk to the forum or to other parties." *Notice of Filing of Proposed Rule Change*, at \*10. While Strege's Statement of Claim II contained no explicit references to



violence, the strategic removal of such language does not alleviate the serious safety risk that Strege poses to FINRA's arbitration forum, as demonstrated by his previous, and subsequent, filings. Although Strege shifted away from the tactic of using violent references in Statement of Claim II following the Director's denial of forum on this basis for Statement of Claim I, the Director found nothing in the filing to disturb his prior conclusion that Strege presented a serious safety risk and the risk remained ongoing. (RP at 794). Strege's filings with the Commission confirm this point. Subsequent to filing Statement of Claim II, Strege has continued to include violent language and references in his filings to the Commission. Indeed, as recently as July 1, 2024, Strege filed a 246-page document with the Commission that included references to violence, murder, and large-scale homicides. Thus, Strege's refiling of a statement of claim that simply removed the offending words does not address any of FINRA's safety concerns, let alone relieve them.

The Director's second reason for denying the forum is also in accordance with FINRA rules. FINRA Rule 12203 authorizes the Director to exclude inappropriate arbitration claims from the FINRA arbitration forum. In this regard, the Commission has stated that FINRA Rule 12203 authorizes the Director to ensure that FINRA arbitration "focus[es] on the cases that are appropriately in the forum," which "in turn, should promote the efficacy and efficiency of the arbitration." *Order Approving Proposed Rule Change and to Amend NASD Arbitration Rules*, 72 Fed. Reg. at 4604.

Here, the Director properly exercised his authority under FINRA Rule 12203 to deny access to the arbitration forum for Statement of Claim II because the Director had previously denied access to the forum in Statement of Claim I, which involved essentially the same parties and claims. Like in Statement of Claim I, in Statement of Claim II, Strege named TD

Ameritrade as the respondent and complained about its handling of his account. In both statements of claim, Strege also asserted varied and numerous claims that have no relevance to the management of his account, including claims of war crimes, crimes against humanity and aggression, and violations of various federal statutes unrelated to securities laws. Strege's attempt to circumvent the Director's prior denial by filing another statement of claim asserting claims about the same misconduct against the same parties is wasteful and inefficient, and therefore contrary to the purposes of FINRA and the intent of the Code of Arbitration Procedure. *See Order Approving Proposed Rule Change and to Amend NASD Arbitration Rules*, 72 Fed. Reg. at 4604. Under these circumstances, the Director properly exercised his authority under FINRA Rule 12203 to deny access to the arbitration forum because the subject matter of the dispute was inappropriate. *Id.*

**C. The Director's Denial of the Arbitration Forum Was Consistent with the Purposes of the Exchange Act**

The Director's denial of the arbitration forum was not only pursuant to FINRA rules, but it was also consistent with the purposes of the Exchange Act and the public interest.

Section 15A(b)(6) of the Exchange Act requires that, among other things, FINRA's rules "in general, . . . protect investors and the public interest." 15 U.S.C. 78o-3(b)(6). The Director's exercise of his authority under FINRA Rule 12203 achieved this goal. Allowing an arbitration to proceed when a party poses a safety threat to arbitrators, staff, or parties or their representatives would undermine FINRA's purpose and contravene the intent of FINRA rules. *See* 15 U.S.C. 78o-3(b)(6); *Order Approving Proposed Rule Change and to Amend NASD Arbitration Rules*, 72 Fed. Reg. at 4601 (finding that FINRA Rules 12203 and 13203 were consistent with the Exchange Act, which requires that FINRA rules be "designed to . . . in general . . . protect investors and the public interest"). The Director's decision to deny the use of the forum "to

protect the health and safety of users and administrators of the forum” “in emergency situations” is consistent with the principles of investor protection and the public interest because investors, members and their associated persons, and regulators all share a common interest in having a safe forum in which to resolve their disputes. *Id.* at 4602.

Strege’s filings contained a plethora of violent statements and repeated references to murder, weapons, and mass killings. (RP at 121-239.) His arrest for making bomb threats against a federal agency amplifies the severity of the Director’s concerns that Strege is a potentially dangerous individual. Under the heavy weight of these facts, the Director’s exercise of his authority under FINRA Rule 12203 was consistent with the Exchange Act, public interest, and protection of investors because it ensures the safety and security of FINRA’s arbitration forum.

The Director also properly exercised his authority under FINRA Rule 12203 to deny the forum for Statement of Claim II on the grounds that the subject matter was inappropriate for arbitration. Allowing a claimant to file successive statements of claim against the same parties for the same alleged misconduct when FINRA has previously denied the claimant access to the forum for those claims would result in a waste of FINRA’s resources and misuse of the arbitration forum. As the Commission has explained, giving FINRA the power to deny access to its arbitration forum “allows it to focus on the cases that are appropriately in the forum,” which “in turn, should promote the efficacy and efficiency of the arbitration forum in processing its claims.” By “enhanc[ing] the effectiveness of the arbitration process,” the public interest and the protection of investors are thus served. *Id.* at 4602. The Director’s application of FINRA Rule 12203 here preserves the efficiency and effectiveness of FINRA’s arbitration forum and was

therefore consistent with these purposes. *See Consol. Arb. Applications*, Exch. Act Release No. 97248, 2023 SEC LEXIS 868, at \*20 (Apr. 4, 2023).

In sum, the Director's action denying Strege access to FINRA's arbitration forum was consistent with the purposes of the Exchange Act, the principles of investor protection, and the public interest.

#### **IV. Conclusion**

The record demonstrates persuasively that Strege posed a threat to arbitration participants and that the Director appropriately denied him access to the forum to protect arbitrators, staff, and the parties and their representatives. Accordingly, the Commission should dismiss Strege's application for review.

Respectfully submitted,

/s/ Elizabeth Sisul

Elizabeth Sisul  
Assistant General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-8853 (Lawhead)  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org

August 14, 2024

## CERTIFICATE OF COMPLIANCE

I, Elizabeth Sisul, certify that this Brief in Opposition to the Application for Review (File No. 3-21880) complies with the length limitations set forth in SEC Rule of Practice 450(c). I have relied on the word count feature of Microsoft Word in verifying that this brief contains 4,942 words.

I further certify that I have complied with the Commission's Rules of Practice by filing a brief that omits or redacts any sensitive personal information described in Rule of Practice 151(e).

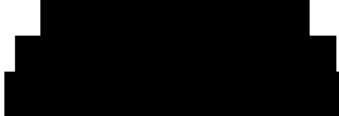
*/s/ Elizabeth Sisul*

Elizabeth Sisul  
Assistant General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-8853 (Lawhead)  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org

**CERTIFICATE OF SERVICE**

I, Elizabeth Sisul, certify that on this 14th day of August 2024, I caused a copy of FINRA's Brief in Opposition to the Application for Review, in the matter of Application for Review of Adam Strege, Administrative Proceeding File No. 3-21880, to be filed through the SEC's eFAP system and served by electronic mail on:

Adam Strege



/s/ Elizabeth Sisul

Elizabeth Sisul  
Assistant General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org