

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

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In the Matter of the Application of  
  
Adam Strege  
  
For Review of Action Taken by  
  
Financial Industry Regulatory Authority  
  
File No. 3-22365

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

Michael Garawski  
Senior Vice President and  
Director – Appellate Group

Jennifer Brooks  
Associate General Counsel

Megan Rauch  
Associate General Counsel

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

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

**I. INTRODUCTION**

Applicant Adam Strege again seeks Commission review of FINRA’s action denying him access to FINRA’s customer arbitration forum. The record amply demonstrates that the Director of FINRA’s Dispute Resolution Services (the “Director”) properly exercised his authority under FINRA Rule 12203 to again deny Strege access to FINRA’s arbitration forum because Strege poses a risk to the safety of arbitrators, staff, and parties and their representatives.

This case presents the same legal issue and a nearly identical fact pattern as *Adam Strege*, Exchange Act Release No. 101414, 2024 SEC LEXIS 2872 (Oct. 23, 2024). In the prior applications for review, the Commission sustained FINRA’s actions, finding that FINRA acted in accordance with its rules when it denied Strege use of its arbitration forum based on the Director’s determination that Strege poses a safety risk to other forum participants. *Id.* at \*7-8. The Commission explained the Director reasonably determined that Strege poses a safety risk because his first statement of claim (“Statement of Claim I”) included repeated references to

mass-casualty events and murder, and the Director reasonably considered Strege's arrest for allegedly making bomb threats to the Social Security Administration. *Id.* at \*9. The Commission further explained that, although Strege's second statement of claim ("Statement of Claim II") omitted references to violence, it did nothing to counter the Director's assessment that Strege poses an ongoing safety risk to other forum participants. *Id.* at \*9-10. The Commission therefore dismissed both applications for review. *Id.* at \*11.

In the present matter, Strege again seeks access to FINRA's arbitration forum. Like Statement of Claim II, Strege's current statement of claim ("Statement of Claim III") omits any references to violence but did nothing to dissuade the Director of his conclusion that Strege poses an ongoing safety risk. Relying explicitly on his reasoning in the prior denials of use of the forum—which reasoning was affirmed by the Commission—the Director found that Strege poses an ongoing safety risk and denied him access to FINRA's arbitration forum.

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 brief in support of his application continues to reference violence unrelated to any argument on appeal, only further bolstering the Director's determination that Strege presents extraordinary and ongoing safety concerns that require denial of FINRA's arbitration forum. The Commission therefore should dismiss Strege's application for review and sustain FINRA's action.

## **II. FACTUAL AND PROCEDURAL BACKGROUND**

### **A. The Commission Sustains FINRA's Prior Actions Denying Strege Access to FINRA's Arbitration Forum**

The safety risk Strege presents was well known to the Director prior to the FINRA action at issue. Indeed, the Director relied on this existing knowledge and explicitly referenced his

prior reasoning when exercising his authority under FINRA rules to deny Strege access to FINRA's arbitration forum in this instance. Therefore, to present a full recitation of the relevant facts and bases for the Director's determination denying the forum for Statement of Claim III, it is necessary to revisit Strege's Statements of Claim I and II and FINRA's related denials of forum sustained by the Commission.

**1. The Director Denied Strege Access to FINRA's Arbitration Forum for Statement of Claim I**

On November 30, 2022, Strege filed with DRS Statement of Claim I in FINRA Dispute Resolution Services ("DRS") Case No. 22-02722, against FINRA member TD Ameritrade and a non-FINRA-member bank. RP 18-137<sup>1</sup>; *Strege*, 2024 SEC LEXIS 2872, at \*1. In Statement of Claim I, Strege appears to have 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. *Id.* at \*1-2. Strege alleged that this conduct also violated the Americans with Disabilities Act because a stop-loss function was a reasonable accommodation for his disability. *Id.* at \*2. 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 19-20. Strege repeatedly referenced murder, weapons, and mass deaths. RP 18-136. In fact, Strege included the word "murder," or a variation thereof, approximately 33 times. RP 18, 19, 20, 21, 25, 28, 34, 41, 45, 61, 68, 71, 76, 78, 85, 95, 96, 99,

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<sup>1</sup> "RP \_\_\_\_" refers to the page numbers in the certified record filed by FINRA on January 2, 2025. Strege's numerous references to violence and other troubling statements in Statement of Claim I heavily factor in the Director's determination at issue that Strege poses an ongoing safety risk to other arbitration participants. RP 5-137. Statement of Claim I is referenced in both letters upon which the Director relies, references, and encloses in his letter denying FINRA's arbitration forum for Statement of Claim III. Therefore, Statement of Claim I is part of FINRA's certified record in this proceeding filed on January 2, 2025. RP 18-137.

100, 109, 116, 117, 127, 134, 135, 136. He also made unclear assertions about his life and world events, referred to violent acts by others, and asserted he was falsely arrested based on untruthful claims that he threatened the Social Security Administration.<sup>2</sup> *Strege*, 2024 SEC LEXIS 2872, at \*2.

On December 1, 2022, DRS notified Strege that the Director had denied him access to FINRA’s arbitration forum to arbitrate Statement of Claim I pursuant to FINRA Rule 12203(a). *Id.* at \*4. Strege thereafter filed an application for review with the Commission seeking review of FINRA’s action. *Id.* The Commission remanded the proceeding to FINRA to clarify the basis for the Director’s denial of FINRA’s arbitration forum. *Id.*; *see also Adam Strege*, Exchange Act Release No. 99267, 2024 SEC LEXIS 9 (Jan. 3, 2024).

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<sup>2</sup> Strege’s Statement of Claim I contained numerous allegations of violence against TD Ameritrade. 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 19. 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 Schwab Corporation, Merrill Lynch Conspiracy to commit a crime Murdering and Robing [sic] Traders Money.” RP 18. 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 25.

Strege also included in Statement of Claim I more than 100 pages of unrelated content, frequently of a violent nature. RP 18-137. 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 38. He also wrote, “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 51. Strege also repeatedly referenced mass casualty events, ranging from the September 11, 2001 terrorist attacks on the World Trade Center (RP 54, 62, 63, 73, 79, 80, 81, 88, 89, 90, 101, 102, 103, 108) to several high-profile mass shootings, including the 2015 shooting in San Bernadino (RP 46, 113), the 2016 Pulse nightclub shooting in Orlando, the 2017 shooting at a music festival in Las Vegas (RP 114, 118), and the 1999 shooting at Columbine High School (RP 46, 64, 82, 115, 116, 121).



**2. The Director Further Explained His Denial of Access to FINRA's Arbitration Forum for Statement of Claim I (the "February 1, 2024, letter")**

On February 1, 2024, the Director sent Strege a letter explaining in more detail that he denied Strege access to FINRA's arbitration forum to arbitrate Statement of Claim I pursuant to FINRA Rule 12203 to protect the safety of arbitrators, staff, and parties and their representatives. RP 7-10; *Strege*, 2024 SEC LEXIS 2872, at \*4. The Director's letter cited Strege's numerous references to violence, murder, and 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 7-8; *Strege*, 2024 SEC LEXIS 2872, at \*4-5 & n.4. The Director's February 1, 2024, 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 8, 10; *Strege*, 2024 SEC LEXIS 2872, at \*5. 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 8; *see also Strege*, 2024 SEC LEXIS 2872, at \*5. The Director further advised that he consulted FINRA's Director of Corporate Security, who found that, based on the consistent theme of violence in Strege's statement of claim, Strege posed a serious threat to arbitrators, parties and their representatives, and staff. RP 8; *Strege*, 2024 SEC LEXIS 2872, at \*5

In his February 1, 2024 letter, 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, staff, and parties and their representatives. RP 8-9; *Strege*, 2024 SEC LEXIS 2872, at \*5-6. 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 8. Thus, he reasoned, Strege would have enough identifying information to feasibly locate these individuals. RP 8-9; *Strege*, 2024 SEC LEXIS 2872, at \*6. The Director therefore concluded that a remote hearing was not a viable option. RP 9; *Strege*, 2024 SEC LEXIS 2872, at \*6. 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 9; *Strege*, 2024 SEC LEXIS 2872, at \*4.

On February 26, 2024, Strege filed a second application for review with the Commission. *Strege*, 2024 SEC LEXIS 2872, at \*6.

**3. The Director Denied Strege Access to FINRA's Arbitration Forum for Statement of Claim II (the "March 7, 2024, letter")**

On February 23, 2024, Strege filed another statement of claim in FINRA DRS Case No. 24-00430, Statement of Claim II. *Id.* at \*6. In Statement of Claim II, Strege alleged that TD Ameritrade closed his brokerage account in retaliation for the Commission's remand of his prior arbitration case. *Id.* He also alleged that no other brokerage firm would allow him to open an account. *Id.* Strege did not include, however, the violent language that he had used pervasively in Statement of Claim I. RP 12.

On March 7, 2024, DRS sent Strege a letter notifying him that the Director had denied Strege access to FINRA's arbitration forum pursuant to FINRA Rule 12203 for Statement of Claim II. RP 11-17; *Strege*, 2024 SEC LEXIS 2872, at \* 6-7. 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 11-12. 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. RP 12; *Strege*, 2024 SEC LEXIS 2872, at \*7. 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.<sup>3</sup> RP 13; *Strege*, 2024 SEC LEXIS 2872, at \*6.

On March 7, 2024, Strege requested Commission review of FINRA's decision to deny him access to FINRA's arbitration forum for Statement of Claim II. *Strege*, 2024 SEC LEXIS 2872, at \*7.

#### **4. The Commission Sustains FINRA's Actions Denying Strege Access to FINRA's Arbitration Forum for Statements of Claim I and II**

The Commission sustained FINRA's actions in FINRA DRS Case Nos. 22-02857 and 24-00430, related to Statements of Claim I and II. *Id.* at \*1. The Commission dismissed Strege's applications for review, finding that "FINRA acted in accordance with its rules when it denied [Strege] use of its arbitration forum based on a determination that [Strege] poses a safety risk to other forum participants." *Id.* at \*7-8. The Commission found that "the Director reasonably determined that accepting either [Statement of Claim I or II] for arbitration would pose a safety risk...given all the facts." *Id.* at \*9. The Commission continued that it was

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<sup>3</sup> The Director also provided a second, independent basis for denying use of FINRA's arbitration forum, finding that the subject matter of the dispute was inappropriate pursuant to FINRA Rule 12203 because it essentially raised the same claims that Strege presented in Statement of Claim I. *Strege*, 2024 SEC LEXIS 2872, at \*7 n.7. The Commission did not reach this second ground for denying use of the forum in its opinion sustaining the Director's decision to deny use of the forum based on safety grounds. *Id.*

reasonable for the Director to take into account Strege's arrest for allegedly making bomb threats when determining whether Strege poses a risk. *Id.* at \*9. The Commission noted that although Strege's Statement of Claim II did not have any violent references, "it contained nothing to counter the Director's assessment that Strege posed an ongoing safety risk." *Id.* at \*9-10. The Commission also found that the Director reasonably found that no FINRA office had adequate safety features to mitigate against the risks posed by Strege, and that even permitting Strege to appear remotely would not sufficiently mitigate the safety risks because Strege could still learn identifying information about other arbitration participants. *Id.* at \*10.

**B. Strege Filed Statement of Claim III Seeking to Arbitrate New Claims in FINRA's Arbitration Forum**

On December 7, 2024, Strege filed the statement of claim at issue in FINRA DRS Case No. 24-02587, Statement of Claim III, against FINRA members Charles Schwab & Co., Inc. ("Charles Schwab") and Bank of America. RP 1-2. Strege alleged that Charles Schwab and Bank of America violated FINRA rules and various federal laws, including the Americans with Disabilities Act. RP 1. Strege alleged, among other things, that Charles Schwab improperly closed his brokerage account, and "Charles Schwab Old owners[,] Wells Fargo Bank[,] and Bank of America stole \$100,000" from Strege. RP 1-2. Strege further alleged, "There 80 million Refugees it's never safe to go outside the rest of life." RP 2. He also asserted that brokers should have "Max Share Size and Max Loss [settings]." RP 2.

**C. The Director Denied Strege Access to FINRA's Arbitration Forum for Statement of Claim III**

On December 11, 2024, DRS sent Strege a letter notifying him that, pursuant to FINRA Rule 12203, the Director had denied Strege use of FINRA's arbitration forum to arbitrate Statement of Claim III "for the reasons explained in the February 1, 2024, letter and March 7,

2024, letter.” RP 5. DRS enclosed the February 1, 2024, letter (denying Statement of Claim I) and March 7, 2024, letter (denying Statement of Claim II), wherein the Director explained that he denied Strege’s request to arbitrate Statement of Claim III “to protect the safety of the arbitrators, parties and their representatives, and FINRA staff” and provided extensive detail to support his determination. RP 7-137. Like Statement of Claim II, Statement of Claim III omitted references to violence. But as explained in the Director’s March 7, 2024, letter, the omission of any violent references did not “dissuade [the Director of his] prior conclusion that [Strege] present[s] a serious safety risk, and that risk remains ongoing.” RP 12.

**D. Strege Continues to Make Violent References in His Opening Brief to the Commission**

On December 11, 2024, Strege requested Commission review of FINRA’s decision to deny access to FINRA’s arbitration forum to arbitrate Statement of Claim III. RP 175-82. On January 24, 2025, Strege filed his opening brief in support of his application for review. The brief has little, if anything, to do with the issue on appeal: whether the Director properly denied Strege access to FINRA’s arbitration forum in accordance with FINRA rules. Instead of addressing the Director’s decision, Strege broadly asserts that “Government and Companies murder and rob everyone” (Opening br. at 10). Strege also recites a litany of crimes, violence, and brutality, including references to “murder” or a variation thereof (Opening br. at 7, 8, 10, 13, 22, 82, 95); “kill” or “killing” (Opening br. at 17, 23, 45, 56, 57); “massacre” (Opening br. at 40); assassination (Opening br. at 53); bombs, nuclear weapons, weapons of war, and poisonous gas (Opening br. 9, 10, 14, 15, 16, 18, 19, 26, 28, 29, 32, 37, 41, 43, 44, 52, 53, 55, 61, 75, 78); kidnapping and other crimes against children (Opening br. at 11, 18, 23, 24, 25, 31, 32, 33, 36, 37, 47, 48, 50, 53, 54, 57, 69, 70, 71, 77, 78, 81, 86, 87, 89, 91, 92, 98); “date rape” (Opening br. at 31); “executed hanging” (Opening br. at 15); “dead body snatcher” (Opening br. at 42);

“suicide” (Opening br. at 50, 51); and “cannibalism” (Opening br. at 41, 42). And like his Commission filings related to Statements of Claim I and II, Strege in his opening brief continues to refer to atrocities and mass casualty events. *See* Applicant Strege’s February 29, 2024, filing; June 6, 2024, filing; July 1, 2024, filing; August 16, 2024, filing; and October 15, 2024, filing, Adam Strege, Exchange Act Release No. 101414, 2024 SEC LEXIS 2872 (Oct. 23, 2024) (No. 3-21880), <http://www.sec.gov/enforcement-litigation/administrative-proceedings/3-21880>; Applicant Strege’s January 13, 2023, filing; February 9, 2023, filing; March 13, 2023, filing, Adam Strege, Exchange Act Release No. 99267, 2024 SEC LEXIS 9 (Jan. 3, 2024) (No. 3-21253), <http://www.sec.gov/enforcement-litigation/administrative-proceedings/3-21253>.<sup>4</sup> In particular, Strege’s references include Nazis, the Holocaust, concentration camps, and “Kill Million Jews” (Opening br. at 11-13, 18-19, 21, 26, 29, 34, 38, 43, 47, 49, 57, 59, 60, 61, 63, 67, 75, 83, 91, 98); Osama Bin Laden and the 9/11 terrorist attacks (Opening br. at 20, 27, 37, 52, 78); and the Columbine school shooting (Opening br. at 93).

In addition to these various atrocities, Strege ‘s opening brief includes other violent references, such as “murder 6 Congressman and Putting Human Hearts” (Opening br. at 8”); “unit 731 Biological Weapon experiments murder 500,000 Prisoners 100 Mil Died” (Opening br. at 58); “98% Earth Population Died Plague Flue [sic] Smallpox,” (Opening br. at 47); “Exterminate all planets” (Opening br. at 10); and “grind up 100,000’s Dead bodies field

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<sup>4</sup> The Commission may take official notice of these documents pursuant to Rule of Practice 323. *See* 17 C.F.R. § 201.323 (providing that official notice may be taken “of any material fact which might be judicially noticed by a district court of the United States”).

fertilizer” (Opening br. at 75). Moreover, Strege highlights his belief that “Police harass Adam every time he goes outside” (Opening br. at 7).<sup>5</sup>

### III. ARGUMENT

Under Securities Exchange Act of 1934 (“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>6</sup> The Commission should sustain FINRA’s action because FINRA acted in accordance with its rules when the Director properly determined that Strege poses a safety risk to other arbitration forum participants and denied Strege the use of FINRA’s arbitration forum.

Allowing Strege to pursue his arbitration claims in FINRA’s forum continues to present a considerable safety risk to all arbitration participants. Strege has done nothing to counter the Director’s assessments that Strege poses an ongoing risk or that FINRA is unable to mitigate the safety risks that Strege presents. *See Strege*, 2024 SEC LEXIS 2872, at \*9-10 (“[A]lthough Strege’s second statement of claim omitted references to violence, it contained nothing to

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<sup>5</sup> At 99 pages and 18,964 words (relied on the word count feature of Microsoft Word), Strege’s opening brief exceeds the length limitations in SEC Rule of Practice 450(c), and he has not sought leave to file a brief that exceeds those length limitations. *See* 17 C.F.R. § 201.450(c). FINRA takes no position on Strege’s violation of Rule 450(c) or any remedy the Commission would seek to impose for his violation. But even if the Commission were to strike portions of Strege’s brief for his failure to abide by the length limitation, numerous violent statements and repeated references to murder, weapons, and mass killings are within the length limitation and thus would remain.

<sup>6</sup> Strege does not argue, and the record does not show, that FINRA’s action imposes an undue burden on competition. *See id.*

counter the Director's assessment that Strege posed an ongoing safety risk, such as disavowing Strege's previous references to violence or providing assurances or proof that he is not a safety risk."'). Considering the violent references Strege made in Statement of Claim I, his prior arrest for allegedly making bomb threats against a federal agency, and FINRA's continuing inability to mitigate the safety risk Strege presents, the Director properly concluded that accepting Strege's Statement of Claim III would continue to pose a safety risk to the other forum participants. RP 5, 7-17. Accordingly, the Director exercised his authority under FINRA Rule 12203 to deny Strege access to FINRA's arbitration forum. *See Strege*, 2024 SEC LEXIS 2872, at \*10-11 (upholding the Director's previous denials of forum with respect to Statements of Claim I and II). FINRA's action was in accordance with FINRA rules and consistent with the purposes of the Exchange Act. The Commission should therefore 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 poses a safety risk to arbitrators, staff, and parties and their representatives. The record shows, and Strege does not contest, that the grounds for FINRA's action exist in fact. The Director's determination was based on Strege's repeated use of violent language and references to violent acts in Statement of Claim I, Strege's prior arrest for allegedly making bomb threats to the Social Security Administration, and the Director's conclusion that no FINRA office is equipped with sufficient security measures to mitigate the safety risks Strege presents and that a virtual hearing likewise would not mitigate the safety risks. RP 5, 7-17; *see Strege*, 2024 SEC LEXIS 2872, at \*8-9. Strege does not challenge any of these grounds or findings on appeal. Nor can he because all exist in fact.



**B. FINRA 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. In this case, FINRA denied Strege access to FINRA’s arbitration forum in accordance with FINRA Rule 12203 because the Director properly concluded that Strege poses a safety risk to the other arbitration participants.

The Director had ample “reason to believe” that Strege “present[s] a security risk to the forum or to other parties.” *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*, Exchange Act Release No. 34-51856, 2005 SEC LEXIS 1432, at \*10 (June 15, 2005). The security risk that Strege poses is well known to FINRA as described herein, and the Director had previously denied Strege access to FINRA’s arbitration forum after twice concluding the safety concerns that Strege presented were “extraordinary.” RP 9, 13. This history provided the Director with a composite picture of Strege as a continued and looming threat to FINRA’s arbitration forum and its participants as it related to Strege’s newest arbitration claim, Statement of Claim III. *See Strege*, 2024 SEC LEXIS 2872, at \*9 & n.13 (determining that holistic review of Strege’s “many references to mass-casualty events and murder” provided “an adequate basis for denying the use of the forum based solely on the reference to violence in the first statement of claim”).

Considering this detailed and disturbing history, the Director exercised his discretion and denied Strege use of FINRA’s arbitration forum “for the reasons explained in the February 1, 2024, letter and March 7, 2024, letter.” RP 5. As explained in the February 1, 2024, letter and March 7, 2024, letter, which were attached to the Director’s December 11, 2024, denial letter, the Director denied Strege’s request to arbitrate Statement of Claim III “to protect the safety of

the arbitrators, parties and their representatives, and FINRA staff.” RP 9, 13. And the Director provided extensive detail to support his determination. RP 7-137. Both the February 1, 2024, and March 7, 2024, letters detailed Strege’s many references to mass-casualty events and murder in Statement of Claim I. RP 7-17. The letters also referenced Strege’s arrest for allegedly making bomb threats to the Social Security Administration. RP 8, 12. Moreover, these letters detailed the Director’s conclusion that no physical FINRA office had sufficient security features to mitigate the safety risk posed by Strege and explained that even permitting Strege to appear remotely would not sufficiently mitigate the safety risk Strege poses to other forum participants because he would still learn identifying information about them.<sup>7</sup> RP 8-9, 12-13.

Based on these facts, the Director properly concluded that accepting Statement of Claim III and permitting Strege’s use of FINRA’s arbitration forum would pose a safety risk to other forum participants. The Commission has explicitly found that the Director’s decision to deny the use of FINRA’s arbitration forum *based on these same facts* was in accordance with FINRA Rule 12203. *Strege*, 2024 SEC LEXIS 2872, at \*9 (“The Director’s decision to deny Strege use of the arbitration forum was in accordance with this rule because the Director reasonably

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<sup>7</sup> 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 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 FINRA 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 to identify and locate any arbitrators, party, witness, or FINRA staff participating in the arbitration process. Therefore, the Director reasonably found that conducting a hearing remotely would not mitigate the safety risk Strege poses because Strege would still learn other participants’ identifying information and potentially be able to locate them. *See Strege*, 2024 SEC LEXIS 2872, at \*10.

determined that accepting [Statement of Claim II] for arbitration would pose a safety risk to other forum participants, given all these facts explained above.”). Just as in the prior applications for review, here, the Director reasonably determined that Strege posed a safety risk due to troubling references in Statement of Claim I, reasonably considered Strege’s arrest for allegedly making bomb threats to the Social Security Administration when determining whether Strege poses a real safety risk, and reasonably found that no FINRA office contained adequate safety features to the mitigate safety risks posed by Strege and permitting Strege to appear remotely would not sufficiently mitigate the risk.<sup>8</sup> *See id.* at \*9-10. These facts undoubtedly fall within the “narrow range of unusual circumstances” that authorize the Director in his discretion to exclude claims from FINRA’s arbitration 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*”).

On appeal, Strege contends that he should be allowed access to FINRA’s arbitration forum because Statement of Claim III omits “Bad words.” Opening br. at 10. Strege’s argument oversimplifies the Director’s responsibility. FINRA rules require the Director to engage necessarily in fact finding when deciding whether to deny the use of FINRA’s arbitration forum. *Cf. Ryan William Mummert*, Exchange Act Release No. 97680, 2023 SEC LEXIS 1520, at \*10-11 (June 9, 2023) (holding that the Director must engage in limited fact-finding when exercising

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<sup>8</sup> Notably, the Commission found in *Strege* even if it disregarded Strege’s arrest, it still would find the Director had “an adequate basis for denying use of the forum based solely on the references to violence in [Statement of Claim I].” *Id.* at \*9 n.13. These same considerations apply here.

his discretion to deny access to FINRA’s arbitration forum pursuant to FINRA Rule 12203). Only the Director has the authority to deny access to the forum, and with that authority comes great responsibility to assess the totality of the circumstances to protect FINRA’s arbitration forum and its participants. The totality of the circumstances here includes Strege’s many prior references to violence in Statement of Claim I and Strege’s continued references to violence in other filings to the Commission. *See* Applicant Strege’s February 29, 2024, filing; June 6, 2024, filing; July 1, 2024, filing; August 16, 2024, filing; and October 15, 2024, filing, Adam Strege, Exchange Act Release No. 101414, 2024 SEC LEXIS 2872 (Oct. 23, 2024) (No. 3-21880), <http://www.sec.gov/enforcement-litigation/administrative-proceedings/3-21880>; Applicant Strege’s January 13, 2023, filing; February 9, 2023, filing; March 13, 2023, filing, Adam Strege, Exchange Act Release No. 99267, 2024 SEC LEXIS 9 (Jan. 3, 2024) (No. 3-21253), <http://www.sec.gov/enforcement-litigation/administrative-proceedings/3-21253>. Thus, the Director properly concluded, based on the totality of the circumstances, that the lack of violent language in Statement of Claim III did not alleviate the serious safety risk that Strege presents or counter the notion that he continues to pose an ongoing safety risk.<sup>9</sup> And just as there is no bright-line rule that the mention of the word “murder” in a statement of claim precludes access to FINRA’s arbitration forum, *see Strege*, 2024 SEC LEXIS 2872, at \*9 n.12, there also is no bright-line rule that a statement of claim that omits violent references requires access, *see id.* at

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<sup>9</sup> While Strege shied away from the use of violent references in Statement of Claim III, his opening brief contains myriad references to murder, weapons, other violent crimes, and mass casualty events. *See infra* Part II.D. That Strege’s filings to the Commission continue to reference violence only bolsters the Director’s determination that Strege presents extraordinary and continuing safety concerns that require denial of FINRA’s arbitration forum.

\*9-10 (affirming FINRA’s denial of access to FINRA’s arbitration forum for Statement of Claim II, which omitted violent references).

Based on the foregoing, the Director properly concluded that Strege presented extraordinary safety concerns and denied Strege access to FINRA’s arbitration forum to protect the safety of arbitrators, staff, and parties and their representatives. *See id.* The Director’s exercise of his authority under FINRA Rule 12203 was necessitated by these safety concerns. Therefore, FINRA acted in accordance with its rules when denying Strege access to FINRA’s arbitration forum.

**C. The Director’s Denial of Access to FINRA’s 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 Rule 12203, 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 the Exchange Act’s purpose and contravene the intent of FINRA rules. *See id.*; *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”). As the Commission has found, FINRA Rule 12203 “is consistent with the Exchange Act’s purpose because it is in the public interest to protect the safety and health of the participants in FINRA’s arbitration forum.” *Strege*, 2024 SEC LEXIS 2872, at \*10.

As the Commission previously found, Strege's filing in Statement of Claim I contained a litany of violent statements and repeated references to murder, weapons, and mass killings. *Id.* at \*8, 9 & n.12. 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. *See id.* at \*9 & n.13 (recognizing "that an arrest can be relevant in assessing the security risk posed by an individual"). As the Director explained, FINRA offices are not equipped with sufficient security measures to counter the safety risk Strege poses to forum participants and even conducting a hearing virtually would not mitigate that risk. RP 5, 8-9, 12-13; *see id.* at \*8. Nothing in Strege's Statement of Claim III countered the Director's assessment that Strege poses an ongoing safety risk. RP 1-2.

Thus, the Director's decision to deny Strege use of the forum to arbitrate Statement of Claim III "to protect the health and safety of users and administrators of the forum" was a quintessential "emergency situation" and 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. *Order Approving Proposed Rule Change and to Amend NASD Arbitration Rules*, 72 Fed. Reg. at 4602. 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.

#### **IV. CONCLUSION**

The record demonstrates persuasively that Strege poses a safety threat to arbitrators, staff, and parties and their representatives. As Commission precedent establishes, FINRA acted in

accordance with FINRA Rule 12203 and consistent with the Exchange Act's purposes when the Director denied Strege access to FINRA's arbitration forum based on his determination that Strege posed a safety risk to other forum participants. Accordingly, the Commission should dismiss Strege's application for review.

Respectfully submitted,

/s/ Megan Rauch  
Megan Rauch  
Associate General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
megan.rauch@finra.org  
nac.casefilings@finra.org

March 26, 2025

## **CERTIFICATE OF COMPLIANCE**

I, Megan Rauch, certify that this Brief in Opposition to the Application for Review (File No. 3-22365) 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 5,895 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/ Megan Rauch  
Megan Rauch  
Associate General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
megan.rauch@finra.org  
nac.casefilings@finra.org



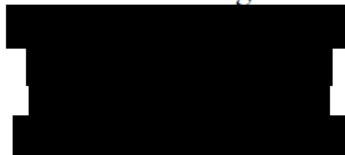
**CERTIFICATE OF SERVICE**

I, Megan Rauch, certify that on this 26th day of March 2025, I caused a copy of the foregoing FINRA's Brief in Opposition to the Application for Review, In the Matter of Adam Strege, Administrative Proceeding File No. 3-22365, to be filed through the SEC's eFAP system on:

Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

and served by electronic mail on:

Adam Strege



/s/ Megan Rauch  
Megan Rauch  
Associate General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
megan.rauch@finra.org  
nac.casefilings@finra.org