

FINRA Enforcement, Arbitration, and Appeals

Overview

The Financial Industry Regulatory Authority Inc. (FINRA) is a private corporation that acts as a self-regulatory organization (SRO) for the securities industry in the United States. FINRA, formerly the National Association of Securities Dealers (NASD), creates and enforces rules for its members based on the federal securities laws. The Securities and Exchange Commission (SEC) oversees FINRA.

Our Practice

Carlton Fields attorneys handle FINRA regulatory investigations and enforcement matters across the country. We also handle FINRA arbitrations of industry and customer disputes and appeals of FINRA matters. Our clients include broker-dealers, registered representatives (individuals licensed to sell securities), and associated persons (APs) (anyone engaged in the securities business who is directly or indirectly controlled by a FINRA member, and management personnel).

We handle all stages of FINRA proceedings, from responding to informal and formal requests for information, representing clients during on-the-record testimony, representing clients through the Wells process, hearing preparation, FINRA enforcement hearings, and appeals of National Adjudicatory Council decisions to the SEC. We also advise broker-dealers and associated persons on Form U4/U5 matters, including BrokerCheck disputes.

Our team of lawyers includes more than three dozen attorneys, including a former FINRA senior director and senior litigation counsel from FINRA's litigation group, and several former high-level SEC attorneys from the SEC's divisions of enforcement, corporation finance, investment management, trading and markets, and the trial unit.

Our team works closely with Carlton Fields' FINRA and SEC regulatory attorneys who advise broker-dealers and APs on various [FINRA regulatory and compliance issues](#). When the need arises, our team works seamlessly with Carlton Fields' [SEC Enforcement Practice](#) and other practice areas to handle related matters.

Experience

FINRA Enforcement

- Represented broker-dealers in FINRA matters alleging violations of FINRA's suitability rules and Regulation Best Interest involving alternative investments.
- Represented broker-dealers in FINRA matters alleging violations of federal securities laws and/or FINRA rules including supervision of registered representatives, fraud/theft detection and prevention, market timing, firm recordkeeping, untimely responses to Rule 8210 requests, and undisclosed outside securities accounts.
- Represented broker-dealer in FINRA matter alleging negligent fraud in a public offering.
- Represented broker-dealers in FINRA matters alleging various supervisory and books-and-records violations.
- Represented broker-dealers and APs in FINRA matters alleging various other alleged violations of FINRA rules, and advised on Forms U4 and U5 issues.
- Represented broker-dealer in FINRA matter involving supervisory procedures, sales practices, and operational issues.

FINRA Arbitrations

- Represented broker-dealer firms and management personnel in NASD/FINRA customer and industry/broker arbitrations, including (i) an industry/broker dispute that went to an approximately two-month evidentiary hearing and (ii) a high net worth customer arbitration that went to an eight-day evidentiary hearing in 2014, resulting in the dismissal of all claims following the conclusion of the claimant's case-in-chief.
- Represented broker-dealer against an AP's claim of disability and national origin discrimination and retaliation.
- Represented broker-dealers and APs in three NASD arbitrations involving misrepresentation, selling away, state and federal securities law claims, and/or suitability claims.
- Represented life insurer in NASD arbitration; successfully argued pre-hearing for dismissal of the client on jurisdictional grounds.
- Represented broker-dealer and APs in wrongful termination FINRA arbitration where claimant also alleged defamation.
- Represented wholesaler of variable insurance products in FINRA arbitration brought by high net worth individual.
- Represented broker-dealer in NASD/FINRA arbitration involving sale of funding vehicles for 412(i) defined-benefit retirement plan and advice to broker-dealer on response to subsequent regulatory investigation.

- Represented broker-dealer in NASD/FINRA arbitration alleging fraud and unsuitability in connection with sales of purported "high-risk" investments subject to market losses.
- Represented AP in seven-day industry FINRA arbitration in an employment and breach of contract dispute.

FINRA Appeals

- Represented AP in appeal of disciplinary action taken by FINRA to SEC where hearing panel found AP engaged in cheating on a qualification examination and imposed permanent bar.
- Represented AP in appeal of disciplinary action taken by FINRA to SEC where hearing panel found AP engaged in private securities transactions for a hedge fund and imposed an 18-month suspension.
- Represented broker-dealer in appeal of adverse FINRA award to federal district court.
- Represented broker-dealer in parallel SEC/NASD/state securities department investigation and related civil litigation involving alleged theft of client funds by former registered representative.

Other FINRA Matters

- Represented broker-dealer in class action brought in federal court alleging that the defendant had a conflict of interest in sponsoring analyst reports covering companies with which the broker-dealer had other business relationships (state claims dismissed under SLUSA).
- Represented broker-dealer in internal investigation of registered representative who did not obtain approval of outside business activities, including being named as beneficiary of client account, as required by firm procedures.
- Prosecuted adversary proceeding on behalf of FINRA trustee to recover fraudulent transfers by former head of defunct clearing broker.
- Represented financial services client in connection with threatened state securities law charges relating to alleged failure of affiliates to obtain state licensing as broker-dealers or investment advisers.

Insights

01.18.2024

FINRA Issues 2024 Annual Regulatory Oversight Report

09.28.2023

Against All Odds Alpine Wins Important Injunction Against FINRA

08.25.2023

The Hits Keep Coming for FINRA, Closing Out a Brutal Summer

07.07.2023

D.C. Circuit Deals Shocking Blow to FINRA Enforcement

05.25.2023

Reg BI Cooking Instructions: Based on SEC/FINRA Exams

02.16.2023

A Coming Seismic Shift in Administrative Law? Or Just a Tremor?

02.16.2023

FINRA Settles Its First Reg BI Action

01.19.2023

FINRA Issues 2023 Report on Examination and Risk Monitoring Program

01.11.2022

What Will the SEC Do About the “Gamification” of Trading in 2022?

11.04.2021

“Reasonable” Does Not Mean Perfect: Recent FINRA Regulatory Developments and Interpretive Questions

10.11.2021

Payment for Order Flow (PFOF): Your Questions Answered

10.05.2021

SEC’s Upcoming Report on GameStop and Payment for Order Flow: What to Watch

09.10.2021

SEC Targets Payment for Order Flow: What Broker-Dealers and Wholesale Market Makers Should Know

07.26.2021

Regulators Consider Payment for Order Flow and the Gamification of Trading After GameStop

06.10.2021

Regulatory Monitor: Life Insurance and Annuity Developments

The Investment Lawyer

05.05.2020

FINRA's Examination Priorities and Findings for 2020

American Bar Association

03.06.2019

FINRA's New Report on Broker-Dealer Cybersecurity Practices

Securities Litigation Journal

03.31.2018

FINRA Requires Order Taker Registration

12.29.2017

Delicate FINRA Balancing Act: To Self-Report or Not?

09.26.2017

Nevada Securities Act Amendments – What's Next?

06.23.2017

FINRA Moves to Protect Seniors and Other Vulnerable Persons

06.23.2017

FINRA Issues New Guidance on Social Media and Digital Communications

06.23.2017

Chief Compliance Officers Beware

06.23.2017

FINRA Public Offering Proposal Excludes All Insurance Contracts

06.23.2017

FINRA Proposes to Loosen Restrictions on Performance Projections

04.10.2017

FINRA Fines Firms for WORM Problems

04.10.2017

SEC Approves FINRA Efforts to Protect Seniors and Other Vulnerable Persons

12.22.2016

FINRA Focus on Cybersecurity Continues

12.22.2016

FINRA Fines Firms For Not Supervising L-Share Annuity Sales

12.22.2016

Complex Investment Product Training Materials Under Fire

11.22.2016

FINRA Seeks Clean Sweep of Abusive Cross-Selling Practices

10.13.2016

FINRA to Overhaul Gifts, Non-Cash Compensation, and Business Entertainment Rules

06.30.2016

FINRA to Assess Member Firms' Culture

05.03.2016

Avoiding a Messy Break-Up: How a Firm's Investigation Can Deflect a Financial Advisor's Form U-5 Defamation Claim

12.23.2015

FINRA and NASAA Proposals to Protect Vulnerable Customers

12.23.2015

FINRA Targets Stockbroker's Impermissible Transfer of Client Account Information

08.06.2012

FINRA Targets Broker-Dealer Conflicts of Interest

Our Team

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Related Capabilities

Practices

- Litigation and Trials
- Securities Litigation and Enforcement
- SEC Enforcement
- Insolvency-Related Directors and Officers (D&O) Litigation
- Insolvency-Related Directors and Officers (D&O) Litigation
- Employee Benefits, Compensation & ERISA
- Securities Transactions and Compliance

Industries

- Life, Annuity, and Retirement Solutions
- Property & Casualty Insurance
- Life, Annuity, and Retirement Solutions

- Life, Annuity, and Retirement Solutions
- Internal Investigations

Events

FINRA Arbitration, Enforcement, and Compliance Regional CLE Program
02.23.2024
