

June 21, 2010

Via Federal Express Tracking No. 798778477761

Marcia E. Asquith, Senior Vice President  
and Corporate Secretary  
Financial Industry Regulatory Authority  
1735 K Street, NW  
Washington, DC 20006-1506

RE: FINRA 2010 Annual Meeting

**PROXY PROPOSALS FOR 2010 FINRA ANNUAL MEETING**

FINRA member, Amerivet Securities, Incorporated (“Amerivet”), hereby submits the following seven proposals for consideration by the FINRA membership at the annual meeting scheduled to occur on August 2, 2010. We would like these proposals and the narrative in support of each of them inserted in FINRA’s forthcoming proxy statement.

Pursuant to FINRA By-Laws Article XXI, §3(b), the submission of these proposals is timely. Further, pursuant to FINRA By-Laws Article XXI, §1 and Article XXI, §3(b), the proposals submitted for consideration are appropriate for consideration by the FINRA membership. Each of the proposals submitted below is meant to stand independently and the failure to include any one proposal should not in any way limit the inclusion of the others. Should the FINRA Board of Governors (the “Board”) or Secretary of the Corporation or anyone else on behalf of either choose to exclude any of the proposals set forth below, Amerivet requests immediate written notice of the individual(s) who determined to make the exclusion and the complete basis for any exclusion. Please serve any such notice on my attorneys Jonathan W. Cuneo of Cuneo Gilbert & LaDuca, LLP, 507 C Street, NW, Washington, DC 20002 and Richard D.

Greenfield of Greenfield & Goodman, LLC, 250 Hudson Street-8<sup>th</sup> Floor, New York, NY 10013.

Should FINRA take the position that any of the following proposals are deficient in any way, please promptly contact Mr. Cuneo and/or Mr. Greenfield so we may work with you to remedy any perceived deficiencies or to provide you with any further information regarding the proposals.

Amerivet principal Lt. Col. Elton Johnson, Jr. will be deployed for service to the United States Army Reserve in Afghanistan on the date of the Annual Meeting. As a result, Amerivet will be represented by its counsel through formal written proxy by Jonathan W. Cuneo and William H. Anderson of Cuneo Gilbert & LaDuca, LLP and/or Richard D. Greenfield of Greenfield & Goodman, LLC.

Proxy Proposal 1 – Disclosure of Compensation of FINRA’s Top Ten Most Highly Compensated Employees

Beginning in its 2011 Annual Report and annually thereafter, FINRA shall disclose the compensation, both direct and indirect, of its top ten most highly compensated officers. FINRA shall also disclose any and all compensation, direct or indirect, to any compensation consultants employed by FINRA and/or the Board.

Explanation

Publicly-owned companies make disclosures of executive compensation in their annual reports and through other means. In FINRA’s case, FINRA members and members of the public must wait until FINRA files its tax returns, which usually occurs in early December of the subsequent year. This means that there is nearly a year delay until compensation from the previous year is disclosed. There is no burden in making timely disclosure and FINRA should do so as a matter of transparency and good governance.

## Proxy Proposal 2 – Independent Study of Current and/or Former FINRA Officer and/or Director

### Involvement with the Madoff Family

FINRA shall commission an independent study of the dealings between present and/or former FINRA officers and directors, on the one hand, and Bernard L. Madoff, members of his family and/or their respective affiliates on the other.

### Explanation

Bernard L. Madoff's history with the predecessor to FINRA (NASD) goes back decades. Madoff was previously the head of NASDAQ, the sale of which is the ultimate source of the majority of FINRA's financial resources and members' equity. Although FINRA commissioned a report on its regulatory failure with respect to Madoff, significantly, the charter that governed the activities of the law firm that prepared the report DID NOT include information on the dealings between senior FINRA officials on the one hand and members of the Madoff family and/or their affiliates on the other. In a jailhouse interview, Madoff referred to former FINRA Chairman Mary Schapiro as a "dear friend." In addition, Madoff wrote another senior official a glowing letter when she became an SEC Commissioner. The story of Madoff cannot be complete until there is disclosure of the dealings between FINRA decision-makers and Madoff and his close associates/family. Given Madoff's history with NASD, it is essential to determine whether Madoff made a conscious effort to "chloroform" the regulators of his businesses by involving himself and/or members of his family in their activities and otherwise used his contacts improperly.

### Proxy Proposal 3 – Transparency of FINRA Investment Policies, Practices and Transactions

FINRA shall publicly disclose the identities of all persons it consults or does business through in connection with the investment of its assets, including all financial institutions or advisors involved in the purchase or sale of any FINRA assets of any kind including those held in any FINRA retirement plans.

#### Explanation

FINRA is charged with regulating broker/dealers who are part of publicly traded corporations. In addition, FINRA, for its own account, purchases securities from the broker/dealers it regulates, which it does directly or through intermediaries. It is essential that FINRA avoid the appearance of partiality or conflicts of interest. Unlike a bank or a private entity, FINRA has a responsibility to be an objective defender of the public markets and regulator of specified activities in those markets. Additionally, FINRA has sustained massive losses as a result of its investments practices. In 2008, the losses disclosed by FINRA were in excess of \$565 million. Therefore its investment-related conduct and practices must be transparent to its members and the public at large.

Proxy Proposal 4 – FINRA Board of Governors Meetings to Be Made Public Except When Absolutely Necessary

Beginning on September 1, 2010, transcripts of all meetings of the FINRA Board of Governors and/or Committee of the Board shall be made public on FINRA's website within 30 days following each such meeting. The Board by affirmative vote can close those portions of the meetings when non-public regulatory matters are on the agenda or to be discussed and confidentiality is warranted.

Explanation

Federal regulatory agencies, such as the Securities Exchange Commission or the Federal Trade Commission operate in the sunlight. The meetings of these regulatory agencies are subject to the Sunshine Act, and the disclosure obligations of the Freedom of Information Act. As a major United States financial regulator, there is no valid reason why FINRA should not follow the same procedures.

### Proxy Proposal 5 – “Say on Pay” for Top Five Most Highly Compensated FINRA Employees

Beginning in 2011, at least once in each year, FINRA members shall have a non-binding vote on the compensation levels of the top five most highly compensated FINRA employees.

#### Explanation

The SEC, under Mary Schapiro, has supported proposals that require shareholders of public companies to have a non-binding “say on pay.” In testimony before Congress’s Financial Crisis Commission on January 14, 2010 Ms. Schapiro stated, “there can be a direct relationship between compensation arrangement and corporate risk taking.” Ms. Schapiro went on to say, “[m]any major financial institutions created asymmetric compensation packages that paid employees enormous sums for short-term success, even if these same decisions result in long-term losses or failure for investors and taxpayers.” In 2008, while FINRA investments lost more than 26% of the total assets of the organization and members’ equity was badly depleted, the hand-picked FINRA Board awarded executive compensation to the top 11 executives totaling nearly \$30 million. Shortly thereafter FINRA appealed to the SEC for a member dues increase. A non-binding “say on pay” would weaken the perception that FINRA’s hand-picked Board rubber stamps huge compensation packages that are undeserved, particularly since FINRA is incorporated as a not-for-profit organization.

## Proxy Proposal 6 – Creation and Employment of an Independent Private Sector Inspector

### General

Beginning on September 1, 2010, FINRA shall employ an independent private sector inspector general (“Inspector”) on a standing basis to investigate claims of misconduct by FINRA executives and employees or others acting on its behalf. The reports of the Inspector shall be filed with the FINRA Board of Governors, the Securities Exchange Commission, the Senate Committee on Banking and the House Committee on Financial Services.

### Explanation

There is a perception among some FINRA members that FINRA has abused its regulatory powers to investigate and to place a greater investigative burden and certain disfavor on companies that challenge FINRA’s regulatory authority and/or specific activities as well as failing to adequately perform its functions. Currently there is no mechanism through which a FINRA member can gain any independent review of these suspicions and/or the conduct of those who have the power to oversee the member’s activities. An independent inspector general would have the power to scrutinize the genesis of FINRA investigations (as well as failures to investigate) in addition to other conduct of concern to members. This should not be a burden on legitimate FINRA investigations and other activities, but would be a disincentive to abuse the nearly absolute prosecutorial discretion and freedom from real oversight that FINRA otherwise enjoys.

## Proxy Proposal 7 – Disclosure of IRS Correspondence Concerning \$35,000 NASD Member

### Payment

FINRA shall immediately make available correspondence between NASD (including its lawyers, agents and employees) on the one hand, and the IRS on the other hand, concerning the regulatory consolidation of NASD and the regulatory arm of NYSE, provided that FINRA members first sign a confidentiality agreement in substantially the form posted on the website of the Honorable Judge Jed S. Rakoff of the United States District Court for the Southern District of New York.

### Explanation

In conjunction with the closing of the transaction that resulted in the creation of FINRA, NASD members were paid \$35,000 each. NASD members were told in writing and at “roadshows” put on by senior NASD executives (including former NASD CEO Mary Schapiro) in 26 cities that \$35,000 was the absolute limit on the payment to members and that the payment was limited to such amount by the IRS. These statements were false. In fact, the IRS did not issue its opinion concerning the ceiling of the payment to NASD members until months after the false statements were made. As already disclosed in Court, the actual limit on the payment to NASD members was substantially higher than the false ceiling represented by NASD and NYSE. The documents substantiating this allegation were produced in *Standard Investment Chartered Inc. v. NASD, et al.*, Case No. 07-cv-2014 (SDNY) in which the presiding Judge was the Honorable Jed S. Rakoff. If FINRA is to move forward and put past mistakes behind it, its members must know the truth regarding this \$35,000 payment.