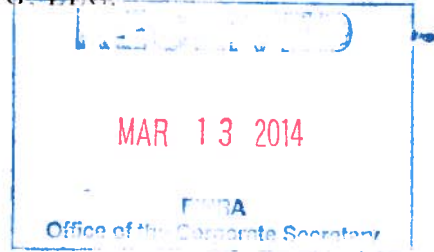




CATT WEALTH CONSULTING, LLC.

March 8, 2014

Ms. Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K. Street, NW
Washington, DC 20006-1506



Dear Ms. Asquith:

In fourteen years of practice, I have never written to a regulatory agency. I mention this so you will understand that I am not the type of person who flies off the handle at every new regulation imposed on my profession. I understand that every bit of regulatory legislation from the 1933 Securities Act to the 2001 Patriot Act are responses to some calamity. I believe good rules keep us safe.

Today I am compelled to write you, because what FINRA proposes with its Comprehensive Automated Risk Data System (CARDS) is not a good rule. I understand FINRA's intent is to protect clients, but my clients don't look to quasi-governmental self-regulatory authorities as their champion. It is not that they fear scrutiny of their actions. It is that they don't trust strangers to judge their actions in isolation. Further, I do not see how this program will be either efficient or effective at catching criminals. What FINRA proposes is a drag net of information collection. Yes, it may catch a few big fish, but in the process it will snare and suffocate every living thing unfortunate enough to cross its path.

Further, by systematically collecting and storing investor information, FINRA will make this database a treasure trove for hackers intent on nefarious deeds. How better to choose targets for boiler rooms and other scams than to plow the rich loam of client information carefully swept into one central location?

I don't believe FINRA's claims that such information will be secure and not personally identifiable. First, there have been too many data breaches from Target to Blue Cross to the Pentagon for me to believe that any data stored on-line is truly secure. True electronic data security may never be accomplished in our lifetimes.

Second, in order for FINRA to use the data to determine whether transactions are suitable, it will have to correlate a number of personal factors to the transaction. Client investments are complex. Each client may have multiple accounts, each with its own purpose. In order to understand why a client may want a particular investment one must see that transaction in the context of the client's entire investment environment. Some assets will not show up on CARDS. These include "check and app" directly purchased assets, employer defined benefit pension payments, and assets that may not be owned by the client now, but may come to them in an

inheritance or a business arrangement. These assets and other intangible factors like personal preferences and experiences all go into investment decisions.

FINRA will be playing a game of blind men describing the elephant. If you do not recall the parable, please allow me to summarize. A group of blind men were introduced to an elephant, but each could only experience the part of the elephant he could touch. So for the man touching the elephant's ear, the elephant was like a big-leafed jungle plant. For the man grasping the tail, the elephant was but a stick. The elephant's trunk was compared to a mighty boa constrictor; its flank to a wall; the tusk to a polished wooden staff. All were right, but all were also wrong. Each elephant part resembled the comparison item, but none could see the elephant in its entirety.

FINRA's proposed CARDS will generate thousands, if not millions, of "false positives." Member firms will spend countless hours explaining these transactions, consequently wasting time and money on nothing. Meanwhile the real bad guys will be in the shadows selling their get-rich-quick schemes. FINRA will be too busy with its meaningless data stream to pay attention to the shadows.

For FINRA to assimilate data, the data fed to it would need to be standardized to a point that firms serving real people could no longer customize their data collection for their clientele. The cost of feeding hyper-standardized quantitative data to CARDS will increase the cost of doing business, making all but the wealthiest clients unattractive business prospects.

As employers and our government are under pressure to shift the risk of retirement saving more and more toward individuals, one of FINRA's goals should be to assure ordinary people, particularly our young people who are woefully underserved, have access to financial advisors. Increasing the cost of doing business (both in terms of dollars and effort) is unlikely to produce this result.

The goal of greater customer protection cannot be achieved through massive data collection, because the scofflaws are going to find a way to stay in the shadows. Artificial intelligence is no match for sinister intent. The only way to catch a bad guy is with a good guy. The best way to assure customer protection is through superb human supervision. When everyone up and down the chain of command understands his or her role in serving the needs of the customer first; when they understand that scrupulous ethics make for excellent business, then the scofflaws will have no shadow in which to perpetrate their crimes. Please concentrate your energy on creating light, not casting the shadow of Big Brother.

Sincerely Yours,



Martha L. Catt, CEBS
Financial Advisor and President
Catt Wealth Consulting, LLC

cc: Dawn Baker, Baker Financial (OSJ)
Cambridge Investment Research, Compliance Department