

FINRA Enforcement Set to Break Records

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FINRA is on pace to break its own enforcement records, based on the number of cases filed so far this year.

Here are the numbers. As of March 31, FINRA initiated 306 disciplinary actions, imposed \$8.5 million in fines, and directed firms to pay \$1.9 million in restitution. FINRA also barred 59 registered representatives, expelled three and suspended 128.

"FINRA enforcement continues to have a strong caseload, with a record number of cases on the same pace this year as last," Brad Bennett, chief of enforcement, stated at FINRA recent annual conference.

The most frequent compliance issues this year are suitability, cybersecurity and anti-money laundering. While suitability always tops the enforcement list, AML and cybersecurity are emerging as new favorites.

According to FINRA, most AML violations relate to failures to establish and implement adequate programs. FINRA recently fined three firms over \$9 million for failing to tailor their AML programs to their business structures.

Brokers are also increasingly getting caught up in hacking attempts. FINRA states that it is currently pursuing 100 cybersecurity cases that involve hackers who gained access to customer accounts and then requested brokers to initiate wire transfers. The enforcement actions against the brokers allege that the individuals were untruthful FINRA about why they sidestepped their firms' controls in transferring the funds.

As always, if you have questions or comments, please call, [e-mail](mailto:nybusinesslaws@eckerlelawyers.com) or tweet me [@NYBusinessLaws](https://twitter.com/NYBusinessLaws).

Eckerle Law offers legal advice in a variety of transactional and regulatory matters and serves companies' plenary business law needs. Its founder, Bettina Eckerle, is a veteran of Debevoise & Plimpton and Wachtell, Lipton, Rosen & Katz. She also served as the General Counsel of two companies en route to IPO. Please visit the [Eckerle Law website](http://eckerlelawyers.com) for more details.