

Finra Top Cop Susan Merrill Departing

Second High-Profile Exit at Securities Industry Regulator in About a Month

By John Goff

March 18, 2010

Susan Merrill, the enforcement director at Finra, informed her staff on Wednesday that she plans on stepping down.

Ms. Merrill's departure date has yet to be determined, the Financial Industry Regulatory Authority Inc. said in a statement. A search for a successor is underway.

"I had a vision of one, unified enforcement department, a place where all of us had the opportunity to make a difference for investors," Ms. Merrill said in a statement. "I believe that we have truly formed one team."

She added that she is "especially proud of the actions we brought regarding auction rate securities [and] mutual fund and variable annuity violations, as well as vigorous actions to shut down Ponzi schemers," she said.

But not all observers were thrilled by those acts by Finra. "Rather than bring

enforcement actions, like they did with ARS, or with [mutual fund] B shares, it would be better if [Finra] just issued regulatory notices," said Brian Rubin, a defense attorney at Sutherland Asbill & Brennan LLP.

"There is certainly a place for Finra to bring actions against firms or individuals for out-and-out fraud," Mr. Rubin said. "But a lot of cases we've seen are more regulatory foot faults than something that leads to investor harm."

Mr. Rubin said he believed most in the industry would like to see a replacement for Ms. Merrill who had some experience on Wall Street.

"My hope is, with her stepping down, they can do a Mulligan, and re-evaluate whether they are really going after ... the large-scale perpetual violators," said defense attorney **Richard Roth**, of **The Richard Roth Law Firm** PLLC.

The chief of enforcement is responsible for the management of approximately 300 enforcement staff in 17 offices across the United States, according to Finra.

Ms. Merrill's exit marks the second high-profile departure at the self-regulatory organization in a little more than a month. In February, Robert Errico, Finra's executive vice president for member regulation, indicated he planned to leave the regulator at the end of March.

Ms. Merrill was chief of enforcement at the New York Stock Exchange for three years

when she joined Finra in 2007. That was the year Finra was created through the merger of NYSE Member Regulation and the National Association of Securities Dealers.

The departure of Finra's top cop comes in the wake of criticism aimed at the regulator for failing to detect massive investment frauds, including the Ponzi scheme orchestrated by Bernard Madoff.

"They've got teams of lawyers on [small] cases I have," **Mr. Roth** said. "But nobody seems to be walking into a Madoff" with the same zeal."

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