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VIA ELECTRONIC MAIL (pubcom@FINRA.ORG)

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

Re: Regulatory Notice 17-34 (Non-Attorney Representatives in Arbitration)

Dear Ms. Asquith:

Lincoln Financial Network (LFN) is the marketing name for Lincoln Financial Advisors Corporation (CRD# 3978) and Lincoln Financial Securities Corporation (CRD# 3870), two broker-dealers and registered investment advisors affiliated with Lincoln Financial Group (LFG).¹ Currently, LFN maintains an affiliation with over 8,500 advisors, which include registered representatives, investment advisor representatives, insurance brokers and agents.

LFN appreciates the opportunity to comment on Regulatory Notice 17-34 and urges FINRA to prohibit compensated non-attorney representatives (hereafter "CNAR firms") from representing investors in FINRA arbitrations. As an initial matter, LFN supports the comment letter submitted by The Securities Industry and Financial Markets Association ("SIFMA") on December 15, 2017. LFN submits this comment to express its own observations about the impact of CNAR firms on the FINRA forum.

CNAR firms frustrate the fair, efficient, and effective resolution of disputes. FINRA arbitrations involving CNAR firms often involve poorly drafted and unclear statements of claim, insufficient discovery responses, tardy requests for continuances and extensions of deadlines, unnecessary motion practice, and other abuses and obstructions that contribute to unpredictability at the arbitration hearing. These abuses also result in a waste of arbitrator and FINRA case administrator time and unnecessary delays and

¹ The affiliated companies of Lincoln Financial Group act as issuers of insurance, annuities, retirement plans and individual account products and services. The affiliates include, but are not limited to The Lincoln National Life Insurance Company ("LNL") and Lincoln Life and Annuity Company of New York ("LLANY").

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expenses for the parties. Finally, CNAR firms' abusive conduct subjects investors to substantial risks, including the risk of reliance on poor advice and exposure to sanctions. CNAR firms' lack of competence and accountability undermine the integrity of the FINRA Forum and harm both investors and opposing parties.

CNAR firms do not possess the necessary skills to properly evaluate the merits of investors' claims.² CNAR firms often bring frivolous and/or meritless cases. In these instances, investors are left in a worse financial position than they were prior to making their claim. The CNAR firms' business model requires investors to pay all applicable FINRA fees and other expenses associated with making the claim. Investors risk payment of thousands of dollars in expenses without any realistic or reasonable opportunity for recovery.

LFN does not agree that prohibiting CNAR firms from representing investors would significantly restrict investor access to advice in smaller matters (matters involving alleged damages of less than \$100,000).³ LFN has participated in a number of simplified arbitration claims (claims involving alleged damages of less than \$50,000) filed by qualified attorneys. While it may be true that certain investor attorneys will not accept smaller claims, investors are not deprived of the ability to identify and retain qualified counsel simply because of the size of their claims. Licensed attorneys are willing to accept smaller claims because simplified arbitration, by its very design, requires less investment of time and resources by counsel. Implementation of a rule that prohibits CNAR firm involvement will ultimately benefit investors because smaller claims will be handled by competent legal counsel instead of CNAR firms.⁴

Thank you for the opportunity to share the foregoing comments. If you have any questions or would like to further discuss these issues, please feel free to contact me.

Sincerely,



Michael W. Arnold
AVP & Senior Counsel

² See also 11/17/17 Comment Letter from Maddox Hargett & Caruso, PC and the article "Non-Attorney Representatives (NARs) - Do They Present a Clear and Present Danger to the Integrity of FINRA Arbitration." Mr. Caruso's article details the questionable qualifications of CNAR firms and the poor outcomes they consistently achieve for investors.

³ LFN's experience has been that CNAR firms do not specialize in smaller matters, and, in fact, many matters pursued by CNAR firms involve substantial claims for damages.

⁴ FINRA dispute resolution will also benefit through a reduction in the number of frivolous claims because attorneys are ethically bound not to pursue frivolous claims, where CNAR firms have no such ethical obligations.