# Don't let brokers keep watch on themselves

The saga of Jill Wile, a former manager in the southeast regional office of Finra

By William D. Cohan

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In the cruel irony department comes the saga of Jill Wile, a former manager in the southeast regional office of the **Financial Industry Regulatory Authority** Inc., the self-policing group for brokerages.

She was fired in March 2013 after 25 years, stellar performance reviews and repeated clashes with a new boss who seemed determined to get rid of her. After getting the approval of the Equal Employment Opportunity Commission, Ms. Wile recently filed a federal disability, age and sex discrimination lawsuit against Finra seeking unspecified damages.

Nothing terribly unusual so far. Many bosses find ways to make professional life more than a little uncomfortable for employees of a certain age (Ms. Wile is 52) to encourage them to move on or retire. Since the financial crisis, employment discrimination claims have increased by about 25%, to just under an average of 100,000 cases a year.

What makes Ms. Wile's case truly stunning is that she supposedly was the Finra executive who, in June 2011, recommended the terminations of three Finra arbitrators after they awarded about $520,000 to the late Robert Postell and his wife, Joan. In her letter recommending that the arbitrators be fired, Ms. Wile wrote, “In my many years of experience, and after listening to the tapes [of the arbitration hearing] over and over again, I have never experienced something so egregious.”

Little in this case is what it seems. It turns out that what the three arbitrators had done egregiously wrong was to compensate the Postells, who were **Merrill Lynch** customers, with a large award. But because Finra is owned by — and run for the benefit of — the big Wall Street firms, this was unacceptable. The three arbitrators had to go.

Only they did not go quietly. In June 2012, one of them contacted me and I wrote a column about their plight. Another complained to the **Securities and Exchange Commission**. Eventually, Finra reinstated the arbitrators. But it needed a scapegoat, and that's where Ms. Wile comes in.

In her 2012 evaluation, for example, Ms. Wile's bosses, Manly **Ray** and Richard Berry, claimed that Ms. Wile's “error in judgment” in recommending that the arbitrators be fired “has damaged Jill's credibility with senior management” and that going forward, "Jill needs to exercise greater judgment and discretion in dealing with issues of this type. Jill tends to view things as either black or white and has difficulty in the gray area.”

The problem, according to Ms. Wile's complaint (disclosure: she uses the same law firm that I do in a lawsuit **JPMorgan Chase & Co.** brought against me), is that she didn't recommend firing the arbitrators. Ms. Wile only suggested that they get counseling. But in a subsequent conference between Ms. Wile and her supervisors, including Mr. Ray and Mr. Berry, “senior management strongly encouraged Ms. Wile to change her recommendation from counseling to removal for all three arbitrators” and also “directed her” to write the memorandum that claimed the arbitrators' behavior was “egregious.”

It turned out there had been friction between Ms. Wile and Mr. Ray for years, especially after she turned 50. According to the complaint, Mr. Ray singled out Ms. Wile for wearing sneakers on casual Fridays, even though men in the office wore sneakers, too. Mr. Ray demanded that Ms. Wile speak in front of large groups even though she had a diagnosed anxiety disorder that public speaking exacerbated.

In another instance, according to the complaint, Mr. Ray humiliated Ms. Wile as she was making a presentation to the people she supervised. She alleges that Mr. Ray interrupted her by making immature jokes.

When Ms. Wile asked Mr. Ray about his behavior in the meeting, he denied doing anything inappropriate and blamed her. “I know this is harsh, but watching your meeting was painful,” he allegedly told her. “No one was even paying attention to you.” A month later, Mr. Ray fired Ms. Wile. Mr. Ray, who said he had no comment, referred me to Finra, where spokeswoman Nancy Condon said that Finra denies all of Ms. Wile's charges.

In a new book, "In Bed With Wall Street," Larry Doyle, who spent 23 years as a mortgage banker, takes Finra to task for many reasons, including being a phony self-regulatory organization controlled by the industry. He says that, in Finra, Wall Street has a forced arbitration system in which the chips are stacked in its favor, and that Finra makes life difficult for smaller brokerage firms by foisting on them boundless regulatory burdens.

Mr. Doyle also notes that Finra has a $2 billion portfolio that it invests in Wall Street hedge funds and private-equity firms. As an industry, Wall Street makes about $100 billion in profit in a good year. But in the first five years of Finra's existence (it is the product of a 2007 merger of the regulatory arms of the New York Stock Exchange and the National Association of Securities Dealers Inc.), it imposed an average of $51 million in annual fines. (More disclosure: I wrote a “blurb” for Mr. Doyle's book well before the filing of Ms. Wile's lawsuit.)

Mr. Doyle worries that Finra has made itself “above reproach” and can't be reined in. “Wall Street effectively answers to nobody but themselves,” he told me in a recent interview. “This is like John Gotti having his own private police force and saying, 'Hey, we've got everything under control here, boys.'” Mr. Doyle thinks the SEC should take over Finra and eliminate the fiction that it is regulating Wall Street.

Finra's treatment of Ms. Wile shows that Mr. Doyle is right. Finra should be put out of its misery, once and for all.

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