

# SONFIELD & SONFIELD

A Professional Corporation

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January 2, 2018

Senator Ted Cruz  
United States Senate  
Russell Senate Office Bldg., # 404  
Washington, DC 20510

Re: Oppressive regulation of small public companies by FINRA

Dear Senator Cruz:

Our mutual friend, Fred Welling (J. Fredrick Welling), a loyal supporter who deeply respects and has confidence in you, believes your office can help lift FINRA's foot off the neck of small public companies. The Financial Industry Regulatory Authority regulates all broker-dealer firms, who are required to be its member, and believes it is the gate keeper in the small-cap industry. FINRA's regulations, approved by the Obama-appointed management of the SEC, has stifled the broker-dealer's ability to accept micro-cap stock for purchase or sale.

Small companies' primary source of capital is the sale of equity, usually in the form of marketable common stock. If the emerging company cannot issue stock to attract capital, its opportunity for success in the market place is nonexistent.

The newly confirmed Chairman, Jay Clayton, has confirmed that capital formation options for OTC companies is very limited. Apparently, that opinion has not been delivered to FINRA. Following is an example of the strangulation of micro-cap companies.

The Obama SEC authorized FINRA's expansion of its Rule 6490 to approve and report corporate actions by OTC companies. Thus, if a company changes its corporate name with the Secretary of State of its domicile, FINRA has the authority to not recognize this corporate action. The results in a legal name change without notice to the broker-dealer community and capital markets. FINRA seems to believe this furthers its mandate to "[P]rotect investors and maintain fair and orderly markets.... The result is that corporations attempting to grow, reorganize and attract capital have been denied that opportunity in record numbers after conducting time consuming "reviews" of such corporate actions.

We desperately hope you can reverse this unjustified intrusion into the capital formation process of small public companies.

Yours very truly,



Robert L. Sonfield, Jr.  
Managing Director

Cc: Senator Ted Cruz  
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