

Securities Test Prep Co. Copied Exam Questions, FINRA Says

By **Maria Chutchian**

Law360, New York (September 05, 2012, 10:52 PM ET) -- The Financial Industry Regulatory Authority last week sued the operator and employees of a company that provides preparation courses for people taking securities industry qualification exams, saying they infringed FINRA's copyrights and breached an agreement not to share test questions.

FINRA also accuses Training Consultants LLC, Christine Leahy and her three children who also work for the company of misappropriating trade secrets when they allegedly distributed the test questions.

The suit says Leahy and her children have taken the exams 64 times since 2001, a "highly unusual" number, and failed 52 of them. FINRA contends that they were taking the exams without the intention of passing them, but to memorize the questions for use in their training and prep courses.

"Defendants knew that copying and distributing multiple-choice questions that were the same or substantially similar to FINRA's multiple-choice questions would compromise FINRA's standardized examinations, give [the] defendants an unfair advantage in the exam preparation industry, provide an unfair advantage to examination takers who enrolled in a Training Consultants examination preparation course, and undermine the integrity of the test scores," the suit says.

FINRA's exams are only available to people associated with a FINRA member securities firm or who are required by another regulatory authority to take the exam, according to the suit. Test takers must agree to keep the contents confidential before they take the test because the exams contain copyrighted material and the questions are often reused in later tests, FINRA says.

Leahy and her children, Donald, Samuel and Elizabeth, are associated with Equinox Securities Inc., a global broker and boutique investment bank, as well as other firms, according to the suit. Leahy was a member of the FINRA Series 7 exam committee from 1985 to 2006. The committee is comprised of FINRA staff and volunteers who write, review and validate Series 7 test questions, and must sign nondisclosure agreement, the suit says.

The complaint contends Leahy and her children have enrolled to take more exams before November, including exams that are not reasonable to take in combination, especially in such a short period of time.

A representative for the company could not be immediately reached for comment Wednesday.

FINRA is represented by Carla B. Oakley, Rita A. Tautkus, Mario Moore and Brian M. Hom of Morgan Lewis & Bockius LLP.

Counsel information for the defendants was not immediately available.

The case is FINRA v. Training Consultants Inc. et al., case number 8:12-cv-01385, in the U.S. District Court for the Central District of California.

--Editing by Kat Laskowski.

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