

**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

In the Matter of the Application of  
  
Wood (Arthur W.) Company, Inc.  
  
For Review of Action Taken by  
  
Financial Industry Regulatory Authority  
  
File No. 3-22492

**FINRA'S MOTION TO DISMISS THE APPLICATION FOR REVIEW  
AND TO STAY BRIEFING**

Michael Garawski  
Senior Vice President and  
Director – Appellate Group

Andrew Love  
Associate General Counsel

Elizabeth Sisul  
Associate General Counsel  
FINRA  
Office of General Counsel  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-6936  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org

August 5, 2025

## **TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| I. INTRODUCTION .....   | 1           |
| II. FACTUAL BACKGROUND .....  | 3           |
| A. FINRA Issues the Firm Three Notices Under Rule 9552(a) Concerning Delinquent Reports .....       | 3           |
| B. FINRA Issues the Firm a Fourth Notice Under Rule 9552 Concerning Another Delinquent Report ..... | 5           |
| C. The Firm Fails to File the 2024 Reports and Is Suspended .....                                   | 6           |
| D. The Firm Fails to Comply with the Suspension Notices and Is Expelled .....                       | 6           |
| III. ARGUMENT .....   | 7           |
| A. The Firm Failed to File Its 2024 Reports .....   | 8           |
| B. The Firm Failed to Exhaust Its Administrative Remedies .....                                     | 9           |
| C. The Firm's Excuses for Failing to File the 2024 Reports Are Irrelevant .....                     | 11          |
| IV. CONCLUSION .....  | 13          |

## **TABLE OF AUTHORITIES**

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b><u>Federal Register</u></b>  |                    |
| <i>Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, Adopting FINRA Rule 4524 (Supplemental FOCUS Information) and Proposed Supplementary Schedule to the Statement of Income (Loss) Page of FOCUS Reports</i> , 77 Fed. Reg. 8938, 8938 (Feb. 15, 2012) | 5, 8               |
| <b><u>SEC Decisions</u></b>   |                    |
| <i>Aristo Invs. of America, Inc.</i> , 51 S.E.C. 90 (1992)  | 8                  |
| <i>Bournehill Inv. Servs., Inc.</i> , Exchange Act Release No. 103369, 2025 SEC LEXIS 1828 (July 2, 2025)   | 9, 10, 11, 12      |
| <i>Clinger &amp; Co., Inc.</i> , 51 S.E.C. 924 (1993)   | 8                  |
| <i>Jonathan Roth Ellis</i> , Exchange Act Release No. 80312, 2017 SEC LEXIS 970 (Mar. 24, 2017)   | 12, 13             |
| <i>Caryl Trewyn Lenahan</i> , Exchange Act Release No. 73146, 2014 SEC LEXIS 3503 (Sept. 19, 2014)  | 9, 10              |
| <i>Gilbert Torres Martinez</i> , Exchange Act Release No. 69405, 2013 SEC LEXIS 1147 (Apr. 18, 2013)  | 7                  |
| <i>Gremo Invs., Inc.</i> , Exchange Act Release No. 64481, 2011 SEC LEXIS 1695 (May 12, 2011)   | 8                  |
| <i>Rogelio Guevara</i> , Exchange Act Release No. 78134, 2016 SEC LEXIS 2233 (June 22, 2016)  | 10                 |
| <i>Lam Sec. Invs.</i> , Exchange Act Release No. 98671, 2023 SEC LEXIS 2833 (Oct. 2, 2023)  | 10, 12             |
| <i>Ricky D. Mullins</i> , Exchange Act Release No. 71926, 2014 SEC LEXIS 1268 (Apr. 10, 2014)   | 9, 10, 11          |
| <i>Palm State Equities, Inc.</i> , Exchange Act Release No. 35873, 52 S.E.C. 333 (1995)   | 13                 |

|  |  |
|--|--|
| <i>Gregory S. Profeta</i> , Exchange Act Release No. 62055, .....10, 11<br>2010 SEC LEXIS 1563 (May 6, 2010)       |  |
| <i>TMR Bayhead Sec.</i> , Exchange Act Release No. 88006, .....8<br>2020 SEC LEXIS 2833 (Jan. 17, 2020)            |  |
| <i>Stephen Robert Williams</i> , Exchange Act Release No. 89238, .....9<br>2020 SEC LEXIS 3614 (July 7, 2020)      |  |
| <i>Wood (Arthur W.) Co., Inc.</i> , Exchange Act Release No. 102501, .....12<br>2025 SEC LEXIS 550 (Feb. 27, 2025) |  |

### **Federal Statutes and Codes**

|                           |   |
|---------------------------|---|
| 17 C.F.R. § 201.161 ..... | 1 |
|---------------------------|---|

### **FINRA Rules, Notices and Guidelines**

|   |      |
|---|------|
| <i>FINRA Information Notice 11/01/23</i> , 2023 NASD LEXIS 16 (Nov. 1, 2023)..... | 3,5  |
| <i>FINRA Regulatory Notice 12-11</i> , 2012 FINRA LEXIS 13 (Feb. 2012).....       | 5    |
| FINRA Rule 4524 .....   | 5    |
| FINRA Rule 9552 .....   | 4, 5 |

### **Miscellaneous**

|  |  |
|--|--|
| SEC Form X-17A-5 Part IIA (FOCUS Report), SEC, .....3<br>General Instructions, <a href="https://www.sec.gov/files/formx-17a-5_2a.pdf">https://www.sec.gov/files/formx-17a-5_2a.pdf</a> |  |
| SEC Form X-17A-5 Schedule I, SEC, General Instructions, .....3<br><a href="https://www.sec.gov/files/formx-17a-5_schedi.pdf">https://www.sec.gov/files/formx-17a-5_schedi.pdf</a>      |  |

**BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC**

---

In the Matter of the Application of  
  
Wood (Arthur W.) Company, Inc.  
  
For Review of Disciplinary Action Taken by  
  
FINRA  
  
File No. 3-22492

---

**FINRA’S MOTION TO DISMISS THE APPLICATION FOR REVIEW  
AND TO STAY BRIEFING**

**I. INTRODUCTION**

Applicant Wood (Arthur W.) Company, Inc. (the “Firm”) requests that the Securities and Exchange Commission (“Commission”) review a July 9, 2025 final FINRA action expelling it from FINRA membership. The Firm’s application for review should be dismissed by the Commission for failure to exhaust the administrative remedies available to it in FINRA’s forum.<sup>1</sup>

---

<sup>1</sup> FINRA also requests, under Rule 161 of the Commission’s Rules of Practice, that the Commission stay the issuance of a briefing schedule while it considers FINRA’s motion to dismiss the Firm’s application for review. SEC Rule of Practice 161 permits the Commission to postpone issuing the briefing schedule after considering the length of the proceeding to date, the number of previous postponements, the stage of the proceedings, the impact of the request on the Commission’s ability to timely complete the proceeding, and any other matters as justice requires. *See* 17 C.F.R. § 201.161. Consideration of these factors weighs in favor of granting FINRA’s request. No other postponements have been granted or requested to date and these proceedings are in the initial stages. Further, the interests of judicial economy support resolving the potentially dispositive issues prior to addressing the merits, thereby conserving the Commission’s resources.

In February 2025, after the Firm failed to file timely its Form Custody Report, its FOCUS Report, and its Supplemental State of Income (“SSOI”) for the quarter ending December 31, 2024, as well as its annual Schedule I FOCUS (“Schedule I”) Report for 2024 (collectively, the “2024 Reports”), FINRA initiated expedited proceedings against the firm to compel its compliance with its reporting requirements. FINRA sent the Firm four separate notices that it would be suspended under FINRA Rule 9552 unless it filed the 2024 Reports before the stated suspension dates (the “Suspension Notices”). Although the Suspension Notices informed the Firm that it had the opportunity to request a hearing (and thereby stay suspension), the Firm did not do so. Nor did the Firm file any of the 2024 Reports.

Accordingly, the Firm was suspended on March 10, 2025 (for its failure to file the Form Custody Report, the FOCUS Report, and the Schedule I Report), and on March 14, 2025 (for its failure to file the SSOI), by operation of FINRA Rule 9552(d). The Suspension Notices advised the Firm that its failure to request termination of its suspension on grounds of full compliance within three months of the dates the notices were issued would result in the Firm’s expulsion, by operation of FINRA Rule 9552(h). The Firm never requested termination on grounds of full compliance, and in fact never filed the 2024 Reports. As a result, the Firm was expelled on July 9, 2025.

On July 10, 2025, the Firm requested the Commission’s review of its expulsion, offering excuses for its failure to file the 2024 Reports.<sup>2</sup> It is undisputed, however, that the Firm failed to

---

<sup>2</sup> On July 10, 2025, the Firm served FINRA with its “Request for Stay of FINRA Expulsion and Emergency Relief” (“Stay Motion”), which FINRA understood to also be its application for review of FINRA’s action expelling the Firm, and, on July 14, 2025, the Commission acknowledged the Firm’s appeal. RP 33-34, 47-48 (all citations to “RP at \_\_\_\_” refer to the certified record that FINRA filed with the Commission on July 24, 2025). On the same day, FINRA notified the Commission that it was agreeing to an interim stay of the

[Footnote continued on next page]

avail itself of the process to challenge such action under FINRA rules—it did not take corrective action in response to FINRA’s notices; it did not request any hearing; and it did not request that FINRA terminate the suspension on the ground that it had complied fully with its obligation to file its 2024 Reports. The Firm has therefore failed to exhaust its administrative remedies before resorting to this appeal, and, accordingly, its application for review should be dismissed.

## **II. FACTUAL BACKGROUND**

### **A. FINRA Issues the Firm Three Notices Under Rule 9552(a) Concerning Delinquent Reports**

The Firm was a FINRA member until it was expelled on July 9, 2025. RP 27-28.

Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 (“Exchange Act”), the Firm was required to file its Form Custody Report and its FOCUS Report for the quarter ending December 31, 2024, and its 2024 Schedule I Report, by January 27, 2025.<sup>3</sup> *See FINRA Information Notice 11/01/23*, 2023 NASD LEXIS 16 (Nov. 1, 2023).

The Firm, however, did not file these required reports. Accordingly, on February 12, 2025, FINRA sent the Firm three separate notices pursuant to FINRA Rule 9552(a) (“February

---

effectiveness of the Firm’s expulsion until the Commission decided the Stay Motion. RP 51. FINRA filed its brief in opposition to the Stay Motion on July 17, 2025. RP 79-96. The Firm’s Stay Motion is pending before the Commission.

<sup>3</sup> Exchange Act Rule 17a-5 requires firms to file periodic FOCUS Reports, which are the “basic financial and operational report[s] required of those brokers or dealers subject to any minimum net capital requirement.” SEC Form X-17A-5 Part IIA (FOCUS Report), SEC, General Instructions, [https://www.sec.gov/files/formx-17a-5\\_2a.pdf](https://www.sec.gov/files/formx-17a-5_2a.pdf), at 1. In addition, Exchange Act Rule 17a-5 requires firms to file on a quarterly basis a Form Custody Report detailing whether and how the firm maintains custody of securities and funds of its customers. Rule 17a-5 also requires firms to file annually a supplemental FOCUS report, referred to as “Schedule I,” which contains “general information designed to measure certain economic and financial characteristics of the registrant.” SEC Form X-17A-5 Schedule I, SEC, General Instructions, [https://www.sec.gov/files/formx-17a-5\\_schedi.pdf](https://www.sec.gov/files/formx-17a-5_schedi.pdf), at 1.

12 Suspension Notices”) advising the Firm that it had failed to file its Form Custody Report, its FOCUS Report, and its Schedule I Report by January 28, 2025,<sup>4</sup> and that the Firm’s failure to file each respective report would result in its suspension on March 10, 2025.<sup>5</sup> RP 1-3, 5-7, 9-11. The Firm received actual notice of the impending suspensions on or about February 18, 2025.<sup>6</sup> RP 54-55. Consistent with Rules 9552(c) and (d), each of the February 12 Suspension Notices informed the Firm that, pursuant to FINRA Rules 9552 and 9559, it could request a hearing before the effective suspension date, which would then stay the suspension.<sup>7</sup> RP 2, 6, 10. The

---

<sup>4</sup> Firms have until 11:59 p.m. the day of the applicable deadline to file their reports. The system FINRA used to generate the Suspension Notices does not deem reports untimely until the following day.

<sup>5</sup> FINRA Rule 9552(a) states that:

[i]f a member, person associated with a member or person subject to FINRA’s jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the FINRA By-Laws or FINRA rules, or fails to keep its membership application or supporting documents current, FINRA staff may provide written notice to such member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any member.

<sup>6</sup> The February 12 Suspension Notices, which FINRA sent via courier to the Firm’s business address as reflected in the Central Registration Depository (“CRD”®), were returned as undeliverable. RP 13, 15-18. As a result, on February 14, 2025, FINRA sent the February 12 Suspension Notices through FINRA Gateway, FINRA’s compliance portal, which provides FINRA members the ability to view in one place all outstanding FINRA requests and reporting requirements. RP 54-55. When FINRA sent the February 12 Suspension Notices through FINRA Gateway, this generated an email notification to the Firm’s President and CEO, who is the Firm’s designated contact. RP 55. FINRA staff on the same day also discussed the February 12 Suspension Notices over the phone with the Firm’s President and CEO. RP 55. The Firm’s President and CEO downloaded the February 12 Suspension Notices on February 18, 2025. RP 55.

<sup>7</sup> FINRA Rule 9552(c) provides that a notice pursuant to Rule 9552 “shall state when the FINRA action will take effect and explain what the respondent must do to avoid such action.

[Footnote continued on next page]



February 12 Suspension Notices further notified the Firm that a member that is subject to a suspension pursuant to FINRA Rule 9552 may file a written request for termination of the suspension on the ground of full compliance and that, if it did not do so within three months of the issuance of the respective Suspension Notice, the Firm would be automatically expelled. *See* FINRA Rule 9552(h) (providing that “[a] member or person who is suspended under this Rule and fails to request termination of the suspension within three months of issuance of the original notice of suspension will automatically be expelled or barred.”); RP 2, 6, 10.

B. FINRA Issues the Firm a Fourth Notice Under Rule 9552 Concerning Another Delinquent Report

Pursuant to FINRA Rule 4524, the Firm was also required to file its SSOI for the quarter ending December 31, 2024, by January 30, 2025.<sup>8</sup> *See FINRA Information Notice 11/01/23*, 2023 NASD LEXIS 16.

The Firm failed to do so. Consequently, on February 18, 2025, FINRA sent the Firm a fourth notice pursuant to FINRA Rule 9552(a) (“February 18 Suspension Notice”) (collectively with the February 12 Suspension Notices, the “Suspension Notices”) advising the Firm that it

---

The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to Rule 9559.” FINRA Rule 9552(d) states that a suspension pursuant to the rule “shall become effective 21 days after service of the notice, unless stayed by a request for a hearing.”

<sup>8</sup> FINRA requires firms to file on a quarterly basis an SSOI, a supplement to the FOCUS Report. FINRA Rule 4524; *FINRA Regulatory Notice 12-11*, 2012 FINRA LEXIS 13 (Feb. 2012). The SSOI provides FINRA with more granular detail regarding a firm’s revenue and expense information. *See Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, Adopting FINRA Rule 4524 (Supplemental FOCUS Information) and Proposed Supplementary Schedule to the Statement of Income (Loss) Page of FOCUS Reports*, 77 Fed. Reg. 8938, 8938 (Feb. 15, 2012) (hereinafter “*Order Approving Proposed Rule Change*”). This enables FINRA to better understand the specific risks each firm faces and, in turn, to better allocate examination resources. *Id.*

had missed the January 31, 2025 deadline to file its December 2024 SSOI, and that, if it did not file the SSOI, it would be suspended on March 14, 2025. RP 19-21.<sup>9</sup> Similar to the February 12 Suspension Notices, the February 18 Suspension Notice informed the Firm that, pursuant to Rules 9552 and 9559, it could request a hearing before the effective date of the suspension, and it contained the same explanation that a timely hearing request would stay the effectiveness of the suspension, and the same warning concerning possible automatic expulsion. RP 19-21.

C. The Firm Fails to File the 2024 Reports and Is Suspended

The Firm did not file any of the 2024 Reports by the deadlines identified in the Suspension Notices, and it did not request a hearing. Consequently, FINRA imposed on the Firm a total of four suspensions, one for each of the 2024 Reports. RP 71-75. FINRA imposed the suspensions for the Form Custody Report, the FOCUS Report, and the Schedule I Report on March 10, 2025. RP 71-74. FINRA imposed the suspension for the SSOI Report on March 14, 2025. RP 74-75.

D. The Firm Fails to Comply with the Suspension Notices and Is Expelled

Despite FINRA's warnings that failure to file the delinquent 2024 Reports and request termination of the suspensions would result in the Firm's expulsion, the Firm never filed the Form Custody Report, the FOCUS Report, the Schedule I Report, or the SSOI (and never requested termination of the suspensions on the grounds that it done so). On July 9, 2025,

---

<sup>9</sup> FINRA sent the February 18 Suspension Notice via courier to the Firm's business address as reflected in the Central Registration Depository ("CRD"®), and it was received by "M. Donald" on February 19, 2025. RP 23-26.

FINRA sent a letter notifying the Firm that it had been expelled pursuant to FINRA Rule 9552(h) (“Expulsion Notice”).<sup>10</sup> RP 27-28.

This appeal followed.

### **III. ARGUMENT**

The Commission should dismiss the Firm’s application for review because the Firm failed to first avail itself of FINRA’s internal procedures to avoid suspension and expulsion. The Firm did not file its 2024 Reports, did not request a hearing, and did not request termination of its suspension based on full compliance. The Firm concedes that it failed to comply with its reporting obligations and does not dispute that it received notice of its suspension and eventual expulsion.<sup>11</sup> The Firm nonetheless seeks review of its expulsion as a means to secure additional time to meet its reporting requirements. The Commission should dismiss the Firm’s attempt to bypass FINRA’s administrative procedures because the Firm failed to exhaust the administrative remedies available to it in FINRA’s forum.

---

<sup>10</sup> Although each of the Suspension Notices stated that the Firm would be automatically expelled if it failed to request termination of the suspension, on the ground of full compliance, within three months of the issuance of the Suspension Notice, FINRA waited beyond the three months, providing additional time for the Firm to file the 2024 Reports.

<sup>11</sup> As noted above, although FINRA sent the February 12 Suspension Notices to the Firm’s business address as reflected in CRD® (and to the same address at which service of the February 18 Suspension Notice was completed one week later), the notices were returned as undeliverable. RP 15-18. The Firm, however, had actual notice of its impending suspensions and possible expulsion. *See supra* note 8; *see also* *Gilbert Torres Martinez*, Exchange Act Release No. 69405, 2013 SEC LEXIS 1147, at \*15 (Apr. 18, 2013) (dismissing application for review based on respondent’s failure to exhaust when there was evidence that the respondent, who had failed to update his mailing address in CRD®, nevertheless had actual notice of FINRA’s requests for information and subsequent FINRA Rule 9552 proceedings).

A. The Firm Failed to File Its 2024 Reports

Rule 17a-5 of the Exchange Act and FINRA Rule 4524 require FINRA members to timely file regular reports demonstrating their financial and operating status and adherence to applicable compliance obligations.<sup>12</sup> These reporting requirements are “important to monitor the financial status of broker-dealers and to protect investors,” and violations of reporting requirements “are therefore serious.” *Gremo Invs., Inc.*, Exchange Act Release No. 64481, 2011 SEC LEXIS 1695, at \*14-15 (May 12, 2011); *see also Clinger & Co., Inc.*, 51 S.E.C. 924, 926 (1993) (stating that the reports broker-dealers are required to file under Exchange Act Rule 17a-5 are “critical” and are “an important means of timely oversight of the financial health of broker-dealers and of protecting public investors”); *Aristo Invs. of America, Inc.*, 51 S.E.C. 90, 91 (1992) (noting importance of timely FOCUS reports for protecting public investors); *Order Approving Proposed Rule Change*, 77 Fed. Reg. 8938, at \*8941 (stating that information included in the SSOI informs FINRA’s oversight of firms and enhances “its ability to . . . uncover fraudulent and abusive practices that undermine public confidence in the securities market”). Indeed, “the Commission has emphasized that the reporting rules are not technical but involve fundamental safeguards imposed for the protection of the investing public on those who wish to engage in the securities business.” *Gremo*, 2011 SEC LEXIS 1695, at \*15 (internal quotation omitted).

Here, the Firm concedes that it failed to comply with this important obligation. (RP 33.)

---

<sup>12</sup> A member firm’s failure to file reports as required under the Exchange Act or FINRA rules also violates FINRA Rule 2010. *See TMR Bayhead Sec.*, Exchange Act Release No. 88006, 2020 SEC LEXIS 2833, at \*8, 12-13 & n.13 (Jan. 17, 2020).

B. The Firm Failed to Exhaust Its Administrative Remedies

“Exhaustion of administrative remedies is a general prerequisite to judicial review of any administrative action,” and “[t]he requirement that administrative remedies be exhausted applies with equal if not greater force to SROs such as FINRA.” *See Stephen Robert Williams*, Exchange Act Release No. 89238, 2020 SEC LEXIS 3614, at \*8 (July 7, 2020) (internal citations and quotations omitted). The Commission is precluded from considering the Firm’s application for review because the Firm failed to follow FINRA procedures and, consequently, failed to exhaust its administrative remedies. As the Commission has emphasized, “[i]t is clearly proper to require that a statutory right to review be exercised in an orderly fashion, and to specify procedural steps which must be observed as a condition to securing review.” *Ricky D. Mullins*, Exchange Act Release No. 71926, 2014 SEC LEXIS 1268, at \*9 (Apr. 10, 2014) (quoting *MFS Sec. Corp.*, Exchange Act Release No. 47626, 2003 SEC LEXIS 789, at \*22 & n.29 (Apr. 3, 2003)).

The Commission has repeatedly held that requiring respondents to exhaust their administrative remedies before FINRA is necessary to FINRA’s important regulatory functions, promotes development of the record, allows FINRA the opportunity to correct any error in its earlier decisions, and promotes the efficient resolution of disputes between FINRA and its members. *See, e.g., Bournehill Inv. Servs., Inc.*, Exchange Act Release No. 103369, 2025 SEC LEXIS 1828, at \*5 (July 2, 2025); *Caryl Trewyn Lenahan*, Exchange Act Release No. 73146, 2014 SEC LEXIS 3503, at \*6-7 (Sept. 19, 2014) (quoting *MFS Sec. Corp. v. SEC*, 380 F.3d 611, 621-22 (2d Cir. 2004)).

Indeed, the Commission’s precedent requiring respondents to avail themselves of FINRA’s procedures to avoid suspension or expulsion in FINRA Rule 9552 expedited

proceedings is well-settled, and the Commission has consistently dismissed applicants' applications for review where, as here, the applicant failed to exhaust its administrative remedies under FINRA Rules 9552 and 9559. *See, e.g., Bournehill*, 2025 SEC LEXIS 1828, at \*2-3, 5 (dismissing application for review of FINRA's action expelling a firm under FINRA Rule 9552 where the firm failed to file its audited annual report, took no action before FINRA to avoid suspension, and "made no effort to prevent its automatic expulsion from FINRA membership"); *Lam Sec. Invs.*, Exchange Act Release No. 98671, 2023 SEC LEXIS 2833, at \*3 (Oct. 2, 2023) (dismissing application for review of firm's expulsion under Rule 9552 for failure to file its audited annual report where firm "could have availed itself of FINRA's administrative process for challenging its actions, but it did not do so"); *Rogelio Guevara*, Exchange Act Release No. 78134, 2016 SEC LEXIS 2233, at \*9-11 (June 22, 2016) (dismissing application for review and rejecting applicant's attempt "to bypass FINRA's process" under Rule 9552 after applicant failed to respond to FINRA's Rule 8210 requests); *Mullins*, 2014 SEC LEXIS 1268, at \*13 (relying on "well-established precedent" when dismissing an application for review in a Rule 9552 proceeding where applicant failed to request a hearing or take corrective action in FINRA's forum); *Lenahan*, 2014 SEC LEXIS 3503, \*6 & n.5 (dismissing applicant's appeal where applicant "failed to exercise her rights at any stage of the [Rule 9552] process before FINRA and, thus, failed to exhaust her administrative remedies"); *Gregory S. Profeta*, Exchange Act Release No. 62055, 2010 SEC LEXIS 1563, at \*6 (May 6, 2010) (finding in the appeal following a Rule 9552 proceeding that "FINRA's actions were in accordance with its rules and the purposes of the Exchange Act [when] rules set forth the procedures for suspending and ultimately barring individuals who fail to supply requested information or take corrective action").

Here, the Firm concedes that it did not comply with its reporting requirements, and it does not contest that its suspension and ultimate expulsion were therefore proper under FINRA rules. RP 33-34. Further, the Firm does not dispute that it received FINRA's Suspension Notices, which advised the Firm of the process by which it could challenge its suspension and avoid expulsion. RP 1-3, 5-7, 9-11, 19-21, 33-34. Nonetheless, the Firm failed to file the 2024 Reports and failed to request a hearing under FINRA Rule 9552(e) prior to the applicable suspension dates. Nor did the Firm request termination of its suspension on the grounds of full compliance under FINRA Rule 9552(f). Accordingly, pursuant to FINRA Rule 9552(h), the Firm was expelled. RP 27-28.

Because the Firm did not file its 2024 Reports, did not request a hearing, and did not request termination of its suspensions based on full compliance, it failed to exhaust its administrative remedies and, consequently, is precluded from challenging FINRA's action before the Commission. *See, e.g., Bournehill*, 2025 SEC LEXIS 1828, at \*2-3, 5; *Mullins*, 2014 SEC LEXIS 1268, at \*13; *Profeta*, 2010 SEC LEXIS 1563, at \*6.

The Firm's failure to request a hearing or seek termination of its suspension warrants dismissal on exhaustion grounds. *See Mullins*, 2014 SEC LEXIS 1268, at \*5-10, 13. Based on the Firm's failures to avail itself of the administrative remedies available to it, the Commission should dismiss the application for review.

C. The Firm's Excuses for Failing to File the 2024 Reports Are Irrelevant

On appeal, the Firm does not address its failure to exhaust its administrative remedies and instead provides excuses for its reporting deficiencies. RP 33-34. The Firm claims it worked diligently to comply with all regulatory obligations, but that financial constraints have nonetheless impeded its ability to hire a financial and operations principal ("FINOP") to prepare

and file the required reports. RP 33. It asserts without support that, with “a modest extension of time,” it could achieve full compliance.<sup>13</sup> RP 34. These assertions go to the merits of the Firm’s failure to file the 2024 Reports, however, which is not the basis of, nor are they relevant to, FINRA’s motion to dismiss. *See Jonathan Roth Ellis*, Exchange Act Release No. 80312, 2017 SEC LEXIS 970, at \*16 (Mar. 24, 2017) (explaining that applicant’s “arguments go to the merits of his violation of FINRA Rule 8210 . . . and we do not consider them because he did not timely present them in the first instance to FINRA through its administrative process”). Indeed, the Commission has been clear that arguments that a firm was unable to comply with reporting requirements due to financial constraints must be raised “with FINRA before seeking Commission review.” *Bournehill*, 2025 SEC LEXIS 1828, at \*4 (dismissing application for review when respondent failed to exhaust its administrative remedies and raised for the first time before the Commission financial constraints associated with conducting its audited annual report); *see also Lam*, 2023 SEC LEXIS 2833, at \*3 (dismissing application for review when firm raised for the first time on appeal its search for a new auditor).

---

<sup>13</sup> Notwithstanding the Firm’s claims, it concedes that this is not the first time it has failed to timely meet its reporting obligations. RP at 33. The Firm claims that it “successfully appealed” FINRA’s November 2024 expulsion for failure to file its June 2024 Form Custody Report and FOCUS Report (“June 2024 Reports”). RP at 33. In fact, the Commission granted FINRA’s motion to dismiss that application for review as moot because the Firm filed the June 2024 Reports on the same day that its expulsion became effective and, as a result, FINRA vacated the expulsion. *See Wood (Arthur W.) Co., Inc.*, Exchange Act Release No. 102501, 2025 SEC LEXIS 550, at \*1 (Feb. 27, 2025) (Order Dismissing Proceeding).



The Firm's application for review offers excuses for its failure to file the 2024 Reports that it could have—but did not—raise before FINRA under its available procedures.<sup>14</sup> The Firm may not present those arguments to the Commission in the first instance.

#### IV. CONCLUSION

The Firm failed to file its 2024 Reports, failed to take corrective action or request a hearing, and failed to request termination of its suspension based on full compliance. Consequently, the Firm was expelled in accordance with FINRA's rules. The Commission should dismiss the application for review because the Firm failed to exhaust its administrative remedies. Finally, the Commission should stay the issuance of a briefing schedule while it considers FINRA's motion to dismiss.

Respectfully submitted,

/s/ Elizabeth Sisul

Elizabeth Sisul  
Associate General Counsel  
FINRA  
Office of General Counsel  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-6936  
elizabeth.sisul@finra.org  
nac.casefilings@finra.org

August 5, 2025

---

<sup>14</sup> The Firm also asserts that it “conducts no securities business, has no customers, holds no customer accounts or funds, and does not generate revenue,” and that, as such, its “financial filings are minimal in scope.” RP at 33. To the extent the Firm attempts to argue that it should not face expulsion because its failure to meet its reporting obligations is less serious due to its financial circumstances, this argument is likewise irrelevant to FINRA's motion to dismiss. *See Ellis*, 2017 SEC LEXIS 970, at \*16 (declining to consider arguments that were not raised in the first instance before FINRA). It is also unpersuasive. *Cf. Palm State Equities, Inc.*, Exchange Act Release No. 35873, 52 S.E.C. 333, 335-36 (1995) (explaining that the firm's failure to maintain current books and records as required by the Exchange Act was not excused by the fact that the resulting adjustments ultimately proved to be immaterial).

**CERTIFICATE OF COMPLIANCE**

I, Elizabeth Sisul, certify that this Motion to Dismiss complies with the Commission's Rules of Practice by omitting or redacting any sensitive personal information described in Rule of Practice 151(e).

Respectfully submitted,

/s/ Elizabeth Sisul

Elizabeth Sisul  
Associate General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-6936  
elizabeth.Sisul@finra.org  
nac.casefilings@finra.org

August 5, 2025

**CERTIFICATE OF SERVICE**

I, Elizabeth Sisul, certify that on this 5th day of August 2025, I caused a copy of FINRA's Motion to Dismiss, In the Matter of the Application of Wood (Arthur W.) Company, Inc., Administrative Proceeding File No. 3-22492 to be filed through the SEC's eFAP system.

And served by electronic mail on:

Donald McCarthy, President/CEO  
Wood (Arthur W.) Company, Inc.  
50 Congress Street, Ste. 700  
Boston, MA 02109  
dmccarthy@arthurwood.com

Respectfully submitted,

/s/ Elizabeth Sisul  
Elizabeth Sisul  
Associate General Counsel  
FINRA  
1700 K Street, NW  
Washington, DC 20006  
(202) 728-6936  
elizabeth.Sisul@finra.org  
nac.casefilings@finra.org