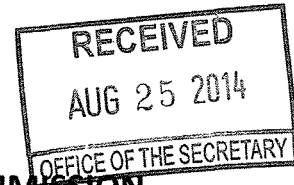


HARD COPY



**UNITED STATES OF AMERICA
BEFORE THE SECURITIES AND EXCHANGE COMMISSION**

IN THE MATTER OF:

MICHAEL A. HOROWITZ and
MOSHE MARC COHEN

RESPONDENTS.

ADMINISTRATIVE PROCEEDING
FILE NO: 3-15790

**RESPONDENT MOSHE MARC COHEN'S
MOTION FOR LEAVE TO FILE A MOTION OF DISPOSITION AS TO
ALLEGED AIDED AND ABETTED 17(a) and 17a-3(a)(6) OF THE
EXCHANGE ACT IN THE OIP**

Respondent Moshe Marc Cohen ("Respondent") respectfully requests the Court's Leave to file a Motion of Disposition as to the Division's alleged violations through Aiding and Abetting of Woodbury Financials violation of Section 17(a) and rule 17a-3(a)(6) of the Exchange Act. This is based on the fact that Woodbury Financial Services Inc. ("Woodbury"), who Respondent has been alleged to have aided and abetted in the above charges has never been charged as a primary wrongdoer in regards to Respondent's alleged actions.

INTRODUCTION

The Division in its OIP and within their Pre-hearing Brief has wrongly claimed that Respondent Cohen has allegedly caused and willfully aided and abetted Woodbury's Broker-Dealer Books and Records violations.

The Division quotes the following case in their brief:

To establish aiding and abetting liability, it is necessary to show (1) a securities law violation by primary wrongdoer; (2) "substantial assistance" to primary violator; and (3) that the accused provided the requisite assistance with knowledge of the securities law violation. *See Howard*, 376 F3d at 1143 (holding that extreme recklessness is sufficient).

The Division quotes the 3 requirements above, but seemingly fail to practice what they preach on the first rule alone. The Division didn't even bother to check if Woodbury as the "primary wrongdoer" was ever charged with any violation.

Well Cohen has verified through the attached "Woodbury's Broker Check" report which show 18 astonishing recent discoverable events, but no mention of any Books & Records violation in regards to Cohen.

This deceitful action by the Division has been the pattern on how the Division has conjectured their case against the Respondent and should be noted by the Court. With no primary wrongdoer, this alleged violation must be dropped as a matter of law.

Conclusion

As such, Respondent Cohen respectfully requests that either the Court allow for Leave of Filing a Motion of Disposition for the aided and abetted of 17(a) and 17a-3(a)(6) violations alleged by the Division; or at the Court's direction to remove the aiding and abetting violations without a Motion of Disposition. As hearing is less than 3 days from today, we respectfully request an expedited Leave or Ruling of the Court.

Respectfully Submitted August 21, 2014.

A handwritten signature in black ink, appearing to read 'Moshe Marc Cohen', written over a horizontal line.

By: Moshe Marc Cohen – Pro-Se

EXHIBIT A

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59740 / April 9, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13437

In the Matter of

**WOODBURY FINANCIAL
SERVICES, INC.,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Woodbury Financial Services, Inc. (“Respondent” or “Woodbury”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

Respondent

1. Woodbury Financial Services, Inc., under various names, has been registered as a broker-dealer with the Commission and a Financial Industry Regulatory Authority member since 1968. Woodbury is headquartered in Woodbury, Minnesota. Woodbury has approximately 1,800 registered representatives nationwide and more than 200 home office employees. In 2006, Woodbury realized revenues of over \$225,000,000.

Background

2. Woodbury allowed and, on certain occasions, assisted newly-recruited registered representatives in providing customer nonpublic personal information to Woodbury prior to the recruited representative leaving their current broker-dealer.

3. The nonpublic personal information forwarded to Woodbury by its recruits included such items as Social Security numbers, account numbers, account registrations, and dates of birth. Beginning in March of 2007, Woodbury stopped asking recruits to provide customers' Social Security numbers and dates of birth.

4. Woodbury allowed recruits to provide some of their customers' nonpublic personal information before becoming associated with Woodbury so that Woodbury could, on the recruits' behalf, pre-populate account transfer and new account forms with certain customer information. The documents that Woodbury pre-populated could include: Automated Customer Account Transfer forms, Woodbury new account information forms, and change of broker-dealer letters. Woodbury sent the printed documents to the recruits, who, upon their official start date with Woodbury, would immediately send the customers notification of change letters with the pre-populated forms for the customers' completion, review and signature. If customers wished to proceed with the transfer of their accounts to Woodbury, the customers would complete and sign the forms and then return the customer-approved documents for processing.

5. Woodbury did not determine whether the recruits, or the current broker-dealers with which they were associated, had obtained the customers' consent to provide Woodbury with certain customers' nonpublic personal information.

6. In general, the privacy notices of the broker-dealers from which Woodbury recruited registered representatives did not specifically disclose that departing registered representatives might provide customer nonpublic personal information to an unaffiliated third party.

7. In certain situations described above, in which the recruits or their current broker-dealer did not first obtain their customers' consent to disclose the information, and the

current broker-dealer did not provide notice of, and an opportunity to opt out of, the disclosure of their nonpublic personal information to Woodbury, there were underlying violations of Rule 10 of Regulation S-P and such violations were caused by Woodbury's conduct described above.

8. Woodbury's privacy policies and procedures did not prohibit registered representatives who left Woodbury from providing their new broker-dealers certain customer nonpublic personal information about customers who had not consented to the disclosure of the information.

9. As a result of the conduct described above, Woodbury willfully violated Regulation S-P Rule 10 by allowing registered representatives to take nonpublic customer information to nonaffiliated broker-dealers when leaving Woodbury.

10. As a result of the conduct described above, Woodbury willfully violated Regulation S-P Rules 4 and 6 by not informing its customers that it would allow a departing registered representative to take nonpublic customer information when leaving Woodbury for a nonaffiliated broker-dealer.

Woodbury's Remedial Efforts

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

Undertakings

Respondent undertakes to:

1. Revise its practices, policies, and procedures with respect to accepting customer nonpublic personal information from recruits who have not yet associated with Woodbury to comply with Regulation S-P as presently written or as it may be amended in the future.

2. Revise its practices, policies, procedures and/or Privacy Policy with respect to allowing departing Woodbury registered representatives to take customer nonpublic personal information with them to their new broker-dealer to comply with Regulation S-P as presently written or as it may be amended in the future.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Woodbury's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act it is hereby ORDERED that:

A. Respondent Woodbury shall cease and desist from committing or causing any violations and any future violations of Rules 4, 6 and 10 of Regulation S-P;

B. Respondent Woodbury be, and hereby is, censured; and

C. It is further ordered that Respondent shall, within 10 business days of the entry of this Order, pay a civil money penalty in the amount of \$65,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Woodbury as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Kenneth D. Israel, Regional Director, Securities and Exchange Commission, 15 West South Temple Street, Suite 1800, Salt Lake City, Utah 84101.

D. Respondent shall comply with the undertakings enumerated in Section III above.

By the Commission.

Elizabeth M. Murphy
Secretary

EXHIBIT B



BrokerCheck Report

WOODBURY FINANCIAL SERVICES, INC.

CRD# 421

Report #40676-52879, data current as of Thursday, August 21, 2014.

<u>Section Title</u>	<u>Page(s)</u>
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Firm Operations	12 - 23
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WOODBURY FINANCIAL SERVICES, INC.

CRD# 421

SEC# 8-13846

Main Office Location

7755 3RD STREET NORTH
OAKDALE, MN 55128
Regulated by FINRA Kansas City Office

Mailing Address

7755 3RD STREET NORTH
OAKDALE, MN 55128

Business Telephone Number

(800) 800-2638

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<http://www.adviserinfo.sec.gov>

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in Minnesota on 03/15/1968.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations**This firm is registered with:**

- the SEC
- 1 Self-Regulatory Organization
- 52 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 10 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	13
Arbitration	5
Bond	1





Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 13

Reporting Source: Firm

Current Status: Final



Allegations: THE FIRM WAS ALLEGED TO HAVE FAILED TO DETECT A SCHEME PERPETRATED BY ONE OF ITS REPRESENTATIVES WHO CIRCUMVENTEED FIRM POLICIES RELATED TO THIRD-PARTY WIRE TRANSACTIONS. THE REPRESENTATIVE CONVERTED FUNDS FROM FIRM CUSTOMERS BY HAVING FUNDS WIRED FROM THEIR ACCOUNTS TO A BANK ACCOUNT THAT HE CONTROLLED. UPON DISCOVERY OF THE ACTIVITY, THE FIRM TERMINATED THE REPRESENTATIVE AND REPORTED THE REPRESENTATIVE'S CONDUCT TO ALL APPROPRIATE REGULATORY AND ENFORCEMENT AGENCIES.

Initiated By: STATE OF MISSOURI SECURITIES DIVISION

Date Initiated: 06/25/2014

Docket/Case Number: CASE NO. AP-14-08

Principal Product Type: Other

Other Product Type(s): BROKERAGE ACCOUNTS AND PRIVATE SECURITIES TRANSACTIONS/PROMISSORY NOTES

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: THE FIRM PAID THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND \$150,000 AND PAID \$20,000 FOR INVESTIGATION COSTS.

Resolution: Order

Resolution Date: 06/25/2014

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00

Other Sanctions Ordered: THE FIRM PAID \$150,000 TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND AND PAID \$20,000 IN INVESTIGATION COSTS.

Sanction Details: THE FIRM WIRED THE REQUIRED PAYMENT TO THE STATE OF MISSOURI ON JULY 8, 2014.

Firm Statement THE FIRM HAS ENHANCED ITS POLICIES AND PROCEDURES SURROUNDING THIRD PARTY TRANSACTIONS. FURTHER, THE FIRM HAS RESOLVED THE ISSUE WITH ALL OF THE CUSTOMERS IMPACTED BY THE FORMER REPRESENTATIVE'S ACTIONS. PURSUANT TO THE CONSENT ORDER, THE FIRM WIRED THE REQUIRED PAYMENT TO THE STATE OF MISSOURI ON JULY 8, 2014.

Disclosure 2 of 13



Reporting Source: Regulator

Current Status: Final

Allegations: SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934; RULE 17A-4(B)(4); FINRA RULES 2010 AND 4511; NASD RULES 2110 AND 3110: THE FIRM FAILED TO RETAIN CERTAIN BUSINESS-RELATED ELECTRONIC COMMUNICATIONS FOR A SMALL SUBSET OF ITS ASSOCIATED PERSONS. THE FIRM USED A SYSTEM OFFERED BY A COMMERCIAL VENDOR TO COMPLY WITH THE FIRM'S REGULATORY OBLIGATIONS PERTAINING TO ARCHIVING, PRESERVING AND SUPERVISING THE BUSINESS-RELATED EMAILS OF ITS ASSOCIATED PERSONS. MOST OF THE FIRM'S REPRESENTATIVES USED EMAIL ADDRESSES HOSTED BY THE VENDOR'S SERVER. A SMALL SUBSET OF REPRESENTATIVES WERE APPROVED TO HOST THEIR EMAIL ADDRESSES FOR THE FIRM'S BUSINESS-RELATED EMAILS UTILIZING AN EMAIL SERVER OUTSIDE OF THE VENDOR PROVIDED THAT THEY WORKED WITH THE VENDOR TO IMPLEMENT AN AVAILABLE JOURNALING FUNCTION WHEREBY THEIR EMAILS WOULD BE AUTOMATICALLY TRANSMITTED FROM THE OUTSIDE SERVER TO THE VENDOR'S SYSTEM FOR RETENTION BY THE FIRM. HOWEVER, VARIOUS DISRUPTIONS OR FAILURES NOT CAUSED BY THE FIRM OCCURRED IN THE JOURNALING PROCESS OR FUNCTION THAT AFFECTED OUTSIDE SERVERS IMPACTING CERTAIN BUSINESS-RELATED EMAILS OF THE FIRM'S REPRESENTATIVES, INCLUDING REPRESENTATIVES WHO HAD LEFT THE FIRM. DURING THIS PERIOD OF THE JOURNALING DISRUPTIONS, EMAILS WERE NOT JOURNALED FROM THE AFFECTED SERVERS TO THE VENDOR'S SYSTEM AND ACCORDINGLY CERTAIN EMAILS WERE NOT RETAINED IN THE VENDOR'S SYSTEM. UPON IDENTIFICATION OF THE ISSUE, THE FIRM CORRECTED THE JOURNALING ISSUE AND RETRIEVED A MAJORITY OF THE AFFECTED EMAILS, SUBJECTING THEM TO THE FIRM'S EMAIL REVIEW PROTOCOL WITH THE EXCEPTION OF EMAILS OF FORMER FIRM REPRESENTATIVES, WHICH WERE NOT RECOVERED.

Initiated By: FINRA

Date Initiated: 12/12/2013

Docket/Case Number: 2011025484001

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/12/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$60,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE IT IS CENSURED AND FINED \$60,000.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA CLAIMS THE FIRM FAILED TO RETAIN CERTAIN BUSINESS-RELATED COMMUNICATIONS DURING A SPECIFIC PERIOD OF TIME FOR A SMALL SUBSET OF ASSOCIATED PERSONS.

Initiated By: FINRA

Date Initiated: 12/12/2013

Docket/Case Number: 201102548-4001

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: \$60,000 FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/12/2013

Sanctions Ordered: Censure
Monetary/Fine \$60,000.00

Other Sanctions Ordered:



Sanction Details: PAYMENT OF THE \$60,000 FINE WAS COMPLETED BY WIRE TRANSFER TO FINRA ON DECEMBER 23, 2013.

Firm Statement ON DECEMBER 12, 2013, WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO AN ACCEPTANCE, WAIVER AND CONSENT REGARDING THE FIRM'S FAILURE TO RETAIN CERTAIN BUSINESS-RELATED ELECTRONIC COMMUNICATIONS BETWEEN JULY 2007 AND DECEMBER 2011 FOR A SMALL SUBSET OF ASSOCIATED PERSONS. THE PAYMENT OF THE \$60,000 FINE WAS COMPLETED ON DECEMBER 23, 2013. THE FINRA CASE NUMBER ASSOCIATED WITH THIS ACTION IS 2011025484001.

Disclosure 3 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 2010, NASD RULES 2110, 3010: THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE AN ADEQUATE SYSTEM TO REVIEW EQUITY TRADES FOR EXCESSIVE TRADING. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES REQUIRED EQUITY TRADES TO BE REVIEWED FOR APPROPRIATENESS OF COMMISSIONS, EXCESSIVE TRADING AND SUITABILITY WHERE TRADES WERE SOLICITED. THE FIRM PRIMARILY RELIED UPON ITS TRADE DESK TO IDENTIFY EXCESSIVE TRADING BY REVIEWING THE FIRM'S DAILY TRADE COMMISSION REPORT. THE TRADE REPORT DID NOT INCLUDE THE NUMBER OF SHARES PURCHASED OR SOLD, THE TOTAL COST OF THE TRANSACTION, THE ACCOUNT NAME, OR THE AGE, INVESTMENT EXPERIENCE OR RISK TOLERANCE OF THE ACCOUNT HOLDER. IN ADDITION, THE FIRM DID NOT UTILIZE ANY EXCEPTION REPORTS OR SYSTEMS THAT DELINEATED THE AVERAGE HOLDING PERIODS, COMMISSION VERSUS EQUITY RATIO, OR THE TURNOVER RATIO IN CUSTOMER ACCOUNTS. AS A RESULT, THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SYSTEM OF FOLLOW-UP AND REVIEW FOR THE FIRM TO DETERMINE WHETHER ITS REGISTERED REPRESENTATIVES WERE ENGAGED IN EXCESSIVE AND THEREFORE UNSUITABLE EQUITY TRADES. THE FIRM IDENTIFIED UNUSUAL TRADING ACTIVITY IN A CUSTOMER'S ACCOUNT, WHICH WAS HANDLED BY A REGISTERED REPRESENTATIVE OF THE FIRM. THE FIRM SUBSEQUENTLY REVIEWED THE ACTIVITY AND FORWARDED THE MATTER TO ITS COMPLIANCE DEPARTMENT. THE FIRM ALSO REVIEWED THE TRADE ACTIVITY IN OTHER ACCOUNTS ASSIGNED TO REPRESENTATIVE AND FOUND SIMILAR TRADING ACTIVITY IN SOME ADDITIONAL CUSTOMER ACCOUNTS. THESE MATTERS WERE ALSO REFERRED TO THE FIRM'S COMPLIANCE DEPARTMENT. THE FIRM CONDUCTED A REVIEW OF THE FIRST CUSTOMER'S ACCOUNT AND IDENTIFIED UNUSUAL TRADING



ACTIVITY. AFTER SPEAKING WITH THE CUSTOMER, THE FIRM DETERMINED THAT THE REPRESENTATIVE HAD ENGAGED IN DISCRETIONARY TRADING WITHOUT WRITTEN AUTHORIZATION IN VIOLATION OF THE FIRM'S POLICIES AND PROCEDURES. THE FIRM TERMINATED THE REPRESENTATIVE'S REGISTRATION FOR FAILING TO COOPERATE WITH THE FIRM'S INVESTIGATION. ALTHOUGH THE FIRM IDENTIFIED UNUSUAL TRADING ACTIVITY IN OTHER ACCOUNTS, THE FIRM DID NOT INVESTIGATE FURTHER OR IMMEDIATELY CONTACT THESE CUSTOMERS. OVER A YEAR AFTER THE FIRM INITIALLY CONTACTED THE FIRST CUSTOMER, AND AFTER FINRA SENT THE FIRM A RULE 8210 REQUEST, THEN DID THE FIRM REVIEWED ONE OF THE OTHER CUSTOMERS' ACCOUNT ACTIVITY AND PRELIMINARILY CONCLUDED THAT THE REPRESENTATIVE EXCESSIVELY TRADED THE CUSTOMER'S ACCOUNT BASED ON A TURNOVER CALCULATION.

Initiated By: FINRA

Date Initiated: 01/19/2012

Docket/Case Number: 2009018045802

Principal Product Type: Other

Other Product Type(s): EQUITY SECURITIES

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/19/2012

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$45,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$45,000. FINE PAID IN FULL JANUARY 25, 2012.



Reporting Source: Firm
Current Status: Final
Allegations: BASED ON FINRA RULE 2010, NASD RULES 2110 AND 3010, FINRA ALLEGES THAT BETWEEN JANUARY 2008 AND MAY 2009 THE FIRM DID NOT HAVE AN ADEQUATE SYSTEM IN PLACE TO REVIEW EQUITY TRADES FOR EXCESSIVE TRADING. AS A RESULT, THE FIRM DID NOT DETECT A REGISTERED REPRESENTATIVE WHO ENTERED EXCESSIVE AND DISCRETIONARY TRADES IN TWO CUSTOMER ACCOUNTS.
Initiated By: FINRA
Date Initiated: 01/19/2012
Docket/Case Number: 2009018045802
Principal Product Type: Other
Other Product Type(s): EQUITY SECURITIES
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: N/A
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 01/19/2012
Sanctions Ordered: Censure
 Monetary/Fine \$45,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM WAS CENSURED AND FINED \$45,000. THE FINE WAS PAID IN FULL BY THE FIRM ON JANUARY 25, 2012.
Firm Statement PURSUANT TO THE LANGUAGE OF THE AWC, THE FIRM PAID THE FINE OF \$45,000 BY WIRE ON JANUARY 25, 2012.

Disclosure 4 of 13

Reporting Source: Regulator
Current Status: Final
Allegations: FINRA RULE 2010, NASD RULES 2110, 3010, 3012(A)(2)(B)(I): A REGISTERED



REPRESENTATIVE OF THE FIRM CONVERTED APPROXIMATELY \$990,000 FROM THE FIRM'S CUSTOMERS, THROUGH SEVERAL SEPARATE WIRE REQUESTS; THESE WIRE REQUESTS DIRECTED THAT FUNDS BE WITHDRAWN FROM THE FIRM'S CUSTOMER ACCOUNTS THAT THE REGISTERED REPRESENTATIVE SERVICED, AND WIRED TO A BANK ACCOUNT THAT THE REGISTERED REPRESENTATIVE CONTROLLED. THE FIRM'S SUPERVISORY CONTROL SYSTEM IN THIS AREA FAILED TO INCLUDE A POLICY OR PROCEDURE REQUIRING A REVIEW TO DETECT OR PREVENT MULTIPLE WIRES, FROM ONE OR NUMEROUS CUSTOMERS, GOING TO THE SAME THIRD-PARTY ACCOUNT. THE FIRM'S SYSTEM FAILED TO INCLUDE EXCEPTION REPORTS THAT WOULD HAVE IDENTIFIED MULTIPLE CUSTOMER WIRES GOING TO THE SAME THIRD-PARTY ACCOUNT.

THE FIRM FAILED TO DETECT THAT THE REGISTERED REPRESENTATIVE HAD SUBMITTED SEVERAL SEPARATE WIRE REQUESTS, FROM DIFFERENT CUSTOMERS OF THE FIRM, RESULTING IN THE TRANSMITTAL OF APPROXIMATELY \$990,000 OF THOSE CUSTOMERS' FUNDS TO A BANK ACCOUNT THAT HE CONTROLLED. THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ADEQUATELY REVIEW AND MONITOR ALL TRANSMITTALS OF FUNDS FROM THE ACCOUNTS OF CUSTOMERS TO THIRD-PARTY ACCOUNTS AND OUTSIDE ENTITIES.

Initiated By:	FINRA
Date Initiated:	08/04/2011
Docket/Case Number:	<u>2010024996801</u>
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/04/2011
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure



Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$75,000.

Reporting Source:

Firm

Current Status:

Final

Allegations:

DURING THE PERIOD FROM NOVEMBER 1, 2008 THROUGH SEPTEMBER 30, 2010, THE FIRM'S SUPERVISORY CONTROL SYSTEM FAILED TO ADEQUATELY REVIEW AND MONITOR TRANSMITTAL OF FUNDS FROM THE ACCOUNTS OF CUSTOMERS TO THIRD-PARTY ACCOUNTS, IN VIOLATION OF NASD CONDUCT RULES 3010, 3012(A)(2)(B)(I) AND 2110, AND FINRA RULE 2010. AS A RESULT, THE FIRM FAILED TO DETECT A SCHEME PERPETRATED BY ONE OF ITS REPRESENTATIVES WHO CONVERTED FUNDS FROM WOODBURY'S CUSTOMERS BY HAVING FUNDS WIRED FROM THE CUSTOMERS' WOODBURY ACCOUNT TO A BANK ACCOUNT THAT HE CONTROLLED. UPON DISCOVERY OF THE ACTIVITY, THE FIRM TERMINATED THE REPRESENTATIVE AND REPORTED THE REPRESENTATIVE'S UNLAWFUL ACTION TO ALL APPROPRIATE REGULATORY AND ENFORCEMENT AGENCIES.

Initiated By:

FINRA

Date Initiated:

08/04/2011

Docket/Case Number:

2010024996801

Principal Product Type:

Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:

MONETARY/FINE

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

08/04/2011

Sanctions Ordered:

Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:



Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND ENTRY OF FINDINGS. PAYMENT OF \$75,000 WILL BE MADE UPON RECEIPT OF FINRA'S PAYMENT INSTRUCTIONS.

Firm Statement THIS MATTER RESOLVED ON AUGUST 4, 2011 UPON EXECUTION OF THE AWC. AFTER RECEIVING FINRA'S INVOICE DATED AUGUST 26, 2011, THE FIRM PAID THE \$75,000 FINE VIA A WIRE TRANSFER ON AUGUST 30, 2011.

Disclosure 5 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: FAILURE TO ADEQUATELY SUPERVISE.

Initiated By: VERMONT SECURITIES DIVISION

Date Initiated: 06/23/2009

Docket/Case Number: 09-068-S

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 06/23/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Monetary/Fine \$12,000.00

Other Sanctions Ordered: COSTS OF ENFORCEMENT \$ 3,000.00

Sanction Details: RESPONDENT SAHLL SUBMIT WRITTEN REPORT WITHIN 6 MONTHS OF THIS ORDER DETAILING THE REVIEW OF THEIR SUPERVISORY PROCEDURES WITH RESPECT TO SUBACCOUNT ALLOCATIONS. RESPONDENT SHALL REPORT ON THE EFFORTS OF THE AGENT TO



REVIEW AND DISCUSS WITH EACH IDENTIFIED CUSTOMER, THE SUITABILITY OF THE SUBACCOUNT INVESTMENT ALLOCATIONS.

Regulator Statement

FAILURE TO ADEQUATELY SUPERVISE 2 AGENTS WHO ENGAGED IN SALES ACTIVITY WHEREIN THEY RECOMMENDED IDENTICAL SUBACCOUNT ALLOCATIONS TO NUMEROUS CLIENTS IN CONNECTION WITH THE SALE OF VARIABLE ANNUITY CONTRACTS. SUBACCOUNT ALLOCATIONS MAY HAVE BEEN UNSUITABLE FOR ONE OR MORE CUSTOMERS. RESPONDENT'S COMPLIANCE PROCEDURES WERE NOT SUFFICIENT TO ADEQUATELY REVIEW VARIABLE ANNUITY SUBACCOUNT ALLOCATIONS.

Reporting Source: Firm

Current Status: Final

Allegations: WOODBURY FINANCIAL SERVICES, INC. ("WOODBURY") IS RESPONSIBLE FOR SUPERVISING TWO REGISTERED REPRESENTATIVES THAT ENGAGED IN CERTAIN SALES ACTIVITY WHEREIN THEY RECOMMENDED IDENTICAL SUBACCOUNT ALLOCATIONS TO NUMEROUS CLIENTS IN CONNECTION WITH THE SALE OF VARIABLE ANNUITY PRODUCTS. THOSE ALLOCATIONS MAY HAVE BEEN UNSUITABLE FOR ONE OR MORE OF THOSE CUSTOMERS BASED ON THE CUSTOMERS' CIRCUMSTANCES. WOODBURY'S COMPLIANCE PROCEDURES WERE NOT SUFFICIENT TO ADEQUATELY REVIEW VARIABLE ANNUITY SUBACCOUNT ALLOCATIONS. AS A RESULT WOODBURY FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVES.

Initiated By: VERMONT SECURITIES DIVISION

Date Initiated: 06/23/2009

Docket/Case Number: 09-068-S

Principal Product Type: Annuity(ies) - Variable

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: WOODBURY FINANCIAL SERVICES, INC. SHALL PAY COSTS OF ENFORCEMENT IN THE AMOUNT OF \$3,000.00.

Resolution: Order

Resolution Date: 06/23/2009

Sanctions Ordered: Monetary/Fine \$12,000.00

Other Sanctions Ordered: WOODBURY FINANCIAL SERVICES, INC. SHALL PAY COSTS OF



ENFORCEMENT IN THE AMOUNT OF \$3,000.00.

Sanction Details:

WITHIN TEN DAYS OF THE DATE THIS ORDER IS EXECUTED, (JULY 2, 2009) WOODBURY SHALL TENDER A CHECK MADE PAYABLE TO THE VERMONT DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND HEALTH CARE ADMINISTRATION ("BISHCA") FOR A TOTAL AMOUNT OF \$15,000 (ADMINISTRATIVE PENALTY PLUS ENFORCEMENT COSTS). WITHIN SIX MONTHS OF JULY 2, 2009, WOODBURY SHALL SUBMIT A WRITTEN REPORT TO VERMONT DETAILING ITS REVIEW OF ITS SUPERVISORY PROCEDURES WITH RESPECT TO SURVEILLANCE OF SUBACCOUNT ALLOCATIONS FOR VARIABLE PRODUCTS, ANY CHANGES RECOMMENDED AS A RESULT OF THE REVIEW AND REMEDIAL CHANGES IT HAS MADE TO ADDRESS THE RECOMMENDATIONS AND ISSUES NOTED IN THE ORDER. IN ADDITION, WITHIN SIX MONTHS OF JULY 2, 2009, WOODBURY SHALL SUBMIT A SECOND WRITTEN REPORT TO VERMONT DETAILING THE EFFORTS OF ITS AGENT, STUART G. HUNT, TO REVIEW AND DISCUSS WITH EACH OF HIS CUSTOMERS ON A LIST PROVIDED BY BISHCA, THE SUITABILITY OF THE SUBACCOUNT INVESTMENT ALLOCATIONS FOR THEIR VARIABLE PRODUCTS.

Firm Statement

ON JULY 7, 2009, WOODBURY SENT A CHECK IN THE AMOUNT OF \$15,000 AND MADE PAYABLE TO BISHCA. ON OR BEFORE JANUARY 2, 2010, WOODBURY WILL SUBMIT TWO WRITTEN REPORTS TO BISHCA AS DIRECTED IN THE ORDER. ONE REPORT WILL DETAIL WOODBURY'S REVIEW OF ITS SUPERVISORY PROCEDURES REGARDING THE SURVEILLANCE OF SUBACCOUNT ALLOCATIONS FOR VARIABLE PRODUCTS AND ANY FINDINGS. THE SECOND REPORT WILL DETAIL WOODBURY'S REGISTERED REP, STUART G. HUNT'S EFFORTS IN 2009 TO REVIEW AND DISCUSS WITH EACH OF HIS CUSTOMERS ON A LIST BY PROVIDED BISHCA, THE SUITABILITY OF THEIR SUBACCOUNT INVESTMENT ALLOCATIONS FOR THEIR VARIABLE PRODUCTS.

Disclosure 6 of 13

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE COMMISSION CLAIMS THAT WOODBURY FINANCIAL SERVICES, INC. ("WOODBURY"), FAILED TO REASONABLY SUPERVISE MAYRA ANGULO AND MARK ISLAS PURSUANT TO A.R.S. § 44-1961 (A)(12). WOODBURY HAD COMPLIANCE RULES PROHIBITING REGISTERED REPRESENTATIVES FROM CHANGING CUSTOMER BROKERAGE ACCOUNTS TO POST OFFICE BOXES WITHOUT PROPER DOCUMENTATION, BUT WOODBURY DID NOT DISCOVER THE FRAUDULENT CONDUCT OF ANGULO/ISLAS UNTIL AFTER A CUSTOMER CONTACTED WOODBURY SEEKING A NEW REGISTERED REPRESENTATIVE. WOODBURY PROMPTLY INITIATED AN INVESTIGATION



AND DISCOVERED THE USE OF PO BOXES TO DEFRAUD CUSTOMERS. WOODBURY DID NOT DISCOVER UNAUTHORIZED AND FRAUDULENT USE OF PO BOXES SO AS TO PREVENT LOSSES TO CUSTOMERS. ALTHOUGH WOODBURY CONDUCTED ANNUAL OFFICE AUDITS, THEY FAILED TO DISCOVER THAT CUSTOMERS WERE PAYING FUNDS DIRECTLY TO IFS, THE DBA USED BY ANGULO/ISLAS, AND THAT THEY WERE MISAPPROPRIATING FUNDS INTENDED FOR PREMIUM PAYMENTS TO HARTFORD AND MONEY MARKET FUNDS.

Initiated By: ARIZONA CORPORATION COMMISSION, SECURITIES DIVISION

Date Initiated: 05/21/2009

Docket/Case Number: S-20671A-09-0191

Principal Product Type: Insurance

Other Product Type(s): VARIABLE ANNUITIES, MONEY MARKET ACCOUNTS, BROKERAGE ACCOUNTS

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: RESTITUTION AND UNDERTAKINGS

Resolution: Order

Resolution Date: 05/21/2009

Sanctions Ordered: Monetary/Fine \$250,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: IT IS ORDERED THAT WOODBURY COMPLY WITH THE CONSENT TO ENTRY OF ORDER. WOODBURY WILL CONTINUE TO PROVIDE THE DIVISION WITH QUARTERLY STATUS REPORTS REGARDING ONGOING CLAIMS, INQUIRIES, NEGOTIATIONS AND SETTLEMENTS OF CLAIMS BY FORMER CUSTOMERS OF ANGULO AND ISLAS UNTIL ALL CLAIMS HAVE BEEN SUBSTANTIALLY RESOLVED OR UNTIL THE COMMISSION DETERMINES OTHERWISE. WOODBURY SHALL PAY AN ADMINISTRATIVE PENALTY IN THE AMOUNT OF \$250,000. ON MAY 20, 2009, MARK SIDES, THE CHIEF LEGAL OFFICER OF WOODBURY HAND DELIVERED A CHECK IN THE AMOUNT OF \$250,000 AND MADE PAYABLE TO THE "STATE OF ARIZONA".

Firm Statement ON OR ABOUT OCTOBER 17, 2007, WOODBURY RECEIVED A CUSTOMER REQUEST THAT LED THEM TO INITIATE AN INTERNAL INVESTIGATION OF ANGULO AND ISLAS. ON NOVEMBER 6, 2007, A MEMBER OF THE HARTFORD'S SPECIAL INVESTIGATIONS UNIT WAS SENT TO ARIZONA TO INTERVIEW ANGULO/ISLAS AND CONFISCATE ALL CUSTOMER FILES AND



OTHER RECORDS BELONGING TO WOODBURY. ANGULO/ISLAS WERE TERMINATED ON NOVEMBER 8, 2007. ALSO ON OR ABOUT NOVEMBER 8, 2007, WOODBURY REPORTED THE MISCONDUCT OF ANGULO/ISLAS TO THE STATE OF ARIZONA. ON JANUARY 9, 2008, WOODBURY MADE ITS FIRST PAYMENTS TO FULLY REIMBURSE LOSSES INCURRED BY CLIENTS OF ANGULO/ISLAS. AT THE TIME THE ORDER WAS SIGNED, WOODBURY HAD PROVIDED COMPENSATION TO APPROXIMATELY 32 VICTIMS HOLDING SECURITIES PRODUCTS TOTALING APPROXIMATELY \$2,037,617.00. IN ADDITION, WOODBURY HAS PROVIDED THE SECURITIES DIVISION A WRITTEN ASSURANCE OF UNDERTAKING TO CONTINUE ITS COMPENSATION OF ALL PRINCIPAL LOSSES TO CLIENTS OF ANGULO/ISLAS DUE TO FRAUDULENT CONDUCT DURING THE TIME THAT ANGULO/ISLAS WERE REGISTERED WITH WOODBURY. WOODBURY HAS TAKEN REMEDIAL MEASURES SUCH AS MODIFYING ITS PROCEDURES WITH RESPECT TO POST OFFICE BOXES AND ADDRESS CHANGES. IT HAS CREATED AN ADDRESS COMPARISON REPORT AND ON JANUARY 1, 2009, WOODBURY IMPLEMENTED A PROGRAM UNDER WHICH IT WILL BE COMPLETING ANNUAL BACKGROUND CHECKS OF ITS REGISTERED REPRESENTATIVES. ALSO IN 2009, WOODBURY BEGAN SEEKING FINANCIAL INFORMATION FOR PURPOSES OF REVIEW FROM ITS REPRESENTATIVES WHO HAVE SIGNIFICANT OUTSIDE BUSINESS ACTIVITIES. WOODBURY HAS ALSO COMMITTED TO INCREASING THE NUMBER OF UNANNOUNCED AUDITS IN 2009. WOODBURY SIGNED THE CONSENT TO ENTRY OF ORDER ON APRIL 27, 2009. PURSUANT TO THE FINAL ORDER DOCKETED ON MAY 21, 2009, WOODBURY HAS PAID THE ADMINISTRATIVE PENALTY IN THE AMOUNT OF \$250,000. WOODBURY WILL CONTINUE TO PROVIDE THE DIVISION WITH QUARTERLY STATUS REPORTS AS STATED IN THE FINAL ORDER.

Disclosure 7 of 13

Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC ADMINISTRATIVE RELEASE 34-59740, APRIL 9, 2009: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AGAINST WOODBURY FINANCIAL SERVICES, INC. FOR WILLFULLY VIOLATING REGULATION S-P RULE 10 BY ALLOWING, AND ON CERTAIN OCCASIONS, ASSISTING NEWLY-RECRUITED REGISTERED REPRESENTATIVES IN PROVIDING CUSTOMER NONPUBLIC PERSONAL INFORMATION TO WOODBURY PRIOR TO THE RECRUITED REPRESENTATIVE LEAVING THEIR CURRENT BROKER-DEALER IN ORDER



FOR WOODBURY TO PREPOPULATE ACCOUNT TRANSFER AND NEW ACCOUNT FORMS WITH CERTAIN CUSTOMER INFORMATION, AND FOR WILLFULLY VIOLATING REGULATION S-P RULES 4 AND 6 BY NOT INFORMING ITS CUSTOMERS THAT IT WOULD ALLOW A DEPARTING REGISTERED REPRESENTATIVE TO TAKE NONPUBLIC CUSTOMER INFORMATION WHEN LEAVING WOODBURY FOR A NONAFFILIATED BROKER-DEALER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/09/2009

Docket/Case Number: 3-13437

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 04/09/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: RESPONDENT WOODBURY HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER WOODBURY AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, WOODBURY CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND



IMPOSING REMEDIAL SANCTIONS. ACCORDINGLY, PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, WOODBURY IS ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULES 4, 6 AND 10 OF REGULATION S-P; CENSURED; AND FINED \$65,000, WHICH IS DUE WITHIN 10 BUSINESS DAYS OF THE ENTRY OF THIS ORDER. IN ADDITION, WOODBURY SHALL UNDERTAKE TO REVISE ITS PRACTICES, POLICIES AND PROCEDURES WITH RESPECT TO ACCEPTING CUSTOMER NONPUBLIC PERSONAL INFORMATION FROM RECRUITS WHO HAVE NOT YET ASSOCIATED WITH WOODBURY TO COMPLY WITH REGULATION S-P AS PRESENTLY WRITTEN OR AS IT MAY BE AMENDED IN THE FUTURE; AND REVISE ITS PRACTICES, POLICIES AND PROCEDURES AND/OR PRIVACY POLICY WITH RESPECT TO ALLOWING DEPARTING WOODBURY REGISTERED REPRESENTATIVES TO TAKE CUSTOMER NONPUBLIC PERSONAL INFORMATION WITH THEM TO THEIR NEW BROKER-DEALER TO COMPLY WITH REGULATIONS S-P AS PRESENTLY WRITTEN OR AS IT MAY BE AMENDED IN THE FUTURE.

Reporting Source: Firm

Current Status: Final

Allegations: WOODBURY FINANCIAL SERVICES, INC. ALLEGEDLY VIOLATED REGULATION S-P RULE 10 BY ALLOWING REGISTERED REPRESENTATIVES TO TAKE NONPUBLIC CUSTOMER INFORMATION TO NONAFFILIATED BROKER-DEALERS WHEN LEAVING WOODBURY. FURTHER, WOODBURY ALLEGEDLY VIOLATED REGULATION S-P RULES 4 AND 6 BY NOT INFORMING CUSTOMERS THAT IT WOULD ALLOW A DEPARTING REGISTERED REPRESENTATIVE TO TAKE NONPUBLIC CUSTOMER INFORMATION WHEN LEAVING WOODBURY FOR A NONAFFILIATED BROKER DEALER.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 04/09/2009

Docket/Case Number: FILE NO. 3-13437

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CENSURE AND CIVIL MONEY PENALTY IN THE AMOUNT OF \$65,000 TO BE PAID TO THE UNITED STATES TREASURY.

Resolution: Order



Resolution Date: 04/09/2009

Sanctions Ordered: Censure
Monetary/Fine \$65,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WOODBURY FINANCIAL SERVICES, INC. SUBMITTED AN OFFER OF SETTLEMENT TO THE SECURITIES AND EXCHANGE COMMISSION AND THE COMMISSION ACCEPTED. IT WAS ORDERED THAT WOODBURY FINANCIAL SERVICES, INC. CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULES 4, 6, AND 10 OF REGULATION S-P; BE CENSURED; AND SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$65,000 TO THE UNITED STATES TREASURY. IN ADDITION, WOODBURY SHALL UNDERTAKE TO REVISE ITS PRACTICES, POLICIES AND PROCEDURES WITH RESPECT TO ACCEPTING CUSTOMER NONPUBLIC PERSONAL INFORMATION FROM RECRUITS WHO HAVE NOT YET ASSOCIATED WITH WOODBURY TO COMPLY WITH REGULATION S-P AS PRESENTLY WRITTEN OR AS IT MAY BE AMENDED IN THE FUTURE; AND REVISE ITS PRACTICES, POLICIES AND PROCEDURES AND/OR PRIVACY POLICY WITH RESPECT TO ALLOWING DEPARTING WOODBURY REGISTERED REPRESENTATIVES TO TAKE CUSTOMER NONPUBLIC PERSONAL INFORMATION WITH THEM TO THEIR NEW BROKER-DEALER TO COMPLY WITH REGULATION S-P AS PRESENTLY WRITTEN OR AS IT MAYBE AMENDED IN FUTURE.

Firm Statement WOODBURY FINANCIAL SERVICES, INC. SUBMITTED AN OFFER OF SETTLEMENT TO THE SECURITIES AND EXCHANGE COMMISSION AND THE COMMISSION ACCEPTED. IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY WOODBURY AND COOPERATION AFFORDED THE COMMISSION STAFF. THE ORDER WAS RELEASED BY THE COMMISSION ON APRIL 9, 2009. ON APRIL 13, 2009, IN COMPLIANCE WITH THE ORDER, WOODBURY FORWARDED A CHECK IN THE AMOUNT OF \$65,000 AND MADE PAYABLE TO THE SEC AS DIRECTED IN THE ORDER.

Disclosure 8 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: WHILE TRANSACTING BUSINESS IN THE STATE OF MISSOURI AS A FEDERAL-COVERED INVESTMENT ADVISER, WOODBURY ENGAGED IN ACTIVITY IN VIOLATION OF THE MISSOURI SECURITIES ACT OF 2003 BY FAILING TO DISCLOSE TO ITS CLIENTS THAT TWO OF ITS INVESTMENT



ADVISER REPRESENTATIVES WERE NOT PROPERLY REGISTERED WITH THE STATE OF MISSOURI.

Initiated By: MISSOURI

Date Initiated: 01/07/2009

Docket/Case Number: AP-08-25

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT ORDER

Resolution: Consent

Resolution Date: 01/07/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes

Sanctions Ordered: Monetary/Fine \$6,000.00

Other Sanctions Ordered: WOODBURY IS PROHIBITED FROM ENGAGING IN ACTIVITY IN THE STATE OF MISSOURI WHICH WOULD VIOLATE THE MISSOURI SECURITIES ACT OF 2003, AND WOODBURY SHALL DELIVER A CASHIER'S CHECK TO THE SECURITIES DIVISION IN THE AMOUNT OF SIX THOUSAND DOLLARS (\$6,000) MADE PAYABLE TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND.

Sanction Details: WOODBURY IS PROHIBITED FROM ENGAGING IN ACTIVITY IN THE STATE OF MISSOURI WHICH WOULD VIOLATE THE MISSOURI SECURITIES ACT OF 2003, AND WOODBURY SHALL DELIVER A CASHIER'S CHECK TO THE SECURITIES DIVISION IN THE AMOUNT OF SIX THOUSAND DOLLARS (\$6,000) MADE PAYABLE TO THE MISSOURI SECRETARY OF STATE'S INVESTOR EDUCATION AND PROTECTION FUND.

Reporting Source: Firm

Current Status: Final

Allegations: WOODBURY FINANCIAL SERVICES, INC. WAS ALLEGED TO BE IN



VIOLATION OF THE MISSOURI SECURITIES ACT OF 2003. DUE TO A TECHNICAL FILING ERROR, WOODBURY ASSOCIATED WITH TWO UNREGISTERED INVESTMENT ADVISERS. IMMEDIATELY UPON IDENTIFYING THE TECHNICAL FILING ERROR, WOODBURY NOTIFIED THE MISSOURI SECURITIES DIVISION IN ORDER TO TAKE CORRECTIVE ACTION.

Initiated By: OFFICE OF THE SECRETARY OF STATE, STATE OF MISSOURI - MISSOURI SECURITIES DIVISION

Date Initiated: 01/07/2009

Docket/Case Number: CASE NO. AP-08-25

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE FINE OF \$6,000

Resolution: Consent

Resolution Date: 01/07/2009

Sanctions Ordered: Monetary/Fine \$6,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: WOODBURY FINANCIAL SERVICES, INC. PROVIDED A CASHIER'S CHECK TO THE SECURITIES DIVISION IN THE AMOUNT OF \$6,000 ON DECEMBER 31, 2008.

Firm Statement WOODBURY FINANCIAL SERVICES, INC. SIGNED THE CONSENT ORDER ON DECEMBER 30, 2008 AND FORWARDED A CHECK IN THE AMOUNT OF \$6,000 TO THE MISSOURI SECURITIES DIVISION ON DECEMBER 31, 2008. DUE TO A TECHNICAL FILING ERROR, WOODBURY ASSOCIATED WITH TWO UNREGISTERED INVESTMENT ADVISERS. BOTH OF THESE INDIVIDUALS PASSED THE SERIES 65 LICENSING EXAMINATIONS WHICH WOULD HAVE QUALIFIED THEM FOR REGISTRATION WITH THE STATE OF MISSOURI BUT FOR WOODBURY'S TECHNICAL FILING ERROR. UPON RECEIPT OF AN EXECUTED CONSENT ORDER FROM MISSOURI, WOODBURY'S APPLICATION TO REGISTER THE TWO INVESTMENT ADVISER REPRESENTATIVES IN MISSOURI WILL BE PROCESSED.



Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 3010(A) AND 3010(B): RESPONDENT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WRITTEN PROCEDURES RELATING TO THE FIRM'S VARIABLE LIFE INSURANCE BUSINESS THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND REGULATIONS AND NASD CONDUCT RULES.

Initiated By: FINRA
Date Initiated: 12/17/2008
Docket/Case Number: 2006006901101
Principal Product Type: Insurance
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 12/17/2008
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Censure
 Monetary/Fine \$50,000.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, RESPONDENT IS CENSURED AND FINED \$50,000.

Reporting Source: Firm
Current Status: Final
Allegations: FINRA ALLEGED THAT FROM DECEMBER 2002 THROUGH MAY 2005,



WOODBURY FINANCIAL SERVICES, INC. FAILED TO ESTABLISH AN ADEQUATE SUPERVISORY SYSTEM AND SUPERVISORY PROCEDURES TO REVIEW THE SUITABILITY OF VARIABLE LIFE INSURANCE APPLICATIONS. FINRA ALSO ALLEGED THAT THESE FAILURES RESULTED IN A VIOLATION OF NASD CONDUCT RULES 3010 (A) AND (B) AND RULE 2110.

Initiated By: FINRA

Date Initiated: 12/17/2008

Docket/Case Number: 2006006901101

Principal Product Type: Insurance

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE FINE OF \$50,000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/17/2008

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND A FINE OF \$50,000. WOODBURY FINANCIAL SERVICES, INC. WIRED \$50,000 TO FINRA ON DECEMBER 24, 2008.

Firm Statement WOODBURY FINANCIAL SERVICES, INC. SIGNED THE FINRA LETTER OF ACCEPTANCE, WAIVER AND CONSENT ON NOVEMBER 25, 2008 CONSENTING TO THE ABOVE DESCRIBED SANCTIONS WITHOUT ADMITTING OR DENYING FINRA'S FINDINGS. WOODBURY ALSO SIGNED AND SUBMITTED A CORRECTIVE ACTION STATEMENT ON NOVEMBER 25, 2008 DETAILING THE STEPS TAKEN BY WOODBURY TO ENHANCE ITS SUPERVISORY SYSTEM AND PROCEDURES FOR REVIEWING THE SUITABILITY OF VARIABLE LIFE INSURANCE APPLICATIONS. FINRA SIGNED THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT ON DECEMBER 17, 2008.

Disclosure 10 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT IS CONDUCTING SECURITIES SALES-RELATED ACTIVITY AT



NINETY-FIVE (95) LOCATIONS ("UNREGISTERED OFFICES" NOT REGISTERED AS BRANCH OFFICES WITH THE SECURITIES COMMISSIONER. RESPONDENT'S FAILURE TO REGISTER EACH BRANCH OFFICE CONSTITUTES A VIOLATION OF SECTION 115.1(B)(1) OF THE BOARD RULES. RESPONDENT'S SECURITIES SALES-RELATED ACTIVITY AT UNREGISTERD BRANCH OFFICES CONSTITUTES A VIOLATION OF SECTION 115.2(C) OF THE BOARD RULES. RESPONDENT, BY AND THROUGH AN AUTHORIZED SIGNATORY, ACKNOWLEDGED ON THE FORM U-4S FILED WITH THE SECURITIES COMMISSIONER THAT THE AUTHORIZED SIGNATORY HAD TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN AND WITH AGENTS' FORM U-4 FILINGS. HOWEVER, THE AUTHORIZED SIGNATORY FAILED TO TAKE APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE AGENTS' FORM U-4 FILINGS BECAUSE THE OFFICE OF EMPLOYMENT ADDRESS WAS NOT PROPERLY COMPLETED ON THE AGENTS' FORM U-4S. RESPONDENT'S REPRESENTATION THAT RESPONDENT'S AUTHORIZED SIGNATORY HAD TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE AGENTS' FORM U-4S CONSTITUTES A MATERIAL MISREPRESENTATION TO THE SECURITIES COMMISSIONER IN CONNECTION WITH INFORMATION DEEMED NECESSARY BY THE SECURITIES COMMISSIONER TO DETERMINE A DEALER'S BUSINESS REPUTE OR QUALIFICATIONS.

Initiated By: TEXAS

Date Initiated: 03/25/2004

Docket/Case Number: IC04-FIN-05

Principal Product Type: Other

Other Product Type(s): BROKER DEALER / INVESTMENT ADVISOR

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: REPRIMANDED / COMPLIANCE WITH THE UNDERTAKING

Resolution: Order

Resolution Date: 03/25/2004

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes



Sanctions Ordered: Monetary/Fine \$12,500.00

Other Sanctions Ordered: REPRIMANDED / COMPLIANCE WITH TERMS OF THE UNDERTAKING

Sanction Details: 12500.00 / ADMINISTRATIVE FINE PAID CONTEMPORANEOUSLY WITH DELIVERY OF ORDER.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT IS CONDUCTING SECURITIES SALES-RELATED ACTIVITY AT NINETY-FIVE (95) LOCATIONS ("UNREGISTERED OFFICES") NOT REGISTERED AS BRANCH OFFICES WITH THE SECURITIES COMMISSIONER. RESPONDENT'S FAILURE TO REGISTER EACH BRANCH OFFICE CONSTITUTES A VIOLATION OF SECTION 115.1(B)(1) OF THE BOARD RULES. RESPONDENT'S SECURITIES SALES-RELATED ACTIVITIES AT UNREGISTERED BRANCH OFFICES CONSTITUTES A VIOLATION OF SECTION 115.2(C) OF THE BOARD RULES. RESPONDENT, BY AND THROUGH AN AUTHORIZED SIGNATORY, ACKNOWLEDGED ON THE FORM U-4S FILED WITH THE SECURITIES COMMISSIONER THAT THE AUTHORIZED SIGNATORY HAD TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN AND WITH AGENTS' FORM U-4 FILINGS. HOWEVER, THE AUTHORIZED SIGNATORY FAILED TO TAKE APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE AGENTS' FORM U-4 FILINGS BECAUSE THE OFFICE OF EMPLOYMENT ADDRESS WAS NOT PROPERLY COMPLETED ON THE AGENTS' FORM U-4S. RESPONDENT'S REPRESENTATION THAT RESPONDENT'S AUTHORIZED SIGNATORY HAD TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE AGENTS' FORM U-4S CONSTITUTE A MATERIAL MISREPRESENTATION TO THE SECURITIES COMMISSIONER IN CONNECTION WITH INFORMATION DEEMED NECESSARY BY THE SECURITIES COMMISSIONER TO DETERMINE A DEALER'S BUSINESS REPUTE OR QUALIFICATIONS.

Initiated By: TEXAS

Date Initiated: 03/25/2004

Docket/Case Number: IC04-FIN-05

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Reprimand



Other Sanction(s)/Relief Sought: ADMINISTRATIVE FINE OF \$12500.00.
Resolution: Order
Resolution Date: 03/25/2004
Sanctions Ordered: Monetary/Fine \$12,500.00
Other Sanctions Ordered: REPRIMANDED / COMPLIANCE WITH TERMS OF THE UNDERTAKING.
Sanction Details: 12500.00 / ADMINISTRATIVE FINE PAID CONTEMPORANEOUSLY WITH DELIVERY OF ORDER.

Disclosure 11 of 13

Reporting Source: Firm
Current Status: Final
Allegations: IMPERIAL FINANCIAL SERVICES, INC. ("IFS") [NOW NAMED FORTIS INVESTORS, INC. FORMERLY AMEV INVESTORS, INC.] CHARGED WITH VIOLATING SECTION 17(A) OF SECURITIES ACT OF 1933 AND SECTION 10(B) AND 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES THEREUNDER.
Initiated By: SEC
Date Initiated: 01/01/1964
Docket/Case Number: N/A
Principal Product Type: Mutual Fund(s)
Other Product Type(s): VARIABLE ANNUITIES INSURANCE
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: NONE. SEE ITEM 13.
Resolution: Other
Resolution Date: 08/26/1965
Sanctions Ordered: Censure
Other Sanctions Ordered: NONE
Sanction Details: NONE.
Firm Statement IN SECURITIES ACT RELEASE NO. 7684 DATED AUGUST 26, 1965, SEC HELD THAT UNDER ALL OF THE CIRCUMSTANCES IT WAS "NOT



NECESSARY" IN THE PUBLIC INTEREST OR FOR THE PROTECTION OF INVESTORS THAT IFS'S REGISTRATION AS A BROKER-DEALER BE REVOKED, NOR THAT IFS BE SUSPENDED OR EXPELLED FROM MEMBERSHIP IN THE NASD.

Disclosure 12 of 13

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 02/16/1996
Docket/Case Number: C04950052
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 02/16/1996
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

ON FEBRUARY 16, 1996, DISTRICT NO. 4 NOTIFIED RESPONDENTS FORTIS INVESTORS, INC. AND CAROL M. HOUGHTBY THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C04950052 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$2,500, JOINTLY AND SEVERALLY - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT HOUGHTBY, UTILIZED THE INSTRUMENTALITIES OF INTERSTATE COMMERCE TO CONDUCT A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ADEQUATE MINIMUM REQUIRED NET CAPITAL).

\$2,500.00 PAID J&S ON 03/05/96, INVOICE # 96-04-132



Reporting Source: Firm

Current Status: Final

Allegations: THE APPLICANT AND ITS FINANCIAL OPERATION'S PRINCIPAL WERE BOTH CENSURED AND ASSESSED A JOINT AND SEVERAL FINE OF \$2,500 FOR PERMITTING THE FIRM TO OPERATE WITH INSUFFICIENT NET CAPITAL.

Initiated By: NASD'S NATIONAL BUSINESS CONDUCT COMMITTEE

Date Initiated: 01/02/1995

Docket/Case Number: N/A

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: THE APPLICANT AND ITS FINANCIAL OPERATION'S PRINCIPAL WERE BOTH CENSURED AND ASSESSED A JOINT AND SEVERAL FINE OF \$2,500 FOR PERMITTING THE FIRM TO OPERATE WITH INSUFFICIENT NET CAPITAL.

Resolution: Settled

Resolution Date: 02/02/1996

Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered: THE APPLICANT AND ITS FINANCIAL OPERATION'S PRINCIPAL WERE BOTH CENSURED AND ASSESSED A JOINT AND SEVERAL FINE OF \$2,500 FOR PERMITTING THE FIRM TO OPERATE WITH INSUFFICIENT NET CAPITAL.

Sanction Details: THE APPLICANT AND ITS FINANCIAL OPERATION'S PRINCIPAL WERE BOTH CENSURED AND ASSESSED A JOINT AND SEVERAL FINE OF \$2,500 BY THE NASD'S NATIONAL BUSINESS CONDUCT COMMITTEE FOR PERMITTING THE FIRM TO OPERATE WITH INSUFFICIENT NET CAPITAL IN VIOLATION OF SEC RULE 15C 3-1. THE VIOLATION WAS CAUSED BY AN INADVERTENT MISCLASSIFICATION OF CERTAIN RECEIVABLES FOR AFFILIATED COMPANIES. THE VIOLATION WAS UNINTENTIONAL, HIGHLY TECHNICAL IN NATURE AND WAS IMMEDIATELY REMEDIED ONCE THE ERROR WAS DISCOVERED. THE SOLVENCY OF THE FIRM WAS NEVER IN QUESTION.

Firm Statement THE APPLICANT AND ITS FINANCIAL OPERATION'S PRINCIPAL WERE BOTH CENSURED AND ASSESSED A JOINT AND SEVERAL FINE OF \$2,500 FOR PERMITTING THE FIRM TO OPERATE WITH INSUFFICIENT NET CAPITAL.



Disclosure 13 of 13

Reporting Source: Regulator
Current Status: Final
Allegations: Employing unlicensed agent
Initiated By: WI SEC
Date Initiated: 02/01/1993
Docket/Case Number: X-92096(L)

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent
Resolution Date: 02/01/1993
Sanctions Ordered: Monetary/Fine \$3,000.00

Other Sanctions Ordered:

Sanction Details: CONSENT ORDER OF ASSESSMENT (\$3,000)

Regulator Statement
 RANDALL K. HANSON (CRD #2155950), WHILE EMPLOYED BY FORTIS INVESTORS, INC. AND WHILE SUPERVISED BY PAUL JOSEPH WALKER (CRD #1525578), SOLD MUTUAL FUNDS TO WISCONSIN RESIDENTS, BETWEEN AUGUST 1991 AND MAY 1992, WHILE HE WAS NOT LICENSED IN WISCONSIN TO DO SO. WALKER WAS CENSURED, HANSON WAS ORDERED TO PAY AN ASSESSMENT TO THE COMMISSIONER OF SECURITIES OF \$2,000 AND FORTIS INVESTORS, INC. WAS ORDERED TO PAY AN ASSESSMENT OF \$3,000. HE IS NOW PROPERLY LICENSED TO TRANSACT SECURITIES BUSINESS IN WISCONSIN.

Reporting Source: Firm
Current Status: Final
Allegations: EMPLOYING UNLICENSED AGENT.
Initiated By: WISCONSIN SECURITIES DEPT.
Date Initiated: 02/01/1993



Docket/Case Number: X-92096 (L)
Principal Product Type: Mutual Fund(s)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: SEE ITEM 7.
Resolution: Consent
Resolution Date: 02/01/1993
Sanctions Ordered: Monetary/Fine \$3,000.00
Other Sanctions Ordered:
Sanction Details: CONSENT ORDER OF ADMINISTRATIVE ASSESSMENT (\$3,000.00).
Firm Statement RANDALL K. HANSON (CRD #2155950), WHILE EMPLOYED BY FORTIS INVESTORS, INC. AND WHILE SUPERVISED BY PAUL JOSEPH WALKER (CRD #1525578), SOLD MUTUAL FUNDS TO WISCONSIN RESIDENTS, BETWEEN AUGUST 1991 AND MAY 1992, WHILE HE WAS NOT LICENSED IN WISCONSIN TO DO SO. WALKER WAS CENSURED, HANSON WAS ORDERED TO PAY AN ASSESSMENT TO THE COMMISSIONER OF SECURITIES OF \$2,000 AND FORTIS INVESTORS, INC. WAS ORDERED TO PAY AN ASSESSMENT OF \$3,000. HE IS NOW PROPERLY LICENSED TO TRANSACT SECURITIES BUSINESS IN WISCONSIN.



Arbitration Award - Award/Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 5

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

Arbitration Forum: NASD

Case Initiated: 11/30/2000

Case Number: 00-05078

Disputed Product Type: OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$66,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/29/2001

Sum of All Relief Awarded: \$171,736.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 5

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-UNSUITABILITY

Arbitration Forum: NASD

Case Initiated: 11/20/2001

Case Number: 01-06167



Disputed Product Type: MUTUAL FUNDS; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$91,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/11/2003
Sum of All Relief Awarded: \$111,341.68

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 5

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 03/14/2005
Case Number: [05-01238](#)
Disputed Product Type: UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$146,015.78
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/02/2006
Sum of All Relief Awarded: \$122,300.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 5

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations:
Arbitration Forum: FINRA
Case Initiated: 10/05/2009
Case Number: [09-05396](#)

**Disputed Product Type:****Sum of All Relief Requested:** \$834,167.00**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 04/13/2011**Sum of All Relief Awarded:** \$605,850.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 5 of 5**Reporting Source:** Regulator**Type of Event:** ARBITRATION

Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT ACTIVITY-UNSUITABILITY; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

Arbitration Forum: FINRA**Case Initiated:** 06/11/2010**Case Number:** 10-02280**Disputed Product Type:** COMMON STOCK; OPTIONS**Sum of All Relief Requested:** \$244,956.21**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 06/05/2012**Sum of All Relief Awarded:** \$171,469.36

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.



Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

Disclosure 1 of 1

Reporting Source: Firm

Policy Holder: WOODBURY FINANCIAL SERVICES, INC.

Bonding Company Name: ST. PAUL FIRE & MARINE INSURANCE COMPANY

Disposition: Payout

Disposition Date: 04/15/2013

Payout Details: PAYOUT AMOUNT: \$466,253.54. PAYOUT RECEIVED FROM BONDING COMPANY ON APRIL 15, 2013.

Firm Statement TWO FORMER REGISTERED REPRESENTATIVES BASED IN ARIZONA ALLEGEDLY ENGAGED IN FRAUDULENT ACTIVITY BY CHANGING CUSTOMER ACCOUNT ADDRESSES TO POST OFFICE BOXES, IN CONTRAVENTION OF WOODBURY COMPLIANCE RULES, AND IMPROPERLY ACCESSING AND CONVERTING CUSTOMER FUNDS. FURTHERMORE, THE REPRESENTATIVES ALLEGEDLY MISAPPROPRIATED FUNDS INTENDED FOR INSURANCE POLICY PREMIUM PAYMENTS AND MONEY MARKET FUNDS.