

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73380 / October 16, 2014

Admin. Proc. File No. 3-15990

In the Matter of the Application of
NORTH WOODWARD FINANCIAL CORP. and
DOUGLAS A. TROZAK
For Review of Disciplinary Action Taken by
FINRA

ORDER DENYING MOTION
TO CONSOLIDATE

North Woodward Financial Corp., a Financial Industry Regulatory Authority ("FINRA") member firm, and Douglas A. Troszak (together with North Woodward, "Applicants"), North Woodward's president, chief financial officer, chief compliance officer, financial and operations principal, and sole registered representative, have appealed from a FINRA disciplinary action. FINRA found that North Woodward and Troszak failed to disclose a federal tax lien against Troszak on his Form U4 in violation of Article V, Section 2 of FINRA's By-laws, and FINRA Rule 2010.¹ FINRA also found that Applicants failed to respond to FINRA's requests for information about the circumstances under which Troszak borrowed funds from certain of his customers.² FINRA expelled North Woodward from membership and barred Troszak in all capacities for failing to respond to FINRA's requests for information.³ On August 22, 2014, Applicants filed an application for review of FINRA's decision with the Commission.

After Applicants filed their application for review, they moved to consolidate the current appeal with a separate matter that they describe as an "other disciplinary proceeding . . . currently pending before the National Adjudicatory Council (NAC)." That matter involves an allegation, among others, that Applicants failed to respond to FINRA's requests for information ("Pending

¹ *Dep't of Enforcement v. N. Woodward Fin. Corp.*, Complaint No. 2010021303301, 2014 WL 3696590, at *5-6 (July 21, 2014).

² *Id.* at *7-8.

³ *Id.* at *11-15. FINRA declined to impose additional sanctions for the disclosure violations in light of the bar and expulsion it imposed on Applicants.

FINRA Disciplinary Action").⁴ FINRA filed a brief in opposition to Applicants' motion to consolidate the two matters, arguing among other things that consolidation is not appropriate because the second matter is still pending and FINRA has not yet issued a final determination resolving the disciplinary action.

Although Commission Rule of Practice 201(a) provides that the Commission may order consolidation, this is limited to the consolidation of "proceedings."⁵ Under Rule 101(a)(9), a "proceeding" is defined as any agency process initiated by, among other things, "the filing pursuant to Rule 420, of an application for review of a self-regulatory organization determination."⁶ In turn, Rule 420(a) provides that an application for review by the Commission may be filed by any person who is aggrieved by a determination of a self-regulatory organization with respect to any final disciplinary sanction.⁷

The August 22, 2014 application for review pending before the Commission is a "proceeding" under Rule 101(a)(9) because it satisfies the requirements of Rule 420(a). Applicants filed an application for review after FINRA imposed a final disciplinary sanction on them.⁸ But the Pending FINRA Disciplinary Action is not a "proceeding" under Rule 101(a)(9) because Applicants have not filed an application for review, the matter is still pending before the NAC, and there has been no FINRA final disciplinary sanction that could be subject to Commission review. Thus, the Commission cannot grant the motion to consolidate because there currently is only one proceeding pending before it.

⁴ *Dep't of Enforcement v. N. Woodward Fin. Corp.*, Disciplinary Proceeding No. 2011028502101, 2014 WL 3573427 (May 16, 2014) (Hearing Panel Decision). Applicants appealed the decision to the NAC on June 5, 2014.

⁵ 17 C.F.R. § 201.201(a).

⁶ *Id.* § 201.101(a)(9).

⁷ *Id.* § 201.420(a); *see also* Exchange Act Section 19(d)(2), 15 U.S.C. § 78s(d)(2) (providing that the Commission shall review an action in which a self-regulatory organization, such as FINRA, imposes "any final disciplinary sanction" on any member or person associated with a member if an aggrieved person timely files an application for review). Rule 420 and Exchange Act Section 19(d)(2) provide three other bases for Commission review that are not applicable here.

⁸ *See* FINRA Rule 9349 (providing that the NAC's decision, if not called for review by the FINRA Board, "shall become final" and "shall constitute the final disciplinary action of FINRA" for purposes of Commission review).

Accordingly, IT IS ORDERED that Applicants' motion to consolidate is denied.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Brent J. Fields
Secretary