

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 80490 / April 19, 2017

Admin. Proc. File No. 3-17909

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In the Matter of the Application of  
THADDEUS J. NORTH  
For Review of Disciplinary Action Taken by  
FINRA

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ORDER DENYING STAY AS MOOT

Thaddeus J. North appeals from a FINRA decision finding that, while he was the chief compliance officer at Southridge Investment Group LLC, he failed to establish and maintain a reasonable supervisory system for the review of electronic correspondence, failed to adequately review electronic correspondence, and failed to report the business relationship of one of the firm's associated persons with a statutorily disqualified individual. FINRA fined North \$40,000, imposed 30-business-day and two-month suspensions in all principal and supervisory capacities to run consecutively, and ordered him to pay costs.<sup>1</sup> On April 6, 2017, North filed a motion to stay these sanctions during his appeal to the Commission. Although North acknowledges that FINRA notified him that the sanctions would be stayed pending appeal to the Commission, North states that he submits his motion for a stay to "confirm the stay of sanctions, fines, and cost liabilities." FINRA opposes North's motion as moot. We agree and deny North's motion.

Although the Commission's Rules of Practice do not provide that the Commission will automatically stay a self-regulatory organization's sanctions upon the filing of an application for review,<sup>2</sup> FINRA provides applicants with a stay of certain sanctions under its own rules. FINRA Rule 9370 states that "[t]he filing with the SEC of an application for review by the SEC shall stay the effectiveness of any sanction, other than a bar or an expulsion, imposed in a

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<sup>1</sup> See *Thaddeus J. North*, Complaint No. 2010025087302, 2017 WL 1076334 (NAC Mar. 15, 2017).

<sup>2</sup> See 17 C.F.R. § 201.420(d).

decision constituting a final disciplinary action of FINRA.”<sup>3</sup> In its opposition to North’s motion, FINRA explained that “FINRA Rule 9370 uncontrovertibly provides that all sanctions, other than a bar, imposed in a final FINRA disciplinary action . . . are stayed upon the filing with the Commission of an application for review.” And in its letter to North attaching its final disciplinary decision, FINRA stated explicitly that the “filing with the SEC of an application for review shall stay the effectiveness of any sanction except a bar or expulsion.” North filed such an application for review with the Commission. We therefore agree with FINRA that North “already possesses the specific relief he seeks” and deny North’s motion as moot.

Accordingly, IT IS ORDERED that Thaddeus J. North’s motion for a stay of the sanctions FINRA imposed pending Commission review of his appeal is denied.

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

Brent J. Fields  
Secretary

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<sup>3</sup> See FINRA Rule 9370(a); *see also, e.g., Anthony A. Grey*, Exchange Act Release No. 75839, 2015 WL 5172955, at \*12 n.68 (Sept. 3, 2015) (observing that Grey’s application for Commission review stayed FINRA’s order that he be suspended in any capacity for 18 months).