

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

TYLER J. WOODWARD  
(CRD No. 6032935),

Respondent.

Disciplinary Proceeding  
No. 2018058866401

Hearing Officer—LOM

**DEFAULT DECISION**

March 12, 2019

**Respondent Tyler J. Woodward is barred for failing to provide documents and information requested pursuant to FINRA Rule 8210. He is separately barred for failing to appear to give testimony requested pursuant to FINRA Rule 8210.**

*Appearances*

For the Complainant: Stuart P. Feldman, Esq., Bonnie S. McGuire, Esq., and Lisa M. Colone, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: No appearance

**DECISION**

**I. Introduction**

Respondent Tyler J. Woodward (“Woodward”) was registered as an Investment Company Products and Variable Contracts Representative and as a General Securities Representative before his firm terminated his employment for what it described in its initial Uniform Termination Notice for Securities Industry Registration (“Form U5”), filed on October 13, 2016, as non-customer and non-securities reasons. He was briefly associated with another firm in a back-office capacity until October 31, 2016. He is no longer in the securities industry.

In June 2018, FINRA received a customer complaint against Woodward alleging serious violations of FINRA rules, including conversion. After receiving the customer complaint alleging conversion, FINRA staff began an investigation and sent Woodward a request for information and documents (“First Request for Information and Documents”) pursuant to

FINRA Rule 8210. When he did not respond, the staff sent him another request for Information and Documents (“Second Request for Information and Documents”). He still did not respond. Separately, FINRA staff sent Woodward a request pursuant to Rule 8210 that he appear for testimony in an on-the-record interview (“First OTR Request”) pertaining to the customer’s allegations. He did not contact the staff or appear for testimony. The staff sent Woodward another request pursuant to Rule 8210 for testimony (“Second OTR Request”). Again, he did not contact the staff or appear for testimony.

FINRA’s Department of Enforcement (“Enforcement”) filed and served a two-cause Complaint on October 24, 2018, alleging that Woodward had violated FINRA Rules 8210 and 2010, first by failing to provide information and documents, and second by failing to appear to give testimony at an OTR. Enforcement filed and served the Complaint, Notice of the Complaint, and a Second Notice of Complaint in accordance with FINRA Rules 9131 and 9134. To date, Woodward has not answered or otherwise challenged the charges against him.

Pursuant to FINRA Rules 9215(f) and 9269, Enforcement then filed and served a motion for entry of default decision (“Default Motion”), together with counsel’s declaration (in text, “Declaration”; in footnote, “Decl.”) in support of the motion, and supporting exhibits. After filing the Default Motion and supporting documents, and after the deadlines for filing any response had passed, Enforcement learned of a new address for Woodward. On my Order to supplement its Default Motion, Enforcement filed a Supplemental Motion for Entry of Default Decision (“Supplemental Default Motion”) and Supplemental Declaration of Stuart P. Feldman in Support of the Department of Enforcement’s Motion and Supplemental Motion for Entry of Default Decision (in text, “Supplemental Declaration”; in footnote, “Supplemental Decl.”). Woodward did not respond to the Default Motion or the Supplemental Default Motion.

For the reasons set forth below, I find Woodward in default and grant Enforcement’s Default Motion. As authorized by FINRA Rule 9269(a)(2), I deem the factual allegations in the Complaint against Woodward admitted. Based on the facts deemed admitted and the additional information provided under penalty of perjury in the Declaration, along with the exhibits accompanying the Declaration, I find that Woodward committed the violations alleged in the Complaint and, as set forth below, impose sanctions consistent with FINRA’s Sanction Guidelines.

## **II. Findings of Fact and Conclusions of Law**

### **A. Respondent’s Background**

Woodward first became registered with FINRA in April 2012 as an Investment Company Products and Variable Contracts Representative. From November 2013 to October 2016, he was registered with a FINRA member firm (“Firm 1”) in that capacity. In May 2015, he additionally became registered through Firm 1 as a General Securities Representative. Firm 1 terminated his employment on September 26, 2016, and filed a Form U5 on October 13, 2016. The Form U5

stated that the termination was for “failure to comply with personnel policies and procedures. Not customer- or securities-related.”<sup>1</sup>

On October 19, 2016, Firm 1 amended Woodward’s Form U5 and disclosed that it was conducting an internal review “[o]pened in connection with customer complaints related to traditional life insurance.”<sup>2</sup> Firm 1 conducted an internal review from October 11, 2016, to July 25, 2017. It filed another amended Form U5 on August 17, 2017, stating that “[a]ll customer issues have been resolved. Investigation closed.”<sup>3</sup>

Shortly after Firm 1 terminated Woodward, another FINRA member firm (“Firm 2”) filed a Non-Registered Fingerprint (“NRF”) form indicating that it had employed Woodward to work in a back-office capacity. Woodward was associated with Firm 2 until October 31, 2016.<sup>4</sup>

Woodward is not currently registered or associated with a FINRA member.<sup>5</sup>

## **B. FINRA’s Jurisdiction**

Article V, Section 4(a) of FINRA’s By-Laws establishes the period and the circumstances in which FINRA retains jurisdiction over an individual who is no longer associated with a FINRA member. Under Article V, Section 4(a), even after a person is no longer associated with a FINRA member, FINRA retains jurisdiction for two years after the termination of his or her association to commence a disciplinary action for misconduct during the period of the person’s association.

For a registered person, the two-year period of retained jurisdiction starts to run from the effective date of the termination of a person’s FINRA registration. If that were the only measure, this Complaint would have been filed too late. The effective date of the termination of Woodward’s registration was more than two years before the Complaint was filed.

However, Article V, Section 4(a)(i) provides that the two-year period of retained jurisdiction may be extended by an amendment to a registered person’s Form U5 within that two-year period if the amendment “discloses that such person may have engaged in conduct actionable under any applicable statute, rule, or regulation.” In this case, the first amendment filed by Firm 1 on October 19, 2016, was within a matter of weeks of Woodward’s termination, and Firm 1 disclosed that it was investigating customer complaints. That would appear to be sufficient to extend the retention period so that it ran for two years from the date of the amendment. However, the first amendment was also more than two years before the Complaint

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<sup>1</sup> Complaint (“Compl.”) ¶¶ 2-4.

<sup>2</sup> Compl. ¶ 5.

<sup>3</sup> Compl. ¶ 5.

<sup>4</sup> Compl. ¶ 7.

<sup>5</sup> Compl. ¶ 8.

was filed on October 24, 2018. If this were the only amendment, the Complaint would have been filed too late.

Firm 1 filed a second amendment to Woodward's U5 on August 17, 2017. If it were the type of amendment that extended jurisdiction, one that discloses potential actionable misconduct, then the Complaint filed less than two years later would be timely. But the second amendment stated only that "[a]ll customer issues have been resolved. Investigation closed." This disclosure did not necessarily indicate that Woodward may have engaged in actionable misconduct. It simply disclosed that Firm 1 had resolved any issues and closed its investigation. Furthermore, the existence of customer-related issues had already been disclosed by the first amendment. So, arguably, nothing new was disclosed. It is not clear that the second amendment would extend the period of retained jurisdiction.

There is another basis, however, for finding that jurisdiction exists. After Firm 1 terminated him, Woodward briefly became an unregistered but associated person of Firm 2. His association with Firm 2 ended on October 31, 2016.<sup>6</sup> Article V, Section 4(a)(iii) addresses retained jurisdiction over associated persons. It states that FINRA retains jurisdiction for "two years after the date upon which such person ceased to be associated with the member." The Complaint filed on October 24, 2018, is within two years of the date when Woodward's association with Firm 2 ended. The Complaint was timely filed while FINRA still retained jurisdiction.

### **C. Origin of the Investigation**

FINRA began investigating Woodward on June 18, 2018, three days after receiving a written complaint from a former Woodward customer, KJ. KJ alleged serious violations of FINRA rules, including conversion.<sup>7</sup>

Specifically, KJ alleged to FINRA that Woodward had persuaded KJ to transfer more than \$117,000 from his brokerage account at Firm 1 to a brokerage account at another FINRA member firm, then to a bank account, and then finally to a company that Woodward created known as Precision Financial Research and Management, LLC. KJ asserted that Woodward also obtained electronic access to his brokerage account and controlled transactions in that account. KJ alleged that he had made repeated demands to Woodward for the return of his money but that Woodward failed to respond.<sup>8</sup>

### **D. Respondent's Default**

Enforcement served the Complaint and the First and Second Notices of Complaint in accord with FINRA Rules 9131 and 9134. Enforcement sent the Complaint and First Notice of

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<sup>6</sup> Decl. ¶ 9.

<sup>7</sup> Compl. ¶ 9.

<sup>8</sup> Compl. ¶ 10.

Complaint to Woodward’s last known residential address as reflected in the Central Registration Depository (“CRD Residential Address”) by certified first-class mail, and sent the Complaint and Second Notice of Complaint to the same address by the same means. Under Rules 9131 and 9134, that is all that is necessary for constructive notice.

Enforcement had no knowledge that Woodward’s CRD Residential Address was outdated. In fact, it had good reason to think it was a valid address. It had sent Woodward a “Wells” letter by certified first-class mail on September 5, 2018, about a month before first attempting service of the Complaint, to advise Woodward that FINRA staff had made a preliminary determination to recommend that a disciplinary proceeding be brought against him. It sent the Wells letter to Woodward’s CRD Residential Address. The staff received a certified mail receipt that indicated that the Wells letter was received and signed for by a “Sarah Woodward,” which gave the staff reason to believe that the CRD Residential Address was correct.<sup>9</sup>

On or about January 9, 2019, Enforcement became aware of an additional address for Woodward, at a detention facility (“first additional address”), after the Second Notice of Complaint and Complaint had been filed and served, and after the final deadline had passed for Woodward to file an answer or otherwise respond to the Complaint.<sup>10</sup> Enforcement attested that it sent a copy of the Default Motion, Memorandum of Law in support of the Default Motion, and the Declaration of counsel by first-class and certified first-class mail to Woodward’s CRD Residential Address, and a duplicate copy of the those documents to the first additional address by first-class and certified first-class mail, in accord with FINRA Rule 9134(b)(1). Because Woodward has been out of the industry since October 2016, there is no CRD Business Address on which Enforcement could attempt service.<sup>11</sup>

Subsequent to the service of the Default Motion to the first additional address, Enforcement learned that that address was no longer valid, when the copy of the Default Motion and supporting documents sent by certified first-class mail was returned by the postal service. On February 11, 2019, I issued an Order for Enforcement to supplement its Default Motion to discuss the steps it took to confirm that service of its Default Motion was complete, and to describe any additional information it may have become aware of subsequent to service to the first additional address.

On February 14, 2019, Enforcement filed and served a Supplemental Default Motion and Supplemental Declaration. In his Supplemental Declaration, Enforcement’s counsel attested that the postal service returned the copies of the Default Decision served on the first additional address by first-class mail and certified first-class mail. Enforcement received them on February 12, 2019 and January 24, 2019, respectively, with the envelopes marked “not deliverable as

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<sup>9</sup> Decl. ¶¶ 12-16.

<sup>10</sup> Decl. ¶ 30.

<sup>11</sup> Decl. ¶ 31.

addressed” and “unable to forward.”<sup>12</sup> The copy of the Supplemental Default Motion and Supplemental Declaration sent to Woodward’s CRD Residential Address was not returned.<sup>13</sup>

Counsel also attested that he had learned that Woodward had been released on bond on January 12, 2019. He further stated that on February 14, 2019, he learned of an additional address as a result of a new search of CRD and Lexis (“second additional address”), and also confirmed that the CRD Residential Address had not changed.<sup>14</sup> Counsel certified that on February 14, 2019, Enforcement sent copies of the Supplemental Default Motion, Supplemental Declaration, and supporting exhibits by first-class mail and certified first-class mail to Woodward’s CRD Residential Address and second additional address. Pursuant to FINRA Rule 9146(d), Woodward had until February 28, 2019 to respond to the Supplemental Default Motion.

Woodward did not file an answer or otherwise respond to the Complaint.<sup>15</sup> He also did not respond to the Default Motion or the Supplemental Default Motion, although they were properly served on his CRD Residential Address, first additional address, and second additional address. Accordingly, I find that Woodward has defaulted.<sup>16</sup>

#### **E. Respondent Violated Rule 8210**

FINRA Rule 8210(a) requires a “person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically . . . and to testify . . . with respect to any matter involved in [an] investigation, complaint, examination, or proceeding.” Rule 8210(c) makes clear that the obligation to provide the requested information or testimony is mandatory. It provides that “[n]o member or person shall fail to provide information or testimony . . . pursuant to this Rule.”

Because FINRA lacks subpoena power, and its ability to gather information from its members and associated persons is limited to its ability to obtain documents, information, and testimony pursuant to Rule 8210, that Rule is an essential investigatory tool,<sup>17</sup> and is critical to FINRA’s ability to carry out its regulatory mandate.<sup>18</sup> Courts, the Securities and Exchange Commission (“SEC”), and FINRA have emphasized the key role that Rule 8210 plays in

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<sup>12</sup> Supplemental Decl. ¶ 10.

<sup>13</sup> *Id.* ¶ 11.

<sup>14</sup> *Id.* ¶ 10.

<sup>15</sup> Compl. ¶¶ 13, 17.

<sup>16</sup> Respondent is notified that he may move to set aside the default pursuant to FINRA Rule 9269(c) upon a showing of good cause.

<sup>17</sup> *E.g.*, *Joseph Ricupero*, Exchange Act Release No. 62891, 2010 SEC LEXIS 2988, at \*21 (Sept. 10, 2010), *petition for review denied*, 436 F. App’x 31 (2d Cir. 2011); *Dep’t of Enforcement v. Valentino*, No. FPI010004, 2003 NASD Discip. LEXIS 15, at \*12 (NAC May 21, 2003), *aff’d*, 57 S.E.C. 330 (2004).

<sup>18</sup> *Dep’t of Enforcement v. Saliba*, No. 2013037522501, 2019 FINRA Discip. LEXIS 1, at \*43-44 (NAC Jan. 8, 2019).

FINRA’s discharge of its regulatory responsibilities, calling it “indispensable,”<sup>19</sup> “essential,”<sup>20</sup> and “at the heart of the self-regulatory system for the securities industry.”<sup>21</sup> Without question, “FINRA Rule 8210 requires a registered person to respond fully, completely, and truthfully to a request for information from FINRA . . . .”<sup>22</sup>

## 1. First Cause of Action

On June 25, 2018, FINRA staff mailed the First Request for Information and Documents to Woodward requesting information and documents relating to the allegations made by KJ, pursuant to Rule 8210. It was sent by first-class and certified first-class mail to Woodward at his CRD Residential Address and his last known business address as shown in the Central Registration Depository. When Woodward did not respond, the staff attempted on August 2, 2018, to contact him by telephone. The staff used the telephone numbers associated with his CRD Residential Address and the last known business address that the staff obtained through a search of a public records database. Woodward did not answer the calls and there was no operating voice mail where the staff could leave a message.<sup>23</sup>

Since Woodward did not respond to the First Request for Information and Documents, on August 3, 2018, FINRA staff sent the Second Request for Information and Documents. The staff sent that letter by the same means to the same addresses. In addition, the staff sent an electronic copy of the Second Request for Information and Documents to Woodward at an email address that Woodward had used to communicate with KJ. That same day, the staff again unsuccessfully attempted to contact Woodward by telephone. Woodward did not respond to the Second Request for Information and Documents.<sup>24</sup>

Because Woodward did not respond in any way to these Rule 8210 requests, he violated FINRA Rule 8210, and a violation of any FINRA Rule is also a violation of FINRA Rule 2010.<sup>25</sup>

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<sup>19</sup> *Dep’t of Enforcement v. Merrimac Corp. Sec.*, No. 2011027666902, 2017 FINRA Discip. LEXIS 16, at \*10-11 (NAC May 26, 2017), *appeal docketed*, No. 3-18045 (SEC June 26, 2017).

<sup>20</sup> *PAZ Sec., Inc.*, Exchange Act Release No. 57656, 2008 SEC LEXIS 820, at \*12 (Apr. 11, 2008).

<sup>21</sup> *Howard Brett Berger*, Exchange Act Release No. 58950, 2008 SEC LEXIS 3141, at \*13 (Nov. 14, 2008).

<sup>22</sup> *Dep’t of Enforcement v. Taboada*, No. 2012034719701, 2017 FINRA Discip. LEXIS 29, at \*41-42 (NAC July 24, 2017), *application for review dismissed*, Exchange Act Release No. 82970, 2018 SEC LEXIS 823 (Mar. 30, 2018).

<sup>23</sup> Compl. ¶¶ 11-14.

<sup>24</sup> Compl. ¶¶ 15-18.

<sup>25</sup> *See, e.g., N. Woodward Fin. Corp.*, Exchange Act Rel. No. 74913, 2015 SEC LEXIS 1867, at \*13 (May 8, 2015).

The SEC has explained that Rule 2010 encompasses any unethical business-related misconduct, even where the activity does not involve a security.<sup>26</sup>

## 2. Second Cause of Action

On August 6, 2018, FINRA staff sent Woodward the First OTR Request to his CRD Residential Address and to his CRD Business Address, each by first-class and certified first-class mail, and to an email address. On August 7, 2018, the staff additionally sent the First OTR Request to Woodward by Federal Express overnight delivery to his CRD Residential Address. On August 8, 2018, the staff received confirmation from trackingupdates@fedex.com that “T. Woodward” signed for the overnight delivery letter on August 8, 2018.<sup>27</sup> Woodward did not contact FINRA Staff and did not appear for his OTR.<sup>28</sup>

On August 15, 2018, FINRA staff sent the Second OTR Request to Woodward to the same addresses by the same means as it had sent the First OTR Request.<sup>29</sup> Woodward did not contact FINRA staff and did not appear for his OTR.<sup>30</sup>

Woodward twice failed to appear for an OTR requested pursuant to FINRA Rule 8210. His testimony was material to the staff’s investigation of potential rule violations.<sup>31</sup> He thereby violated FINRA Rules 8210 and 2010.

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<sup>26</sup> *Dep’t of Enforcement v. Mullins*, Nos. 20070094345 and 20070111775, 2011 FINRA Discip. LEXIS 61, at \*22 (NAC Feb. 24, 2011) (“FINRA’s disciplinary authority under [FINRA] Rule [2010] is also broad enough to encompass business-related conduct that is inconsistent with just and equitable principles of trade, even if that activity does not involve a security.”) (internal citations and quotations omitted), *aff’d in relevant part*, Exchange Act Release No. 66373, 2012 SEC LEXIS 464 (Feb. 10, 2012); *Dep’t of Enforcement v. Gallagher*, No. 2008011701203, 2011 FINRA Discip. LEXIS 40, at \*17-18, n.46 (OHO June 13, 2011) (“[FINRA] Rule [2010] is an ethical rule . . . ] FINRA’s authority to pursue disciplinary action for violations of Rule [2010] is sufficiently broad to encompass any unethical business-related misconduct, regardless of whether it involves a security.”), *aff’d*, 2012 FINRA Discip. LEXIS 61 (NAC Dec. 12, 2012) (respondent barred for acting as unregistered principal).

<sup>27</sup> Compl. ¶¶ 19, 21. The postal service did not return the First OTR Request sent to his CRD Residential Address by first-class mail, and did not return a “return receipt” for the First OTR Request sent to his CRD Residential Address by certified first-class mail. The email attaching the First OTR Request was not returned. ¶ 20.

<sup>28</sup> Compl. ¶ 22.

<sup>29</sup> Compl. ¶ 23. The postal service did not return the Second OTR Request sent to his CRD Residential Address by first-class mail, and did not return a “return receipt” for the Second OTR Request sent to his CRD Residential Address by certified first-class mail. Woodward did not sign to acknowledge receipt of the Second OTR Request sent by overnight delivery, and Federal Express returned the document to FINRA staff. The email attaching the Second OTR Request was not returned to FINRA staff. ¶24.

<sup>30</sup> Compl. ¶ 25.

<sup>31</sup> Compl. ¶ 38.

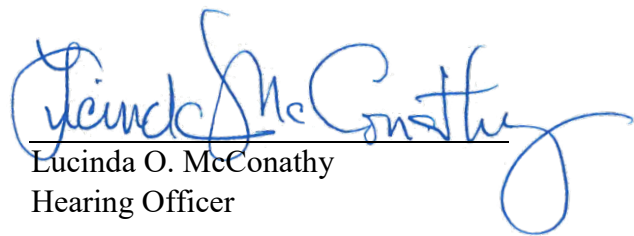


### III. Sanctions

FINRA's Sanction Guidelines recommend that, if an individual does not respond in any manner to a Rule 8210 request for information or testimony, a bar in all capacities should be standard.<sup>32</sup> In this case, the conduct under investigation was serious, and there are no mitigating factors present. Thus, I conclude that the appropriate sanction is a bar in all capacities.

### IV. Order

For violating FINRA Rules 8210 and 2010 by failing to provide documents and information requested pursuant to Rule 8210, Respondent Tyler J. Woodward is barred from associating with any member firm in any capacity. For additionally violating FINRA Rules 8210 and 2010 by failing to appear and provide testimony in response to two OTR requests, Woodward is separately barred from associating with any member firm in any capacity. The bars shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.



Lucinda O. McConathy  
Hearing Officer

Copies to:

Tyler J. Woodward (via overnight courier and first-class mail)  
Stuart P. Feldman, Esq. (via email and first-class mail)  
Gabrielle Hirz, Esq. (via email)  
Bonnie S. McGuire, Esq. (via email)  
Lisa M. Colone, Esq. (via email)  
Lara Thyagarajan, Esq. (via email)

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<sup>32</sup> FINRA Sanction Guidelines at 33 (2018) (Failure to Respond, Failure to Respond Truthfully or in a Timely Manner, or Providing a Partial but Incomplete Response to Requests Made Pursuant to FINRA Rule 8210), <http://www.finra.org/Industry/Sanction-Guidelines>.