

## BrokerCheck Report

### WOOD (ARTHUR W.) COMPANY, INC.

CRD# 3798

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

• **Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



WOOD (ARTHUR W.) COMPANY, INC

CRD# 3798

SEC# 8-3368

Main Office Location

50 CONGRESS STREET STE 700  
BOSTON, MA 02109-4041  
Regulated by FINRA Boston Office

Mailing Address

50 CONGRESS STREET STE 700  
BOSTON, MA 02109-4041

Business Telephone Number

617-542-0500

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 Massachusetts on 09/01/1899.  
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
- 3 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? Yes

This firm conducts 8 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has 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	10



Firm Profile

This firm is classified as a corporation.  
This firm was formed in Massachusetts on 09/01/1899.  
Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

**WOOD (ARTHUR W.) COMPANY, INC.**  
**Doing business as WOOD (ARTHUR W.) COMPANY, INC.**  
**CRD#** 3798  
**SEC#** 8-3368

**Main Office Location**  
50 CONGRESS STREET STE 700  
BOSTON, MA 02109-4041  
**Regulated by FINRA Boston Office**

**Mailing Address**  
50 CONGRESS STREET STE 700  
BOSTON, MA 02109-4041

**Business Telephone Number**  
617-542-0500

Other Names of this Firm

Name	Where is it used
ARTHUR W. WOOD COMPANY, INC.	FL, MA, NJ
THE NEW ENGLAND COMPANY	CT, MA, NJ

## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.



### Direct Owners and Executive Officers

Legal Name & CRD# (if any):	MCCARTHY, DONALD PHILIP 858923
Is this a domestic or foreign entity or an individual?	Individual
Position	DIRECTOR, PRESIDENT/CEO, CCO
Position Start Date	12/2006
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

## Indirect Owners

No information reported.



## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 1 SRO and 3 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	01/01/1936

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Suspended	03/10/2025



Firm Operations



Registrations (continued)

U.S. States & Territories	Status	Date Effective
Florida	Approved	08/23/1994
Massachusetts	Approved	07/31/1981
New Jersey	Approved	04/23/1992



## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 8 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
Municipal securities broker
Investment advisory services
Private placements of securities
Other - PROVIDING INSTITUTIONAL ONLY EQUITY RESEARCH

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	INTERACTIVE BROKERS LLC
CRD #:	36418
Business Address:	PICKWICK PLAZA GREENWICH, CT 06830
Effective Date:	03/14/2024
Description:	FULLY DISCLOSED INTRODUCTION AND CLEARING

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## **Firm Operations**

### **Industry Arrangements**



**This firm does not have books or records maintained by a third party.**

**This firm does not have accounts, funds, or securities maintained by a third party.**

**This firm does not have customer accounts, funds, or securities maintained by a third party.**

#### **Control Persons/Financing**

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**ARTHUR WOOD INVESTMENT ADVISORS CORP is under common control with the firm.**

<b>CRD #:</b>	307300
<b>Business Address:</b>	50 CONGRESS STREET SUITE 700 BOSTON, MA 02109
<b>Effective Date:</b>	12/01/2020
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	ENTITIES ARE UNDER COMMON CONTROL AND OWNERSHIP.

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**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	10	0



## 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 10

**Reporting Source:** Regulator

**Current Status:** Final



<b>Allegations:</b>	RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS DECEMBER 2024 SUPPLEMENTAL STATEMENT OF INCOME REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	02/18/2025
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	03/14/2025
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED FEBRUARY 18, 2025, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON MARCH 14, 2025 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).

## Disclosure 2 of 10

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS DECEMBER 2024 SCHEDULE I FOCUS REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.





**Initiated By:** FINRA  
**Date Initiated:** 02/12/2025  
**Docket/Case Number:** N/A  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Suspension  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Other  
**Resolution Date:** 03/10/2025  
**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:** Suspension  
**Other Sanctions Ordered:**  
**Sanction Details:** PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED FEBRUARY 12, 2025, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON MARCH 10, 2025 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).

### Disclosure 3 of 10

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS DECEMBER 2024 FOCUS REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.  
**Initiated By:** FINRA  
**Date Initiated:** 02/12/2025



**Docket/Case Number:** N/A

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Suspension

**Other Sanction(s)/Relief Sought:**

**Resolution:** Other

**Resolution Date:** 03/10/2025

**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:** Suspension

**Other Sanctions Ordered:**

**Sanction Details:** PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED FEBRUARY 12, 2025, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON MARCH 10, 2025 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).

#### Disclosure 4 of 10

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS DECEMBER 2024 FORM CUSTODY REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.

**Initiated By:** FINRA

**Date Initiated:** 02/12/2025

**Docket/Case Number:** N/A

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Suspension

**Other Sanction(s)/Relief Sought:**

**Resolution:** Other

**Resolution Date:** 03/10/2025

**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:** Suspension

**Other Sanctions Ordered:**

**Sanction Details:** PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED FEBRUARY 12, 2025, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON MARCH 10, 2025 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).

**Disclosure 5 of 10**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS JUNE 2024 SUPPLEMENTAL STATEMENT OF INCOME REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.

**Initiated By:** FINRA

**Date Initiated:** 08/13/2024

**Docket/Case Number:** N/A

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	09/06/2024
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	<p>PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED AUGUST 13, 2024, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON SEPTEMBER 6, 2024 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).</p> <p>SUSPENSION LIFTED ON NOVEMBER 11, 2024.</p>

#### Disclosure 6 of 10

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS JUNE 2024 FORM CUSTODY REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	08/08/2024
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	



<b>Principal Sanction(s)/Relief Sought:</b>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	09/03/2024
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	<p>PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED AUGUST 8, 2024, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON SEPTEMBER 3, 2024 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).</p> <p>SUSPENSION LIFTED ON NOVEMBER 11, 2024.</p>

#### Disclosure 7 of 10

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	RESPONDENT WOOD (ARTHUR W.) COMPANY, INC. FAILED TO FILE ITS JUNE 2024 FOCUS REPORT WITHIN 21 DAYS AFTER SERVICE OF THE NOTICE OF SUSPENSION.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	08/08/2024
<b>Docket/Case Number:</b>	N/A
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief</b>	Suspension

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Other**Resolution Date:** 09/03/2024**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:** Suspension**Other Sanctions Ordered:**

**Sanction Details:** PURSUANT TO FINRA RULE 9552 AND IN ACCORDANCE WITH FINRA'S NOTICE OF SUSPENSION LETTER DATED AUGUST 8, 2024, WOOD (ARTHUR W.) COMPANY, INC. IS SUSPENDED ON SEPTEMBER 3, 2024 FROM FINRA MEMBERSHIP. IF WOOD (ARTHUR W.) COMPANY, INC. FAILS TO REQUEST TERMINATION OF THE SUSPENSION WITHIN THREE MONTHS OF THE DATE OF THE NOTICE OF SUSPENSION, IT WILL AUTOMATICALLY BE EXPELLED FROM FINRA MEMBERSHIP PURSUANT TO FINRA RULE 9552(H).

SUSPENSION LIFTED ON NOVEMBER 11, 2024.

**Disclosure 8 of 10****Reporting Source:** Regulator**Current Status:** Final

**Allegations:** THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT ALTHOUGH IT LISTED SPECIFIC RED FLAGS IN ITS ANTI-MONEY LAUNDERING (AML) PROCEDURES, IT FAILED TO HAVE AN ADEQUATE SYSTEM TO MONITOR FOR POTENTIALLY SUSPICIOUS ACTIVITY AND FAILED TO ADEQUATELY DETECT AND INVESTIGATE THOSE RED FLAGS WHEN THEY WERE PRESENT. THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO IMPLEMENT AND ENFORCE ITS WRITTEN AML PROGRAM TO ENSURE COMPLIANCE WITH THE BANK SECRECY ACT. THE FIRM DID NOT IDENTIFY AND INVESTIGATE POTENTIALLY SUSPICIOUS ACTIVITY, EVEN THOUGH MANY RED FLAGS IDENTIFIED IN THE FIRM'S WRITTEN AML PROCEDURES WERE PRESENT. THE ACTIVITY IN CUSTOMERS' ACCOUNTS RAISED NUMEROUS RED FLAGS INDICATIVE OF POTENTIALLY SUSPICIOUS ACTIVITY RELATED TO THE DEPOSIT AND LIQUIDATION OF LOW-PRICED



SECURITIES. THESE CUSTOMERS, ALL SERVICED BY THE SAME REGISTERED REPRESENTATIVE, MADE UP THE VAST MAJORITY OF THE FIRM'S TRADING ACTIVITY IN LOW-PRICED SECURITIES, WHICH REPRESENTED A DEPARTURE FROM THE FIRM'S TYPICAL BUSINESS MODEL. THE FIRM FAILED TO CONDUCT ADDITIONAL DUE DILIGENCE INTO THESE CLIENTS IN RESPONSE TO THE ONGOING POTENTIALLY SUSPICIOUS TRADING ACTIVITY, WHICH WOULD HAVE REVEALED THEIR CRIMINAL AND OTHERWISE QUESTIONABLE BACKGROUNDS AND PRE-EXISTING RELATIONSHIPS WITH ONE ANOTHER AND FAILED TO DETECT AND INVESTIGATE RED FLAGS, INCLUDING NEGATIVE NEWS ASSOCIATED WITH THEIR CLIENTS, IN REACTION TO ONGOING POTENTIALLY SUSPICIOUS TRADING IN THESE CLIENTS' ACCOUNTS. THERE WERE SEVERAL EMAILS SENT TO THE REGISTERED REPRESENTATIVE CONCERNING ACTIVITY IN THESE CUSTOMERS' ACCOUNTS THAT SHOULD HAVE RAISED RED FLAGS INDICATIVE OF POTENTIALLY MANIPULATIVE TRADING TO THE FIRM. GIVEN THE MULTIPLE RED FLAGS THAT WERE PRESENT, THE FIRM SHOULD HAVE REASONABLY CONDUCTED ADDITIONAL DUE DILIGENCE INTO THESE CLIENTS AND THE ONGOING TRADING ACTIVITY TO ASSESS WHETHER IT HAD A REPORTING OBLIGATION. THE COMPLAINT ALSO ALLEGES THAT THE INDIVIDUAL WHO CONDUCTED THE FIRM'S ANNUAL INDEPENDENT AML TEST WAS NOT INDEPENDENT BECAUSE HE PERFORMED SOME OF THE FUNCTIONS BEING TESTED. THE FIRM'S AML TESTS WERE SUBSTANTIVELY INADEQUATE. THE TESTS EVIDENCE ONLY A CURSORY REVIEW OF AML PROCEDURES AND DID NOT TEST THE ADEQUACY OF THE SUSPICIOUS ACTIVITY MONITORING PROGRAM OR CUSTOMER IDENTIFICATION PROGRAM. THE AML TESTS FROM 2008 THROUGH 2011 WRONGFULLY ASSERTED THAT THE FIRM WAS NOT REQUIRED TO REVIEW 314(A) REQUESTS MADE BY THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN). THE COMPLAINT FURTHER ALLEGES THAT THE FIRM CHARGED UNREASONABLE AND UNFAIR COMMISSIONS ON EQUITY SECURITY TRANSACTIONS. THE FIRM USED A DEFAULT COMMISSION SCHEDULE PROVIDED BY THE FIRM'S FORMER CLEARING FIRM TO DETERMINE COMMISSIONS THAT WOULD BE CHARGED TO CUSTOMERS ON EQUITY TRANSACTIONS. THE COMMISSION SCHEDULE USED BY THE FIRM PRODUCED COMMISSIONS THAT WERE NOT FAIR AND REASONABLE. IN ADDITION, THE COMPLAINT ALLEGES THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS), THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS AND NASD/FINRA RULES CONCERNING THE CHARGING OF FAIR AND REASONABLE COMMISSIONS. THE FIRM FAILED TO ENSURE THAT ITS FINANCIAL BOOKS AND RECORDS ACCURATELY REFLECTED ALL ASSETS, LIABILITIES, AND EXPENSES OF THE FIRM, CAUSING ITS RECORDS AND NET CAPITAL



COMPUTATIONS FOR THOSE RECORDS TO BE INACCURATE. THE FIRM'S NET CAPITAL DECLINED TO BELOW 120% OF THE FIRM'S REQUIRED MINIMUM NET CAPITAL. THE FIRM FAILED TO FILE A NOTICE OF THIS EVENT PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 17A-11(C)(3). THE FIRM CONDUCTED A SECURITIES BUSINESS WHILE NET CAPITAL DEFICIENT. AS A RESULT OF ITS CONDUCT, THE FIRM WILLFULLY VIOLATED SECTIONS 15(C) AND 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 15C3-1 AND 17A-3 THEREUNDER.

**Initiated By:** FINRA

**Date Initiated:** 04/25/2014

**Docket/Case Number:** [2011025444501](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

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

**Resolution:** Decision

**Resolution Date:** 04/17/2017

**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 \$98,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** PROHIBITION; COSTS

**Sanction Details:** THE FIRM IS FINED \$98,000, PROHIBITED FROM LIQUIDATING PENNY STOCKS IN NEW ACCOUNTS FOR A PERIOD OF TWO YEARS, MUST PAY RESTITUTION OF \$40,229.28, PLUS INTEREST, TO AFFECTED CUSTOMERS, AND MUST PAY \$11,844.41 IN HEARING COSTS AND \$1,514.77 IN APPEAL COSTS. FINES PAID IN FULL ON JULY 12, 2017.

**Regulator Statement** HEARING PANEL DECISION RENDERED OCTOBER 29, 2015 WHEREIN THE FIRM IS CENSURED, FINED \$75,000, ORDERED TO PAY 40,229.28, PLUS INTEREST, IN RESTITUTION TO CUSTOMERS, IS PROHIBITED FOR A PERIOD OF TWO YEARS FROM EXECUTING LIQUIDATING TRANSACTIONS IN PENNY STOCKS FOR NEW ACCOUNTS, AND ORDERED TO PAY THE





COSTS OF THE HEARING IN THE AMOUNT OF \$11,844.41. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM FAILED TO IMPLEMENT AND ENFORCE ITS ANTI-MONEY LAUNDERING (AML) PROGRAM WITH RESPECT TO MONITORING FOR, AND REASONABLY FOLLOWING UP ON, POTENTIALLY SUSPICIOUS ACTIVITIES. THE FINDINGS STATED THAT THE FIRM ALSO FAILED TO CONDUCT ADEQUATE AND INDEPENDENT ANTI-MONEY LAUNDERING TESTS. THE FINDINGS ALSO STATED THAT THE FIRM CHARGED UNREASONABLE AND UNFAIR COMMISSIONS ON EQUITY TRANSACTIONS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES (WSPS). FINRA FOUND THAT THE FIRM PREPARED AND MAINTAINED INACCURATE BOOKS AND RECORDS IN WILLFUL VIOLATION OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-3 THEREUNDER. FINRA ALSO FOUND THAT THE FIRM FAILED TO FILE A NET CAPITAL NOTICE IN WILLFUL VIOLATION OF SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-11 THEREUNDER. IN ADDITION, FINRA DETERMINED THAT THE FIRM CONDUCTED A SECURITIES BUSINESS WHILE NET CAPITAL DEFICIENT IN WILLFUL VIOLATION OF SECTION 15(C) OF THE EXCHANGE ACT AND RULE 15C3-1 THEREUNDER. MOREOVER, FINRA FOUND THAT FINRA FAILED TO PROVE THAT THE FIRM VIOLATED FINRA RULE 4511, SO THAT CHARGE IS DISMISSED.

ON NOVEMBER 6, 2015, THE FIRM APPEALED THE DECISION TO THE NAC. THE SANCTIONS ARE NOT IN EFFECT PENDING REVIEW.

NAC DECISION RENDERED MARCH 15, 2017. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM FAILED TO IMPLEMENT AND ENFORCE ITS AML PROGRAM WITH RESPECT TO MONITORING FOR, AND REASONABLY FOLLOWING UP ON, POTENTIALLY SUSPICIOUS ACTIVITIES. THE FINDINGS STATED THAT THE FIRM FAILED TO PROPERLY INVESTIGATE OR IGNORED RED FLAGS RELATING TO CERTAIN CUSTOMERS' ACCOUNT ACTIVITY, CONCERNS RAISED BY ITS CLEARING FIRM AND CERTAIN EMAIL COMMUNICATIONS. THE FIRM FAILED TO CONDUCT ADEQUATE AND INDEPENDENT TESTS OF ITS AML PROGRAM FOR CALENDAR YEARS 2008 THROUGH 2011. THE FINDINGS ALSO STATED THAT THE FIRM CHARGED UNREASONABLE AND UNFAIR COMMISSIONS ON EQUITY TRANSACTIONS. ALTHOUGH THE FIRM'S WSPS REQUIRED THAT IT REVIEW THE REASONABLENESS OF COMMISSIONS CHARGED, IT NEVER DID SO. THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS TO ENSURE THE COMMISSIONS IT CHARGED WERE REASONABLE AND FAIR. THE FINDINGS ALSO INCLUDED THAT THAT THE FIRM PREPARED AND MAINTAINED INACCURATE BOOKS AND RECORDS BY FAILING TO TAKE INTO ACCOUNT PAYMENTS MADE TO ANOTHER FINRA MEMBER FIRM, IN WILLFUL VIOLATION OF SECTION 17(A)



OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-3 THEREUNDER. FINRA FOUND THAT THE FIRM KNOWINGLY FAILED TO ACCRUE FOR LIABILITIES IN THE FORM OF THE PAYMENTS MADE TO THE FIRM, RESULTING IN ERRONEOUS NET CAPITAL CALCULATIONS AND KNOWINGLY FAILING TO MAKE ITS REQUIRED SEC NET CAPITAL FILING, IN WILLFUL VIOLATION OF SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-11 THEREUNDER. FINRA ALSO FOUND THAT THE FIRM CONDUCTED A SECURITIES BUSINESS WHILE NET CAPITAL DEFICIENT, IN WILLFUL VIOLATION OF SECTION 15(C) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 15C3-1 THEREUNDER. THE DECISION BECAME FINAL APRIL 17, 2017.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	MEMBER FAILED TO IMPLEMENT AND ENFORCE ITS AML PROCEDURES; FAILED TO CONDUCT ADEQUATE INDEPENDENT AML TESTS("AML MATTER"); CHARGED EXCESSIVE COMMISSIONS AND FAILED TO SUPERVISE COMMISSIONS ("COMMISSIONS"); CONDUCTED A SECURITIES BUSINESS WHILE NET CAPITAL DEFICIENT AND FAILED TO FILE A NOTICE OF NET CAPITAL DEFICIENCY (NET CAPITAL"); AND MAINTAINED INACCURATE BOOKS AND RECORDS ("BOOKS AND RECORDS").
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY
<b>Date Initiated:</b>	04/25/2014
<b>Docket/Case Number:</b>	<a href="#">2011025444501</a>
<b>Principal Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	N/A
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	04/17/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$98,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	PROHIBITION; COSTS
<b>Sanction Details:</b>	FIRM FINED \$98,000, PROHIBITED FROM LIQUIDATING PENNY STOCK



SALES IN NEW ACCOUNTS FOR PERIOD OF TWO YEARS, PAY RESTITUTION OF \$40,229.28 PLUS INTEREST, PAY HEARING COSTS OF \$11,844.41 AND \$1,514.77 IN APPEAL COSTS.

#### Firm Statement

THE FIRM WAS FINED AND ORDERED TO PAY RESTITUTION AND HEARING COSTS AS INDICATED ABOVE RELATING TO CERTAIN ACTIVITIES THAT OCCURRED DURING THE TIME PERIOD OF 2008 TO 2011.

#### Disclosure 9 of 10

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 10/30/1989

**Docket/Case Number:** BOS-661-AWC

**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 10/30/1989

**Sanctions Ordered:** Censure  
Monetary/Fine \$250.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON OCTOBER 30, 1989, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. BOS-661-AWC (DISTRICT NO. 13) SUBMITTED BY RESPONDENTS ARTHUR W. WOOD COMPANY AND KRISTIN L. HUNNIBELL WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$250.00, JOINTLY AND SEVERALLY (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - FAILED TO TIMELY FILE FOCUS PART I REPORTS).  
\*\*\*\$250.00 J&S PAID ON 1/17/90 INVOICE #90-13-88\*\*\*



**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FAILURE TO FILE TIMELY FOCUS PART 1 REPORTS  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 10/30/1989  
**Docket/Case Number:** BOS-661-AWC  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** AWC  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/30/1989  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$250.00  
**Other Sanctions Ordered:**  
**Sanction Details:** AWC - FINE \$250.00 JOINTLY AND SEVERALLY

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#### Disclosure 10 of 10

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:**  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 10/17/1974  
**Docket/Case Number:** AWC-27  
**Principal Product Type:**  
**Other Product Type(s):**



**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/01/1974

**Sanctions Ordered:** Censure  
Monetary/Fine \$500.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement** COMPLAINT #AWC-27 FILED 10/17/74  
10-17-74: CENSURED, FINED \$500 J&S  
10-17-74: FINAL  
11-1-74: PAID (FC# 5908)

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** DUE TO THE AGE OF THIS ACTION, NO DETAILS ARE AVAILABLE.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 10/17/1974

**Docket/Case Number:** AWC-27

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 11/01/1974

**Sanctions Ordered:** Censure  
Monetary/Fine \$500.00

**Other Sanctions Ordered:**



**Sanction Details:**

COMPLAINT #AWC-27 FILED 10/17/74: CENSURED, FINED \$500.00 10/17/74:  
FINAL 11-1-74: PAID (FC# 5908)

**End of Report**



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