

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

DAVID WOLK (CRD No. 2945630),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012033981601

COMPLAINT

The Department of Enforcement (“Department”) alleges:

SUMMARY

1. From November 2003 through January 2014, while associated with Woodstock Financial Group, Inc. (“Woodstock”), Respondent David Wolk was subject, at various times, to six tax liens totaling over \$810,000 and a state tax levy for \$106,871.02. Respondent also entered into an Offer in Compromise with the Internal Revenue Service (“IRS”) for eight tax years, which was submitted to the IRS in October 2011. Respondent willfully failed to timely update his Form U4 to disclose these matters within FINRA’s 30-day reporting deadline. In addition, Respondent made a false attestation to his employer on an annual compliance questionnaire through which he failed to disclose the liens, levy, or compromise.
2. Respondent’s willful failure to timely amend his Form U4 to disclose the liens, levy and compromise was in contravention of Article V, Section 2(c) of the NASD and FINRA By-Laws and violated FINRA Rule 2010 (with respect to conduct occurring on or after December 15, 2008), NASD Rule 2110 (with respect to conduct occurring before December

15, 2008), FINRA Rule 1122 (with respect to conduct occurring on or after August 17, 2009), and NASD IM-1000-1 (with respect to conduct occurring before August 17, 2009).

3. Respondent's false attestation to his employer violated FINRA Rule 2010.

RESPONDENT AND JURISDICTION

4. Respondent became registered with FINRA in February 1998 as a general securities representative. Respondent first submitted a Uniform Application for Securities Industry Registration or Transfer ("Form U4") to FINRA on September 3, 1997. After being associated with several FINRA member firms, Respondent became associated with Woodstock in February 2003. On September 26, 2014, Woodstock filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") on behalf of Respondent, indicating that he voluntarily terminated his association with the firm on September 25, 2014. Respondent has not been registered or associated with a FINRA member firm since September 25, 2014. On or about October 28, 2014, FINRA revoked Respondent's registration for failure to pay fines assessed in FINRA matter number 2012034393403.
5. Although Respondent is no longer registered or associated with a FINRA member firm, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws, because: (i) the Complaint was filed within two years after the effective date of the termination of Respondent's last period of association with a FINRA member firm, September 25, 2014; and (ii) the Complaint charges Respondent with misconduct committed while he was registered or associated with a FINRA member.

FACTUAL BACKGROUND

6. On or about February 2003, Respondent completed a Form U4 to become associated with Woodstock. At that time, and during all other times relevant to this Complaint, Form U4 included the questions, “Do you have any unsatisfied judgments or liens against you?” and “Within the past 10 years: (1) have you made a compromise with creditors . . .?” Respondent reported that he was not subject to any liens or unsatisfied judgments and had made no reportable compromise with creditors. A registered person is required to amend his or her Form U4 within 30 days after learning of facts or circumstances that would change a response given on the Form U4.
7. After submitting his February 2003 Form U4, Respondent became the subject of at least six federal tax liens recorded between November 2003 and February 2012, as follows:
 - On November 12, 2003, the IRS recorded a federal tax lien against him in the amount of \$439,410.60 (“November 2003 lien”). The November 2003 lien was released on April 11, 2008.
 - On May 26, 2006, the IRS recorded a federal tax lien against him in the amount of \$9,178.45 (“May 2006 lien”). The May 2006 lien was released on April 11, 2008.
 - On October 3, 2007, the IRS recorded a federal tax lien against him in the amount of \$98,572.97 (“October 2007 lien”). The October 2007 lien was the subject of an Offer in Compromise submitted to the IRS in October 2011.
 - On March 13, 2008, the IRS recorded a federal tax lien against him in the amount of \$161,760.87 (“March 2008 lien”). The March 2008 lien was the subject of an Offer in Compromise submitted to the IRS in October 2011.

- On November 25, 2009, the IRS recorded a federal tax lien against him in the amount of \$86,937.42 (“November 2009 lien”). The November 2009 lien was the subject of an Offer in Compromise submitted to the IRS in October 2011.
 - On February 16, 2012, the IRS recorded a federal tax lien against him in the amount of \$14,349.33 (“February 2012 lien”). The February 2012 lien has not been released.
8. In October 2011, Respondent submitted an Offer in Compromise to the IRS, covering eight tax years (2000, 2003, 2004, 2005, 2006, 2007, 2008 and 2009). Pursuant to the Offer in Compromise, Respondent began making payments to the IRS under a payment plan beginning in approximately December 2012.
 9. Respondent willfully failed to timely update his Form U4 until January 29, 2014, to disclose the November 2003, May 2006, October 2007, March 2008, November 2009 and February 2012 liens, despite having notice of the liens on or about the time that each was recorded.
 10. To date, Respondent has willfully failed to update his Form U4 to disclose the Offer in Compromise with the IRS.
 11. On January 11, 2010, the State of New York issued a tax compliance levy to Woodstock as garnishee for Respondent as judgment debtor in the amount of \$106,871.02. This levy included two debts that had been the subject of tax warrants previously issued to Respondent: one issued on January 26, 2008 for \$55,244.36 (for tax years 2004, 2005, and 2006); and one issued on April 12, 2009 for \$24,037 (for tax year 2007).
 12. Woodstock learned of the underlying tax warrants and the judgment when New York sent the tax compliance levy to Woodstock in order to garnish Respondent’s wages. The firm updated Respondent’s Form U4 to reflect the judgment on March 9, 2010.

13. On January 14, 2013, Respondent completed an Annual Compliance Questionnaire for 2012 for Woodstock. Question 33 on the Questionnaire asked: “FINRA Rules require you to update your Form U4 when certain events occur. Events or occurrences which may require the amending of your Form U4 include . . . judgments or liens against you, bankruptcy, regulatory investigations, sanctions or fines, and criminal misdemeanor or felony charges. Has any event or occurrence happened to you which would have required the filing of an amendment to your Form U4 during the review period?” Respondent checked “No.”

FIRST CAUSE OF ACTION

Willful Failure to Timely Update Form U4 (Article V, Section 2(c) of the NASD and FINRA By-Laws, FINRA Rules 1122 and 2010, NASD Rule 2110, and NASD IM-1000-1)

14. The Department realleges and incorporates by reference Paragraphs 1 through 13 above.
15. Article V, Section 2 of the NASD and FINRA By-Laws requires that associated persons who apply for registration must provide “such . . . reasonable information with respect to the applicant as [NASD or FINRA] may require” and further that such applications “shall be kept current at all times by supplementary amendment . . . filed . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”
16. NASD IM-1000-1 and its successor, FINRA Rule 1122 (effective August 17, 2009), prohibit associated persons from filing or failing to correct registration information that is incomplete or inaccurate so as to be misleading.
17. NASD Rule 2110 and its successor, FINRA Rule 2010 (effective December 15, 2008), require associated persons to observe high standards of commercial honor and just and equitable principles of trade.

18. Question 14M of the Form U4 asks, “Do you have any unsatisfied judgments or liens against you?” If an affirmative answer is given to Question 14M, the associated person is required to provide details about the lien or judgment.
19. Question 14K of the Form U4 asks, “Within the past 10 years: (1) have you made a compromise with creditors . . .?” If an affirmative answer is given to Question 14K, the associated person is required to provide details about the compromise.
20. Respondent willfully failed to timely update his Form U4 to correct material information that had become inaccurate.
21. Specifically, while associated with Woodstock, Respondent willfully failed to update his Form U4 until January 29, 2014, to disclose the November 2003, May 2006, October 2007, March 2008, November 2009 and February 2012 liens, despite having notice of the liens on or about the time that each was recorded.
22. While associated with Woodstock, Respondent willfully failed to update his Form U4 until March 9, 2010, to disclose a tax compliance levy issued on January 11, 2010, despite having notice of the levy on or about the time it was recorded.
23. While associated with Woodstock, Respondent willfully failed to update his Form U4 to disclose the Offer in Compromise with the IRS, despite having notice of the compromise on or about the time it was made.
24. By willfully failing to amend his Form U4 in a timely manner to disclose the tax liens, the tax compliance levy, or the Offer in Compromise, Respondent violated Article V, Section 2(c) of the By-Laws, FINRA Rule 2010 (with respect to conduct occurring on or after December 15, 2008), NASD Rule 2110 (with respect to conduct occurring before December

15, 2008), FINRA Rule 1122 (with respect to conduct occurring on or after August 17, 2009), and NASD IM-1000-1 (with respect to conduct occurring before August 17, 2009).

SECOND CAUSE OF ACTION

False Attestation on Firm's Annual Compliance Questionnaire (FINRA Rule 2010)

25. The Department realleges and incorporates by reference Paragraphs 1 through 24 above.
26. While associated with Woodstock, Respondent misled his firm by falsely completing an Annual Compliance Questionnaire for 2012 by answering "No" to the question "FINRA Rules require you to update your Form U4 when certain events occur. Events or occurrences which may require the amending of your Form U4 include . . . judgments or liens against you, bankruptcy, regulatory investigations, sanctions or fines, and criminal misdemeanor or felony charges. Has any event or occurrence happened to you which would have required the filing of an amendment to your Form U4 during the review period?"
27. By his actions, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade and violated FINRA Rule 2010.

RELIEF REQUESTED

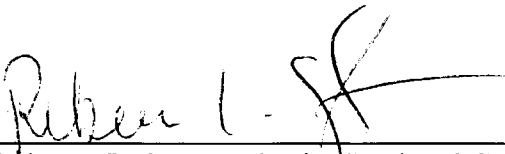
WHEREFORE, the Department respectfully requests that the Panel:

- A. Make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. Order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed;
- C. Order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and

D. Make specific findings that Respondent's conduct, as alleged in the First Cause of Action, was willful; the omitted information was material; and the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 19, 2015


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