

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

Department of Enforcement,

Complainant,

v.

Charles William Wodrich
CRD No. 2715728,

Respondent.

Disciplinary Proceeding
No. 2022075322601

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Charles Wodrich failed to provide information and documents, and appear for on-the-record testimony, that FINRA requested pursuant to FINRA Rule 8210 as part of an investigation into whether Wodrich made recommendations that were against his customer's best interests, provided misleading information to that customer, exercised discretion without written authorization in customer accounts, and used a personal email account that was not approved by his member firm to conduct a securities business. By failing to provide the requested information, documents, and testimony, Wodrich violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Wodrich first registered with FINRA in 1996.
3. From December 2013 to August 2022, Wodrich was registered with FINRA as a General Securities Representative and Investment Company and Variable Contracts Products

Representative through an association with Hornor, Townsend & Kent (CRD No. 4031). On August 11, 2022, Hornor, Townsend & Kent filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that the firm had discharged Wodrich “for violat[ing] ... the member firm’s procedures with respect to (a) client communications, including using an unapproved email address to communicate with clients; (b) use of discretion in client accounts; and (c) failure to timely forward a client complaint.”

4. Although Wodrich is no longer registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA’s By-Laws because (1) the Complaint was filed within two years after August 11, 2022, which was the effective date of termination of Respondent’s registration with Hornor, Townsend & Kent, and (2) the Complaint charges him with failing to respond to FINRA’s requests for documents and information and failing to appear for on-the-record testimony during the two-year period after the date on which he ceased to be registered or associated with a FINRA member.

FACTS

5. In June 2022, FINRA opened an investigation into whether Wodrich recommended securities transactions that were not in his senior customer’s best interest, provided misleading information to the customer, and used a personal email account to conduct securities-related business.

6. After receiving the Form U5 filed by Hornor, Townsend & Kent, FINRA subsequently expanded its investigation to include whether Wodrich had exercised discretion without written authorization in his customer accounts.

A. Wodrich failed to produce documents and information requested pursuant to FINRA Rule 8210.

7. On July 26, 2023, in connection with its investigation, FINRA requested, pursuant to FINRA Rule 8210, that Wodrich provide documents and information including among other things, identifying all phone numbers he used to communicate with customers; stating whether he executed transactions on a discretionary basis; and describing how Wodrich monitored concentration levels in customer accounts and whether Wodrich communicated with customers about concentration levels.

8. FINRA sent the July 26 request by first-class U.S. Mail and first-class certified mail, return receipt requested, to Wodrich's last known residential address listed in FINRA's Central Registration Depository (CRD) (the CRD Address).

9. The July 26 request that was sent by first-class U.S. Mail to Wodrich's CRD address was not returned to FINRA.

10. According to the United States Postal Service (USPS) website, the July 26 request sent by first-class certified mail, return receipt requested, to the CRD Address was delivered on August 2, 2023.

11. On July 26, 2023, FINRA also sent a copy of the July 26 request electronically via FINRA's Request Manager system (Request Manager) to Wodrich's personal email address, which Wodrich had previously used to communicate with FINRA.

12. The deadline for producing information and documents in response to the July 26 request was August 9, 2023.

13. On August 8, 2023, Wodrich emailed FINRA from his personal email address requesting an extension of time to respond to the July 26 request.

14. On August 9, 2023, pursuant to Wodrich's request, FINRA granted an extension for Wodrich to respond until August 23, 2023.

15. Although Wodrich's response to the July 26 request was due on or before August 23, 2023, Wodrich did not provide any information or documents by that date, nor did he request an extension of that deadline.

16. As a result, on August 29, 2023, in connection with its investigation, FINRA sent Wodrich a second letter pursuant to FINRA Rule 8210, requesting that he provide the information and documents requested in the July 26 request. The second request sent on August 29, 2023 noted that "[t]o date, [FINRA has] not received the requested information, nor have you requested or received an additional extension of time to respond. As a result of your failure to respond, you may be in violation of FINRA Rule 8210."

17. FINRA sent the August 29 request by first-class U.S. Mail and first-class certified mail, return receipt requested, to Wodrich at his CRD Address.

18. On August 29, 2023, FINRA also sent a copy of the August 29 request to Wodrich at his personal email address via Request Manager.

19. The August 29 request that was sent by first-class U.S. Mail to Wodrich's CRD Address was not returned to FINRA.

20. According to the USPS website, the August 29 request that was sent by first-class certified mail, return receipt requested, was delivered and left with an individual at the CRD address on September 7, 2023.

21. FINRA did not receive any notification that the copy of the August 29 request sent electronically to Wodrich at his personal email address via Request Manager was undeliverable.

22. The deadline for producing information and documents in response to the August 29 request was September 13, 2023.

23. On September 13, 2023, Wodrich resubmitted a letter which he had previously sent to staff in December 2022 in response to an earlier request for information and documents issued pursuant to Rule 8210 that FINRA sent to him on November 17, 2022. With the letter, Wodrich attached certain previously-provided documents and information. He also stated in a comment via Request Manager that he had produced all documents to which he had access.

24. The documents and information that Wodrich reproduced on September 13, 2023 did not include all information or documents responsive to the July 26 or August 29 requests. In particular, Wodrich did not provide documents or information regarding the phone numbers Wodrich used to communicate with customers; whether Wodrich executed transactions on a discretionary basis; explain how Wodrich monitored concentration levels in customer accounts; or whether he had communicated with customers about concentration levels.

25. On October 17, 2023, in connection with its investigation, FINRA sent Wodrich a third letter pursuant to FINRA Rule 8210, requesting that he provide the information and documents requested in the July 26 and August 29 information requests. The October 17 request stated, among other things, that Wodrich's September 13 submission was not responsive to FINRA's July 26 and August 29 information requests, and further informed Wodrich, "[h]aving not received the requested information, nor having received a request for additional time to respond, you failed to respond to FINRA's request."

26. FINRA sent the October 17 request by first-class U.S. Mail and Federal Express to Wodrich at the CRD Address.

27. FINRA also sent a copy of the October 17 request to Wodrich at his personal email address via email and Request Manager.

28. The copy of the October 17 request that was sent by first-class U.S. Mail to the CRD Address was not returned to FINRA.

29. According to the Federal Express website, the October 17 request that was sent by Federal Express to the CRD Address went “out for delivery” on October 19, 2023 and was then held available for pick-up at a Federal Express location.

30. FINRA did not receive any notification that the copies of the October 17 request sent to Wodrich at his personal email address or via Request Manager were undeliverable.

31. On October 30, 2023, Wodrich submitted a comment to the October 17, 2023 request via Request Manager. In his comment, Wodrich stated that he “do[es] not consent” to FINRA’s requests for documents and information.

32. Although Wodrich’s response to the October 17 request was due on or before October 31, 2023, he did not provide any responsive information or documents to FINRA in response to the October 17 requests by that date, nor did he request any extension of that deadline.

33. As of the date of the filing of this Complaint, Wodrich has not provided complete responsive information or documents in response to the July 26, August 29, and October 17 requests.

B. Wodrich refused to appear for testimony requested pursuant to FINRA Rule 8210.

34. On October 17, 2023, in connection with its investigation, FINRA requested, pursuant to FINRA Rule 8210, that Wodrich appear for testimony on November 9, 2023.

35. FINRA sent the October 17 testimony request to the CRD Address by first-class U.S. Mail and first-class certified mail, return receipt requested.

36. On October 17, 2023, FINRA sent a copy of the October 17 testimony request to Wodrich's personal email address via Request Manager.

37. On October 19, 2023, FINRA sent a copy of the October 17 testimony request to Wodrich at his personal email address.

38. The October 17 testimony request that was sent by first-class U.S. Mail was not returned to FINRA.

39. According to the USPS website, USPS attempted to deliver the October 17 testimony request that was sent by first-class, certified mail to Wodrich's CRD Address on October 24, 2023, but the mailing was not picked up and later returned to FINRA.

40. FINRA did not receive any notification that the copies of the October 17 testimony request that were sent to Wodrich via Request Manager on October 17 and via email on October 19 were undeliverable.

41. On October 30, 2023, Wodrich submitted a comment on Request Manager in response to the October 17 testimony request stating that he does "not consent" to the request and that, "[t]his is my testimony: I am guilty of bending over backwards, continuously going the extra mile, and always doing what is in the best interests of the client."

42. Although properly served, Wodrich did not appear for testimony on November 9, 2023, nor did he request an extension of that deadline.

43. On November 10, 2023, in connection with its investigation, FINRA sent Wodrich a second letter pursuant to FINRA Rule 8210, requesting that he appear for testimony on November 17, 2023.

44. FINRA sent the November 10 testimony request to Wodrich's CRD Address by first-class U.S. Mail and first-class certified mail, return receipt requested.

45. On November 10, 2023, FINRA also sent a copy of the November 10 testimony request to Wodrich's personal email address via Request Manager.

46. The November 10 testimony request that was sent by first-class U.S. Mail to Wodrich's CRD Address was not returned.

47. According to the USPS website, USPS attempted to deliver the November 10 testimony request that was sent by first-class certified mail, return receipt requested, on November 21, 2023, and left a notice, but the mailing was unclaimed and returned to FINRA on January 3, 2024.

48. FINRA did not receive any notification that the copy of the November 10 testimony request that was sent to Wodrich's personal email address via Request Manager was undeliverable.

49. On November 17, 2023, Wodrich submitted a comment on Request Manager in response to the November 10 testimony request, stating that he does "not consent" to the request and that, "[t]his is my testimony: I am guilty of bending over backwards, continuously going the extra mile, and always doing what is in the best interests of the client."

50. Although properly served, Wodrich did not appear for testimony on November 17, 2023, nor did he request an extension of that deadline.

FIRST CAUSE OF ACTION
Failure to Provide Documents and Information
(FINRA Rules 8210 and 2010)

51. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

52. FINRA Rule 8210(a)(1) provides that FINRA may “require a ... person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically ... with respect to any matter involved in [an] investigation, complaint, examination or proceeding[.]”

53. FINRA Rule 8210(a)(2) provides that FINRA may “inspect and copy the books, records, and accounts of such member or person with respect to any matter involved in the investigation, complaint, examination, or proceeding that is in such member’s or person’s possession, custody or control.”

54. FINRA Rule 8210(c) provides that “[n]o member or person shall fail to provide information ... pursuant to this Rule.”

55. A violation of FINRA Rule 8210 also constitutes a violation of FINRA Rule 2010, which requires persons associated with a FINRA member to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

56. While subject to FINRA’s jurisdiction, Wodrich failed to comply with FINRA’s requests for documents and information made pursuant to FINRA Rule 8210.

57. The July 26, August 29, and October 17 requests sought documents and information that were material to FINRA’s investigation. The requested information and documents were relevant to determining whether Wodrich had made unsuitable recommendations and provided misleading information to a senior customer, whether he engaged in discretion without written authorization in that customer’s account, and whether he had communicated with customers using a non-firm email address that was not monitored or

retained by his member firm. His failure to provide the requested information and documents impeded FINRA's investigation.

58. By failing to produce the documents and information requested pursuant to FINRA Rule 8210, Wodrich violated FINRA Rules 8210 and 2010.

**SECOND CAUSE OF ACTION
Failure to Appear for Testimony
(Violation of FINRA Rules 8210 and 2010)**

59. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

60. FINRA Rule 8210(a)(1) provides that FINRA may "require a ... person subject to FINRA's jurisdiction ... to testify at a location specified by FINRA staff with respect to any matter involved in [an] investigation, complaint, examination, or proceeding[.]"

61. FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide ... testimony ... pursuant to this Rule."

62. Failing to appear for testimony requested pursuant to FINRA Rule 8210 is a violation of FINRA Rules 8210 and 2010.

63. While subject to FINRA's jurisdiction, Wodrich failed to appear and provide testimony requested pursuant to FINRA Rule 8210.

64. Wodrich's testimony was material to FINRA's investigation concerning whether Wodrich had made unsuitable recommendations to a senior customer, provided misleading information to that customer, used discretion without authorization in a customer accounts, and communicated with customers using a non-firm email address that was not monitored or retained by his member firm. His failure to provide on-the-record testimony impeded FINRA's investigation.

65. By failing to appear for testimony as requested pursuant to FINRA Rule 8210, Wodrich violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement 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; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: May 30, 2024



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