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SECURITIES COMMISSIONER



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BETH ANN BLACKWOOD
MEMBER

IN THE MATTER OF
THE DEALER REGISTRATION OF
WOODBURY FINANCIAL
SERVICES, INC.

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§
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Order No. IC04-Fin-05

TO: Brian Murphy, President
Woodbury Financial Services, Inc. (CRD # 421)
500 Bielenberg Drive
Woodbury, MN 55125

DISCIPLINARY ORDER AND UNDERTAKING

Be it remembered that Woodbury Financial Services, Inc. ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and Undertaking, and without admitting or denying the Findings of Fact and Conclusions of Law contained herein, except Findings of Fact one and two which are deemed admitted.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and a hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2004) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2004) ("Administrative Procedure Act").
2. On or about August 15, 1983, Respondent registered with the Securities Commissioner as a securities dealer, which is currently effective.
3. Respondent currently has nine (9) branch offices registered with the Securities Commissioner.
4. Respondent is conducting securities sales-related activity at ninety-five (95) locations ("unregistered offices") not registered as branch offices with the Securities Commissioner.

5. Respondent is maintaining records related to Respondent's securities activity at the unregistered offices.
6. The term "branch office" is defined by Section 115.1(a)(2) of the Rules and Regulations of the Texas State Securities Board ("Board Rules") as "(e)ach office in Texas in which either records are maintained or control over and review of the activities of registered persons exists."
7. Pursuant to Section 115.1(b)(1) of the Board Rules, a dealer is required to register, with the Securities Commissioner, each branch office located in Texas.
8. Pursuant to Section 115.2(c) of the Board Rules, a dealer may not conduct sales related activity in any branch office location until the dealer receives notification from the Securities Commissioner that such location has been approved as a branch office.
9. The Uniform Application for Securities Industry Registration or Transfer ("Form U-4") for fifteen (15) of Respondent's agents (the "Agents") registered and residing in Texas listed Post Office boxes as each of the Agents' Office of Employment Address. The instructions to the Form U-4 specifically state that Post Office boxes are not acceptable as the Office of Employment Address because the response should state the address where the agent is physically located for business purposes.
10. Respondent, by and through an authorized signatory, acknowledged on the Form U-4s filed with the Securities Commissioner that the authorized signatory had taken appropriate steps to verify the accuracy and completeness of the information contained in and with the Agents' Form U-4 filings. However, the authorized signatory failed to take appropriate steps to verify the accuracy and completeness of the Agents' Form U-4 filings because the Office of Employment Address was not properly completed on the Agents' Form U-4s.
11. Pursuant to Section 115.2(a)(2) of the Board Rules, Respondent filed the Form U-4s with the Securities Commissioner in connection with the Agents' applications to become registered with the Securities Commissioner as agents of Respondent, and therefore the information listed on the Form U-4s is deemed necessary by the Securities Commissioner to determine a dealer's business repute or qualifications.

Pursuant to Sections 101.2(c) and 133.33(a) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including the Form U-4, have been adopted as Board Rules.

UNDERTAKING

1. Respondent undertakes and agrees to register each branch office location in Texas with the Securities Commissioner within thirty (30) days of the date that the Securities Commissioner signs this Order.

2. Respondent further undertakes and agrees to register and attain approval of each new branch office location in Texas from the Securities Commissioner prior to engaging in any securities sales-related activity at that location.
3. Respondent further undertakes and agrees to properly amend and complete its agents' Form U-4s in order to properly disclose the address where each agent is physically located for business purposes.

CONCLUSIONS OF LAW

1. Each location in Texas where Respondent's securities-activity related records were maintained constitutes a "branch office" as that term is defined by Section 115.1(a)(2) of the Board Rules.
2. Respondent's failure to register each branch office constitutes a violation of Section 115.1(b)(1) of the Board Rules.
3. Respondent's securities sales-related activity at unregistered branch offices constitutes a violation of Section 115.2(c) of the Board Rules.
4. Respondent's representation that Respondent's authorized signatory had taken appropriate steps to verify the accuracy and completeness of the Agents' Form U-4s constitutes a material misrepresentation to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine a dealer's business repute or qualifications.
5. Pursuant to Sections 14.A(6) and 14.A(7) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding a dealer.
6. Pursuant to Section 23-1, the foregoing violations of the Board Rules constitute bases for the assessment of an administrative fine against a dealer.

ORDER

1. It is therefore ORDERED that Woodbury Financial Services, Inc. is hereby REPRIMANDED.
2. It is further ORDERED that Woodbury Financial Services, Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Twelve Thousand and Five Hundred Dollars (\$12,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Twelve Thousand and Five Hundred Dollars (\$12,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

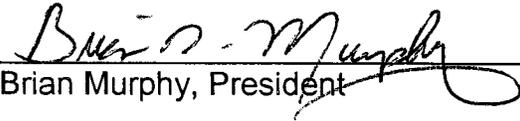
3. It is further ORDERED that Woodbury Financial Services, Inc. COMPLY with the terms of the Undertaking contained herein.

SIGNED AND ENTERED by the Securities Commissioner this 25th day of March, 2004.

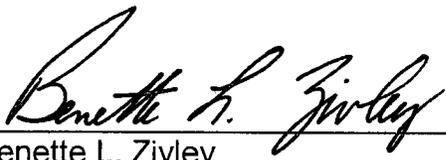
Denise Voigt Crawford
DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

Woodbury Financial Services, Inc.


Brian Murphy, President

Approved as to Form:

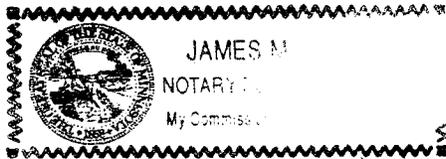

Benette L. Zivley
Director
Inspections and Compliance Division


Thomas J. Bond
Attorney for Respondent

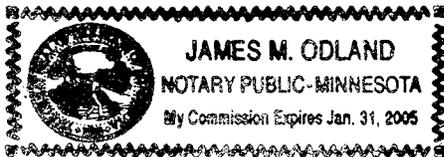
ACKNOWLEDGMENT

On the 9th day of March, 2004, Woodbury Financial Services, Inc. ("Respondent"), by and through, Brian Murphy, its President, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledges that:

1. Brian Murphy is duly authorized to enter into the foregoing Order and Undertaking on behalf of Respondent;
2. Brian Murphy has read the foregoing Order and Undertaking;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]



James M. Odland
Notary Public in and for
the State of Minnesota

My commission expires on: 1/31/2005