

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59740 / April 9, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13437

In the Matter of

**WOODBURY FINANCIAL
SERVICES, INC.,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Woodbury Financial Services, Inc. (“Respondent” or “Woodbury”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

Respondent

1. Woodbury Financial Services, Inc., under various names, has been registered as a broker-dealer with the Commission and a Financial Industry Regulatory Authority member since 1968. Woodbury is headquartered in Woodbury, Minnesota. Woodbury has approximately 1,800 registered representatives nationwide and more than 200 home office employees. In 2006, Woodbury realized revenues of over \$225,000,000.

Background

2. Woodbury allowed and, on certain occasions, assisted newly-recruited registered representatives in providing customer nonpublic personal information to Woodbury prior to the recruited representative leaving their current broker-dealer.

3. The nonpublic personal information forwarded to Woodbury by its recruits included such items as Social Security numbers, account numbers, account registrations, and dates of birth. Beginning in March of 2007, Woodbury stopped asking recruits to provide customers' Social Security numbers and dates of birth.

4. Woodbury allowed recruits to provide some of their customers' nonpublic personal information before becoming associated with Woodbury so that Woodbury could, on the recruits' behalf, pre-populate account transfer and new account forms with certain customer information. The documents that Woodbury pre-populated could include: Automated Customer Account Transfer forms, Woodbury new account information forms, and change of broker-dealer letters. Woodbury sent the printed documents to the recruits, who, upon their official start date with Woodbury, would immediately send the customers notification of change letters with the pre-populated forms for the customers' completion, review and signature. If customers wished to proceed with the transfer of their accounts to Woodbury, the customers would complete and sign the forms and then return the customer-approved documents for processing.

5. Woodbury did not determine whether the recruits, or the current broker-dealers with which they were associated, had obtained the customers' consent to provide Woodbury with certain customers' nonpublic personal information.

6. In general, the privacy notices of the broker-dealers from which Woodbury recruited registered representatives did not specifically disclose that departing registered representatives might provide customer nonpublic personal information to an unaffiliated third party.

7. In certain situations described above, in which the recruits or their current broker-dealer did not first obtain their customers' consent to disclose the information, and the

current broker-dealer did not provide notice of, and an opportunity to opt out of, the disclosure of their nonpublic personal information to Woodbury, there were underlying violations of Rule 10 of Regulation S-P and such violations were caused by Woodbury's conduct described above.

8. Woodbury's privacy policies and procedures did not prohibit registered representatives who left Woodbury from providing their new broker-dealers certain customer nonpublic personal information about customers who had not consented to the disclosure of the information.

9. As a result of the conduct described above, Woodbury willfully violated Regulation S-P Rule 10 by allowing registered representatives to take nonpublic customer information to nonaffiliated broker-dealers when leaving Woodbury.

10. As a result of the conduct described above, Woodbury willfully violated Regulation S-P Rules 4 and 6 by not informing its customers that it would allow a departing registered representative to take nonpublic customer information when leaving Woodbury for a nonaffiliated broker-dealer.

Woodbury's Remedial Efforts

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

Undertakings

Respondent undertakes to:

1. Revise its practices, policies, and procedures with respect to accepting customer nonpublic personal information from recruits who have not yet associated with Woodbury to comply with Regulation S-P as presently written or as it may be amended in the future.

2. Revise its practices, policies, procedures and/or Privacy Policy with respect to allowing departing Woodbury registered representatives to take customer nonpublic personal information with them to their new broker-dealer to comply with Regulation S-P as presently written or as it may be amended in the future.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Woodbury's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act it is hereby ORDERED that:

A. Respondent Woodbury shall cease and desist from committing or causing any violations and any future violations of Rules 4, 6 and 10 of Regulation S-P;

B. Respondent Woodbury be, and hereby is, censured; and

C. It is further ordered that Respondent shall, within 10 business days of the entry of this Order, pay a civil money penalty in the amount of \$65,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Woodbury as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Kenneth D. Israel, Regional Director, Securities and Exchange Commission, 15 West South Temple Street, Suite 1800, Salt Lake City, Utah 84101.

D. Respondent shall comply with the undertakings enumerated in Section III above.

By the Commission.

Elizabeth M. Murphy
Secretary