

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JOHN KNOX GOODWIN  
(CRD No. 712634),

Respondent.

Expedited Proceeding  
No. ARB230012

STAR No. 20230791661

Hearing Officer—MJD

**EXPEDITED DECISION**

October 4, 2023

**Respondent failed to pay a \$24,000 arbitration award and failed to prove that he had a bona fide inability to pay or make a meaningful payment toward the award. Respondent is therefore suspended from associating with any FINRA member in any capacity.**

*Appearances*

For the Complainant: Michelle Galloway, Esq., Michael P. Manning, Esq., and Jennifer L. Crawford, Esq., Department of Enforcement, Financial Industry Regulatory Authority

For the Respondent: *Pro Se*

**DECISION**

**I. Introduction**

Respondent John Knox Goodwin failed to pay a FINRA arbitration award in the amount of \$24,000 (the “Award”) entered against him in favor of a former employer. As a result, FINRA sent Goodwin a notice informing him that he would be suspended from associating with any FINRA member firm. Goodwin stayed the imposition of the suspension by timely requesting a hearing with FINRA’s Office of Hearing Officers (“OHO”) and asserting the defense that he is financially unable to pay the Award.

On July 28, 2023, I held a videoconference hearing. Enforcement argued that since the Award was issued Goodwin has had sufficient assets to pay at least a meaningful portion of it. Goodwin admitted that he had sufficient funds to fully satisfy the Award but did not want to use his retirement savings to do so. A review of Goodwin’s financial condition confirms that he in fact has sufficient funds to pay the Award or, at a minimum, make a significant contribution towards satisfying the Award.

After considering the evidence and the parties' arguments, I find that Goodwin failed to prove his defense. I therefore suspend him from associating with any FINRA member firm in any capacity until he: (1) fully pays the Award; (2) enters into a fully executed, written settlement agreement with the arbitration claimant relating to payment of the Award, and he is current in his obligations under the terms of the settlement; or (3) files a petition in a United States Bankruptcy Court, or a United States Bankruptcy Court discharges the debt representing the Award. I also order him to pay the costs of the hearing.

## II. Findings of Fact and Conclusions of Law

### A. Regulatory Framework

Under FINRA rules governing industry-related arbitrations, “[a]ll monetary awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.”<sup>1</sup> FINRA Rule 9554 establishes an expedited procedure for FINRA to suspend an associated person for not paying an arbitration award. The Rule authorizes FINRA to send a notice “stating that the failure to comply within 21 days of service of the notice will result in a suspension . . . from associating with any member.”<sup>2</sup> The notice must specify the grounds for, and the effective date of, the suspension and must advise respondents of their right to file a written request for a hearing.<sup>3</sup>

When served with a suspension notice, a respondent may request a hearing with OHO.<sup>4</sup> A hearing request stays the imposition of the suspension<sup>5</sup> and must specifically identify all defenses the person has to the suspension notice.<sup>6</sup> FINRA recognizes the following defenses in an expedited proceeding brought under Rule 9554: (1) the respondent has paid the arbitration award in full; (2) the arbitration parties have agreed to installment payments of the award, or have otherwise agreed to settle, and the respondent is not in default under the agreement; (3) a court has vacated the award; (4) a motion to vacate or modify the award is pending in a court; and (5) the respondent has a bankruptcy proceeding pending in United States Bankruptcy Court, or a Bankruptcy Court has discharged the award.<sup>7</sup> A respondent may also assert a bona fide inability-to-pay an award issued in connection with an industry dispute.<sup>8</sup>

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<sup>1</sup> FINRA Rule 13904(j).

<sup>2</sup> FINRA Rule 9554(a).

<sup>3</sup> FINRA Rule 9554(c).

<sup>4</sup> FINRA Rule 9554(e).

<sup>5</sup> FINRA Rule 9554(d).

<sup>6</sup> FINRA Rule 9554(e).

<sup>7</sup> See FINRA By-Laws, Article VI, Section 3(b); NASD Notice to Members 00-55, at 2 (Aug. 2000), <https://www.finra.org/rules-guidance/notices/00-55>.

<sup>8</sup> See, e.g., *William J. Gallagher*, Exchange Act Release No. 47501, 2003 SEC LEXIS 599, at \*3-4 (Mar. 14, 2003); see also SR-FINRA-2010-014, Order Approving Proposed Rule Change Relating to FINRA Rule 9554 to Eliminate Explicitly the Inability-to-Pay Defense in the Expedited Proceedings Context, Exchange Act Release No. 62211, 2010 SEC LEXIS 1800, 75 Fed. Reg. 32525 (June 2, 2010) (approving change to FINRA Rule 9554 making the

## **B. A \$24,000 Arbitration Award is Rendered Against Goodwin**

Goodwin entered the securities industry in 1993 when he became registered with a FINRA member firm.<sup>9</sup> Goodwin joined LPL Financial LLC (“LPL”) in October 2021, where he is currently associated as a general securities representative, general securities principal, and investment company and variable contracts representative.<sup>10</sup> He has also been registered as an investment advisor since October 2021.<sup>11</sup>

In July 2022, a former employer filed a statement of claim with FINRA Dispute Resolution asserting breach of contract and unjust enrichment.<sup>12</sup> On January 30, 2023, after an evidentiary hearing, an arbitration panel entered the Award against Goodwin in favor of the arbitration claimant in the amount of \$24,000.<sup>13</sup>

On January 31, 2023, FINRA served the Award on Goodwin (the “Award Service Letter”).<sup>14</sup> The Award Service Letter notified Goodwin that FINRA Rules provide that all monetary awards shall be paid within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction or unless the award provides otherwise.<sup>15</sup> FINRA sent Goodwin an additional notice of the Award by letter the same day, January 31, 2023, which also reminded him of the deadline for paying the Award or moving to vacate it.<sup>16</sup>

## **C. FINRA Takes Steps to Suspend Goodwin for Not Paying the Award**

Because Goodwin had not paid the Award, on March 2, 2023, FINRA sent him a notice of suspension under FINRA Rule 9554.<sup>17</sup> The suspension notice did not result in Goodwin’s suspension because on May 2 he filed a crossclaim to vacate the Award in his answer to the arbitration claimant’s complaint in the Superior Court of New Jersey for Middlesex County for confirmation of the Award. The Superior Court denied Goodwin’s motion on June 13, 2023.<sup>18</sup>

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defense of inability to pay an arbitration award unavailable to a respondent when the award is issued in favor of public customers and recognizing that bona fide inability to pay is a defense in an expedited proceeding involving an industry arbitration award).

<sup>9</sup> Joint Exhibit (“JX-\_\_”) 1, at 3, 9.

<sup>10</sup> Parties’ Stipulations (“Stip.”) ¶ 1; JX-1, at 6.

<sup>11</sup> Hearing Transcript (“Tr.”) 53; JX-1, at 1-3.

<sup>12</sup> JX-2, at 1.

<sup>13</sup> Stip. ¶¶ 3-4; JX-2, at 3. The Award does not include damages, post-judgment interest, attorneys’ fees, or costs.

<sup>14</sup> Stip. ¶ 6; JX-3.

<sup>15</sup> JX-3.

<sup>16</sup> Stip. ¶ 8; JX-4.

<sup>17</sup> Stip. ¶ 10.

<sup>18</sup> Stip. ¶¶ 11-12.

Because Goodwin had still not paid the Award, on June 26, 2023, FINRA sent him a second suspension notice under FINRA Rule 9554 (the “Suspension Notice”).<sup>19</sup> Goodwin received the Suspension Notice on June 27, 2023.<sup>20</sup> The Suspension Notice informed Goodwin that he would be suspended effective July 17, 2023, unless he demonstrated that he had taken one of several specified actions enumerated in the Suspension Notice. The Suspension Notice also informed Goodwin that he could stay the effective date of the suspension if he timely requested a hearing with OHO to assert the enumerated defenses or assert the defense that he is financially unable to pay the Award.<sup>21</sup>

On June 30, 2023, Goodwin filed a request for a hearing with OHO, asserting the defense of financial inability to pay the Award. The request stayed the effectiveness of the Suspension Notice.<sup>22</sup>

#### **D. The Inability-to-Pay Defense**

A respondent asserting an inability-to-pay defense has the burden of proof and must document fully his or her financial circumstances.<sup>23</sup> “Merely showing serious financial distress or that it would be hard or painful to pay an arbitration award does not establish the defense.”<sup>24</sup> “To satisfy their burden of proof, respondents must show that since the issuance of the award, they have been unable to pay the full amount and ‘unable to make some meaningful payment toward the award from available assets or income’ . . . .”<sup>25</sup> This defense may be rejected if the respondent could borrow funds to pay the award, or could make some meaningful payment toward it from available assets or income, even if the respondent could not pay the full amount.<sup>26</sup>

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<sup>19</sup> Stip. ¶ 13; JX-5. Goodwin was properly served with the Suspension Notice. Stip. ¶ 16.

<sup>20</sup> Stip. ¶ 14.

<sup>21</sup> JX-5, at 1.

<sup>22</sup> See FINRA Rules 9554(d) and 9559(c)(1).

<sup>23</sup> *Robert Tretiak*, Exchange Act Release No. 47534, 2003 SEC LEXIS 653, at \*12 n.16 (Mar. 19, 2003).

<sup>24</sup> *Dep’t of Enforcement v. Markus*, No. ARB210008, 2021 FINRA Discip. LEXIS 17, at \*4–5 (OHO Aug. 17, 2021); see also *Dep’t of Enforcement v. Shimko*, No. ARB200002, 2020 FINRA Discip. LEXIS 41, at \*12 (OHO Sept. 15, 2020).

<sup>25</sup> *Dep’t of Enforcement v. Stofleth*, No. ARB210015, 2022 FINRA Discip. LEXIS 1, at \*5 & n.18 (OHO Jan. 3, 2022) (quoting *Michael Albert DiPietro*, Exchange Act Release No. 77398, 2016 SEC LEXIS 1036, at \*16 n.22 (Mar. 17, 2016)); see also *Dep’t of Enforcement v. D’Alonzo*, No. ARB210010, 2021 FINRA Discip. LEXIS 30, at \*4 (OHO Oct. 21, 2021), *appeal docketed*, No. 3-20682 (SEC Dec. 1, 2021); *Markus*, 2021 FINRA Discip. LEXIS 17, at \*4 (explaining that a respondent “must establish that at no time after the award became due did he have the ability to pay all or any meaningful amount of the award . . . .”) (internal quotation marks omitted).

<sup>26</sup> *Dep’t of Enforcement v. Helbling*, No. ARB210004, 2021 FINRA Discip. LEXIS 14, at \*5 (OHO July 23, 2021).

## **E. Goodwin Has Failed to Show That He is Unable to Pay the Award**

Goodwin was the sole witness at the hearing. The documentary evidence consisted mainly of Goodwin’s Statement of Financial Condition (executed on July 18, 2023), made under penalty of perjury (“Financial Statement”),<sup>27</sup> and supporting documents.

### **1. Goodwin Concedes He Could Pay the Award in Full**

In evaluating Goodwin’s defense, I considered his admission that he has sufficient funds to pay the Award. When asked if he could withdraw money to pay the Award from his retirement accounts, he testified, “Obviously, I can.”<sup>28</sup> Goodwin acknowledged that in the past he had drawn on his retirement accounts to pay bills, but that he did so “[r]eluctantly, very reluctantly.”<sup>29</sup> In response to Enforcement’s inquiry about the source of a \$15,000 deposit into his checking account in May 2023, Goodwin stated that the money came from an Individual Retirement Account (“IRA”) and was used to cover bills “for the next few months.”<sup>30</sup> He added that he “[hoped] to not need to extract from [his] IRA account again, [because] it is [his] only source of extra cash should [he] need it.”<sup>31</sup> Yet, in his closing argument, Goodwin stated that in fact he could pay the Award “in full” within a week of the hearing if he used his retirement money.<sup>32</sup>

### **2. Goodwin Has a Net Worth of Approximately \$500,000**

Notwithstanding Goodwin’s admission that he could pay the Award from his assets, I reviewed his financial condition—specifically his net worth and monthly cash flow. I determined that he in fact has sufficient funds to pay the Award, as he acknowledged during the hearing.

Goodwin’s Financial Statement states that as of July 2023, he had a net worth exceeding \$483,000 based on his estimate that he had more than \$709,000 in assets and more than \$226,000 in liabilities.<sup>33</sup> However, during the hearing, Goodwin testified that certain figures on his Financial Statement needed clarification or were calculated incorrectly. Based on a few adjustments and corrections, I calculate that Goodwin’s current net worth is approximately \$500,000, as I discuss below.

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<sup>27</sup> JX-9. Goodwin has no dependents. JX-9, at 8. He is a widower with two adult children. Tr. 31, 33.

<sup>28</sup> Tr. 29.

<sup>29</sup> Tr. 30.

<sup>30</sup> JX-10, at 1; JX-11.

<sup>31</sup> JX-11.

<sup>32</sup> Tr. 85. In his opening statement, Goodwin acknowledged that if his retirement funds were included in a determination of whether he has an inability to pay the Award, “then this meeting is over.” Tr. 26.

<sup>33</sup> Stip. ¶ 18; JX-9, at 1-2.

Goodwin's largest assets consist of his single family residence with a market value of \$268,000;<sup>34</sup> three retirement accounts valued at \$357,027 (as of June 30, 2023);<sup>35</sup> and other pension assets worth \$23,707.<sup>36</sup> He also owns two vehicles and a half-interest in a boat with a combined market value of \$31,980;<sup>37</sup> a life insurance policy with a surrender value of \$13,885 (after adjusting for policy loans, loan interest, and charges and fees);<sup>38</sup> an interest in a burial plot valued at \$5,500;<sup>39</sup> a checking account with a balance of \$2,477 as of June 30, 2023;<sup>40</sup> household goods worth \$2,000; and a securities account worth less than \$200.<sup>41</sup>

Goodwin's liabilities include a mortgage on his residence with a principal balance of \$161,838 as of June 6, 2023,<sup>42</sup> loans on insurance policies of \$22,255, two car loans totaling \$5,013,<sup>43</sup> and fees of \$2,353 owed to the attorney who represented the arbitration claimant.<sup>44</sup> Goodwin's Financial Statement reflects that he has credit card debt of \$10,642.<sup>45</sup> According to monthly statements for two credit cards, as of early July 2023, Goodwin owed \$7,053 on one credit card, with available credit exceeding \$42,000,<sup>46</sup> and \$491 on another card, with available credit of \$7,600.<sup>47</sup> Goodwin testified that since the dates of the monthly statements, he incurred additional charges on the credit cards that bring his total credit card debt to \$10,642.<sup>48</sup>

Goodwin included the \$24,000 Award as a liability. I find that it is not appropriate to include this amount when analyzing an inability-to-pay defense. Including the Award "would result in a misleadingly lower valuation of net worth available for Respondent to make a

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<sup>34</sup> Tr. 30; JX-9, at 1.

<sup>35</sup> Stip. ¶¶ 20, 21, 22; JX-12, at 1; JX-13, at 1; JX-14, at 1. Two of Goodwin's retirement accounts are IRAs and the other one is a Retiree Reimbursement Account.

<sup>36</sup> JX-18. On his Financial Statement, Goodwin estimated that his other pension assets totaled \$21,200. He acknowledges that he calculated them incorrectly, and they in fact total \$23,707. Tr. 37; JX-11.

<sup>37</sup> Goodwin's son owns a half-interest in the boat. Tr. 36; JX-9, at 1.

<sup>38</sup> Stip. ¶ 27; JX-9, at 1.

<sup>39</sup> Tr. 64.

<sup>40</sup> Stip. ¶ 26; JX-16, at 39. I have removed \$7,544 that Goodwin acknowledges he listed incorrectly as an asset. *See* Tr. 42; JX-9, at 1. It instead reflects the amount Goodwin owed on two credit cards as of early July 2023. Tr. 42.

<sup>41</sup> JX-9, at 1.

<sup>42</sup> Stip. ¶¶ 23, 24, 25; JX-9, at 2.

<sup>43</sup> JX-9, at 2.

<sup>44</sup> Stip. ¶ 29; JX-9, at 2; JX-22.

<sup>45</sup> CX-9, at 2.

<sup>46</sup> Tr. 39; JX-19, at 1.

<sup>47</sup> Tr. 39-40; JX-20, at 1.

<sup>48</sup> Tr. 41.

meaningful contribution toward satisfaction of the Award.”<sup>49</sup> I therefore do not include the Award as a liability for purposes of evaluating Goodwin’s defense.

I find that Goodwin has a net worth exceeding \$500,000, based on estimated assets exceeding \$704,700 and liabilities of approximately \$202,100.

### 3. Goodwin’s Monthly Income Exceeds His Expenses

I turn next to Goodwin’s monthly income and expenses. Goodwin’s Financial Statement, supported by his testimony, shows that his income exceeds his expenses.

During the 12 full months preceding the hearing (July 2022 through June 2023), Goodwin’s income came solely from compensation he received as a registered representative and investment advisor.<sup>50</sup> His Financial Statement reflects total income of \$136,260 during this period.<sup>51</sup> Goodwin divided the sources of his income into three categories: (i) a salary for the first two months of this period (July and August 2022); (ii) commissions as a registered representative; and (iii) commissions earned in his capacity as an investment advisor.

- Until August 2022, Goodwin received a \$50,000 annual salary (in addition to commissions).<sup>52</sup> Therefore, he was paid \$8,333 in July and August 2022 (at \$4,166 per month).<sup>53</sup>
- Goodwin earned commissions of \$102,883 as a registered representative (\$43,511 in commissions earned during the second half of 2022 and \$59,372 in the first six months of 2023).<sup>54</sup>
- Goodwin also earned commissions of \$25,044 as an investment advisor during the 12 months preceding the hearing. This includes what Goodwin describes as a “one-off large annuity” net commission of \$23,853 he received in late 2022 that he says will not likely be repeated in 2023.<sup>55</sup>

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<sup>49</sup> See, e.g., *Dep’t of Enforcement v. Lake*, No. ARB190024, 2019 FINRA Discip. LEXIS 48, at \*8 n.41 (OHO Nov. 11, 2019) (citing *Regulatory Operations v. Grady*, No. ARB170025, 2017 FINRA Discip. LEXIS 51, at \*18 (OHO Dec. 14, 2017) (“As to whether the Award should be included among Grady’s liabilities, while Grady is correct that a net worth calculation should ordinarily include all liabilities, the more useful analysis in this case excludes the Award.”)).

<sup>50</sup> Tr. 53-55. See also JX-9, at 4.

<sup>51</sup> Tr. 59; JX-9, at 4.

<sup>52</sup> Tr 51-52.

<sup>53</sup> Tr. 50-52, 59; JX-9, at 4.

<sup>54</sup> Tr. 57-58; JX-9, at 4.

<sup>55</sup> Tr. 49-50, 56. The gross commission for the annuity sale was \$26,503. LPL retained 10% of this amount and paid Goodwin the remainder. Tr. 55-56. Goodwin was paid another \$1,191 in commissions during the first six months of 2023. Tr. 58; CX-9, at 4.

Accordingly, I find that Goodwin's monthly income is approximately \$11,355.<sup>56</sup>

Goodwin's current monthly expenses total nearly \$4,800.<sup>57</sup> His mortgage payment is \$1,480. Goodwin's food and utilities expenses total \$1,159 per month. He pays medical and life insurance premiums of approximately \$865 and out-of-pocket monthly medical expenses of \$500. Monthly automobile expenses, including payments on car loans, amount to about \$763.<sup>58</sup>

Based on the estimates Goodwin has provided, he has a positive monthly cash flow that exceeds \$6,000 (using his monthly income of \$11,355, less monthly expenses of \$4,800). Even if I were to exclude the "one-off" commission of \$23,853 for the annuity sale,<sup>59</sup> Goodwin's monthly cash flow would still be approximately \$4,000. Also, if I were to impute some amount of income tax to the liability side of Goodwin's monthly ledger, he would likely still have a positive cash flow.<sup>60</sup>

\* \* \*

Goodwin has paid nothing toward the Award and has failed to show that he could not make at least a meaningful payment toward the Award. In addition to claiming a financial inability to pay the Award, he asserts other defenses. First, he argues that he misunderstood that his retirement funds would be considered part of his available assets. He testified that he did not do so because the principal source for a payment would be his retirement funds, and he "thought that would be off limits."<sup>61</sup> Goodwin stated that he did not understand until the hearing that his "retirement money [was] fully in play here" as an asset to pay the Award.<sup>62</sup> The value of Goodwin's retirement funds is relevant to an overall determination of his inability-to-pay defense. It is up to him to decide which assets to use to satisfy the Award. Goodwin acknowledged in his closing argument that "it would have been easy to take certain moneys" from a life insurance policy or by selling a vehicle, for example, rather than use retirement funds. He stated that he was not given time to do so, but that is not a defense to his failure to pay.<sup>63</sup>

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<sup>56</sup> Using income of \$136,260 during the 12 full months preceding the hearing (July 2022 to June 2023), as provided by Goodwin, yields monthly income of \$11,355.

<sup>57</sup> JX-9, at 5.

<sup>58</sup> JX-9, at 5. Goodwin did not provide an estimate of the state and federal income taxes he pays each month, noting on his Financial Statement that he has not yet filed his 2022 returns. JX-9, at 5.

<sup>59</sup> Tr. 55-56; JX-9, at 4.

<sup>60</sup> Even if Goodwin had a negative cash flow, I find that he has sufficient assets to pay the Award. *See Dep't of Enforcement v. Malatesta*, No. ARB200025, 2021 FINRA Discip. LEXIS 1, at \*13-14 (OHO Jan. 13, 2021) (rejecting inability-to-pay-defense notwithstanding respondent's negative cash flow because he had a positive net worth, "some portion of which could have been used as a payment towards the Award.").

<sup>61</sup> Tr. 45.

<sup>62</sup> Tr. 47. Goodwin believes creditors could not legally pursue retirement funds belonging to a debtor. Had he known that his retirement funds would be included to evaluate his inability-to-pay defense, Goodwin claimed he would have resolved the matter months ago. Tr. 83.

<sup>63</sup> Tr. 83-84.



Goodwin also argues, in defense of his failure to pay the Award, that the arbitration claimant has demanded that he pay the Award in full and has been unwilling to negotiate a settlement.<sup>64</sup> However, Goodwin cannot make payment of the Award contingent on a settlement agreement. An arbitration claimant is entitled to full payment and is not obligated to accept less or agree to an installment payment plan.<sup>65</sup>

Finally, Goodwin argues that he was told by FINRA that he had to pay the Award within 30 days, but that he needed more time to go through the process of obtaining a loan.<sup>66</sup> Borrowing from his credit cards was not acceptable, he said, because he would be charged 18% interest.<sup>67</sup> This too fails as a defense. The hearing was held nearly six months after the issuance of the Award and yet Goodwin has not paid it. He has failed to show that he is unable to borrow money to pay the Award (should he choose not to use available assets).<sup>68</sup> In fact, he acknowledges that he could borrow or withdraw money from one of his IRA accounts, sell a vehicle, or borrow from an insurance policy.<sup>69</sup> In any event, Goodwin's multiple admissions that he has the funds to pay the Award are fatal to his defense that he has an inability to pay.

### III. Conclusion

Based on Goodwin's testimony and documentary evidence presented at the hearing, I find that Goodwin failed to satisfy the burden of proof needed to establish his inability-to-pay defense. The evidence did not show that since the Award was issued, Goodwin has been unable to either pay the Award in full or make a meaningful contribution toward satisfying the Award. Indeed, Goodwin admits that he could pay the Award in full using assets on hand.

FINRA sent Goodwin the Suspension Notice under FINRA Rule 9554 for failure his to pay the Award. FINRA Rule 9559(n)(1) permits a Hearing Officer wide discretion to "approve, modify or withdraw . . . sanctions . . . imposed by the notice" and to assess costs. "'Honoring arbitration awards is essential to the functioning of the [FINRA] arbitration system,' and requiring 'associated persons to abide by arbitration awards enhances the effectiveness of the

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<sup>64</sup> Tr. 45, 47.

<sup>65</sup> *Regulatory Operations v. Pincus*, No. ARB180031, 2019 FINRA Discip. LEXIS 7, at \*21 (OHO Feb. 7, 2019).

<sup>66</sup> Tr. 24-25.

<sup>67</sup> Tr. 25.

<sup>68</sup> See *Helbling*, 2021 FINRA Discip. LEXIS 14, at \*11 n.63 (rejecting inability-to-pay defense when respondent failed to prove, among other things, that he could not borrow funds to pay a meaningful portion of the award) (citing *Regulatory Operations v. Fannin*, No. ARB170007, at 12 (OHO Aug. 25, 2017), [https://www.finra.org/sites/default/files/OHO\\_Fannin\\_ARB170007\\_082517.pdf](https://www.finra.org/sites/default/files/OHO_Fannin_ARB170007_082517.pdf) (rejecting inability-to-pay defense when respondent "provided no evidence of any attempt to borrow funds in order to satisfy the Award.")). See also *Gallagher*, 2003 SEC LEXIS 599, at \*11-12 (rejecting inability-to-pay defense where respondent failed to demonstrate that he could not borrow the necessary funds, including borrowing against his home).

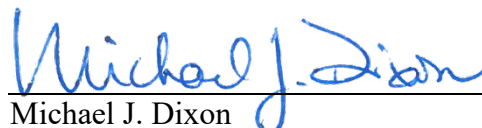
<sup>69</sup> Tr. 83-84.

arbitration process.”<sup>70</sup> “Conditional suspension of [a respondent’s] association with FINRA members gives him an incentive to pay the award . . . [and] furthers two central purposes of the Exchange Act—serving the public interest and the protection of investors.”<sup>71</sup> Allowing Goodwin to remain in the industry without paying the Award “would also expose investors to an individual who has refused to accept the results of that process by failing to make any effort, meaningful or otherwise, towards paying the amounts he was found to owe, despite having agreed to do so when becoming a FINRA associated person.”<sup>72</sup>

#### IV. Order

Based on the foregoing, and pursuant to Article VI, Section 3(b) of FINRA’s By-Laws, and FINRA Rule 9559(n), I **SUSPEND** John Knox Goodwin from associating with any FINRA member firm in any capacity, effective upon the issuance of this Decision. The suspension shall remain in effect until Goodwin produces sufficient documentary evidence to FINRA that: (1) he has paid the Award in full; (2) he and the arbitration claimant have entered into a fully executed, written settlement agreement relating to payment of the Award, and he is current in fulfilling his obligations under the terms of the settlement; or (3) he has filed a petition in a United States Bankruptcy Court, or a United States Bankruptcy Court has discharged the debt representing the Award. Should Goodwin make such a showing, the suspension will automatically terminate.

Goodwin is also **ORDERED** to pay the costs of this proceeding, which include \$752.28 for the hearing transcript plus a \$750 administrative fee, for a total of \$1,502.28.<sup>73</sup> These costs are due and payable upon the issuance of this Decision.<sup>74</sup>

  
Michael J. Dixon  
Hearing Officer

Copies to:

John Knox Goodwin (via email, overnight courier, and first-class mail)  
Michelle Galloway, Esq. (via email)  
Michael P. Manning, Esq. (via email)  
Jennifer L. Crawford, Esq. (via email)

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<sup>70</sup> *Dep’t of Enforcement v. Henry*, No. ARB220023, 2023 FINRA Discip. LEXIS 6, at \*15 (OHO Apr. 13, 2023) (quoting *Daniel Paul Motherway*, Exchange Act Release No. 97180, 2023 SEC LEXIS 753, at \*13 (Mar. 21, 2023)).

<sup>71</sup> *DiPietro*, 2016 SEC LEXIS 1036, at \*24.

<sup>72</sup> *Henry*, 2023 FINRA Discip. LEXIS 6, at \*15–16 (quoting *Motherway*, 2023 SEC LEXIS 753, at \*13–14).

<sup>73</sup> Goodwin must pay the costs of the hearing before the suspension terminates.

<sup>74</sup> I considered and rejected without discussion all other arguments by the parties.