

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006005570801**

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Peter Schmitt, Jr., Respondent
Registered Representative
CRD No. 1708137

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Schmitt entered the securities industry in July 1987 as an Investment Company/Variable Contracts Products Representative with a FINRA member. Between May 1994 and October 2002, Schmitt was registered in the same capacity with Woodbury Financial Services, Inc. ("Woodbury"). Between October 2002 and August 2007, Schmitt was registered in the same capacity with Packerland Brokerage Services, Inc. ("Packerland"), a member of FINRA. Schmitt is not currently associated or registered with a FINRA member, and he has no relevant prior disciplinary history.

OVERVIEW

Schmitt had been acting as the Executive Secretary of a private Association since approximately May 1984. He reported to the Association's Board of Directors, and his responsibilities as the Association's Executive Secretary included running the day-to-day operations of the Association, maintaining the Association's books and records, and paying the bills.

Schmitt, in 2000, invested the Association's funds by opening a securities account for the Association at Robert W. Baird & Co., a broker/dealer, without authority to do so. In March 2001, Schmitt transferred the Association's securities account to Morgan Stanley, another broker/dealer, again without authority to do so. And, in July 2002, Schmitt opened another securities account for the Association at Morgan Stanley, a deferred compensation account for his financial benefit, again without authority to do so.

Schmitt provided two documents to Morgan Stanley to show that the Association's Board of Directors had voted to open the securities accounts, when in fact, no such votes occurred. Moreover, while the Association's two securities accounts were at Morgan Stanley, Schmitt caused over 267 securities trades to be effected without the requisite authority to do so, and without the knowledge or consent of the Association.

Schmitt opened another securities account at Morgan Stanley in March 2001. This third securities account was a joint account in the name of Schmitt and his wife.

Schmitt did not disclose the existence of the two securities accounts in which he had a financial interest to his employing broker/dealers, and did not disclose to Morgan Stanley that he was a registered representative when he opened the securities accounts and while causing securities transactions to be effected in the accounts.

Schmitt's conduct was in violation of NASD Conduct Rule 2110, IM-2310-2, and Conduct Rule 3050(c).

FACTS AND VIOLATIVE CONDUCT

A. Unauthorized transactions

1. During all relevant times, Schmitt was the Executive Secretary for a private Association.

2. On or about April 12, 2000, Schmitt opened a securities account in the name of the Association at Robert W. Baird & Co. ("Baird"), a member of FINRA. On or about March 9, 2001, Schmitt transferred the Association's securities account from Baird to Morgan Stanley, also a member of FINRA. The account holder was listed as "NAFIC, Attn. Peter Schmitt." On or about July 16, 2002, Schmitt opened another securities account in the name of the Association at Morgan Stanley. This securities account was a deferred compensation account for the financial benefit of Schmitt. The account was titled, "NAFIC-DC, Attention. Peter Schmitt." Schmitt had no authority, as the Association's Executive Secretary or otherwise, to open these three securities accounts.

3. Between approximately April 2000 and November 2005, Schmitt caused over 267 securities transactions to be effected in the Association's securities accounts at Baird and Morgan Stanley, without the knowledge or consent of the Association, and in the absence of written or oral authorization from the Association to Schmitt to exercise discretion in said accounts. In fact, the first time the Association knew of the existence of the securities accounts was in or about November 2005.

Based on the foregoing, Schmitt violated NASD Conduct Rule 2110 and IM-2310-2.

False Documents

1. When Schmitt opened the two securities accounts in the name of the Association at Morgan Stanley, he submitted to Morgan Stanley two Corporate Account and Enabling Resolution Agreements ("Resolution Agreement"), signed by him on March 12, 2001 and July 16, 2002, respectively.

2. On each Resolution Agreement, Schmitt certified that the Association's Board of Directors voted to open the particular securities accounts, when in fact, Schmitt knew that the Association's Board of Directors had made no such vote.

3. By submitting two false and misleading Resolution Agreements to Morgan Stanley, Schmitt contravened high standards of commercial honor and just and equitable principles of trade.

Based on the foregoing, Schmitt violated NASD Conduct Rule 2110.

Transactions for or by Associated Persons

1. The Morgan Stanley securities account that Schmitt opened in the name of the Association on or about July 16, 2002, was a deferred compensation account for the benefit of Schmitt. It therefore was a securities account in which Schmitt had

a financial interest.

2. On or about March 12, 2001, Schmitt opened another securities account at Morgan Stanley, owned jointly by Schmitt and his wife.

3. Schmitt, after opening these two accounts described above at Morgan Stanley, ordered the purchase and sale of securities in the accounts with Morgan Stanley.

4. In connection therewith, Schmitt failed to: 1) notify Woodbury, his then-employing member firm, in writing, that he had opened these securities accounts at Morgan Stanley, 2) advise Morgan Stanley of his association with Woodbury, and 3) give prior written notice of his intention to execute the orders for the purchase and sale of securities with Morgan Stanley.

5. In addition, Schmitt, upon becoming associated with Packerland, failed to notify Packerland, in writing, that he maintained two securities accounts at Morgan Stanley.

Based on the foregoing, Schmitt violated NASD Conduct Rules 2110 and 3050(c).

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended.

Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other

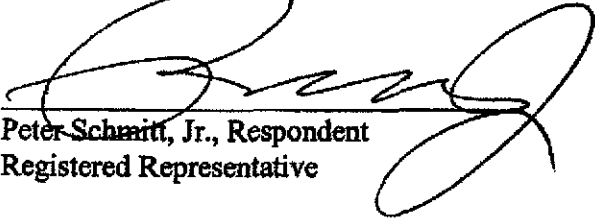
regulator against me;

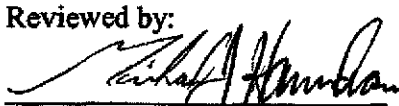
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

6-19-08
Date


Peter Schmitt, Jr., Respondent
Registered Representative

Reviewed by:
 6/20/08
Michael J. Harman, Esq.
Counsel for Respondent

Accepted by FINRA:
6/27/08
Date

Signed on behalf of the Director of ODA,
by delegated authority


Dale A. Glanzman
Senior Regional Counsel
FINRA Department of Enforcement
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Chicago, IL 60603
(312)899-4312