

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022089101

RECEIVED
FEB 07 2011
FINRA District 4

To: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

Re: John Milton Rose
General Securities Representative
CRD No. 17042773

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, John Milton Rose, 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

Rose entered the securities industry in June 1987. Since November 19, 2004, Rose has been associated with FINRA broker-dealer Capital Financial Services, Inc. (CFS) and registered with FINRA as a general securities representative.

Relevant Disciplinary History

Rose has not been the subject of formal disciplinary action by FINRA.

Overview

In an attempt to prevent the customers from filing a complaint with Capital Financial Services, Inc. ("CFS"), Rose settled a complaint with two customers without authorization from CFS, in violation of FINRA Rule 2010.

Facts and Violative Conduct
Settling Away - FINRA Rule 2010

As a registered representative of CFS, Rose serviced the joint account of customers S.B. and R.B., who invested in two private placements: Shale Royalties 4, Inc. and Shale Royalties 9, Inc. When the Shale Royalties investments did not perform to their expectations, S.B. and R.B. sought reimbursement from Rose.

On August 10, 2009, Rose paid \$500 to S.B. and R.B. in an attempt to keep them from filing a complaint against him with CFS. Rose made this payment to these customers without authorization or permission from CFS.

Through this conduct, Rose violated FINRA Rule 2010.

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

1. A \$5,000 fine; and
2. A suspension from association with any FINRA broker-dealer in any capacity for 10-business days.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

II. WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;

- B. To be notified of the 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 FINRA 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 records;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; 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 rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.
- E. I understand that if I am barred or suspended from associating with any FINRA broker-dealer, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA broker-dealer in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311).

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 us to submit it.

1-31-11

Date

John M. Rose John Milton Rose
JOHN MILTON ROSE

Reviewed by:

Counsel for John Milton Rose

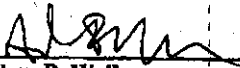
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John Milton Rose
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Accepted by FINRA:

Date

2-10-11

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


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