

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036692701**

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

RE: Michael Seibert ("Seibert"), Respondent
General Securities Representative
CRD No. 2004082

Pursuant to FINRA 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

Seibert entered the securities industry in 1989 and has been associated with several FINRA-regulated broker-dealers. In December 1989, Seibert became registered as a Series 6 Investment Company and Variable Contracts Products Limited Representative. In January 1990, Seibert became registered as a Series 63 Uniform Securities Agent. In March 1999, he became registered as a Series 7 General Securities Representative.

In September 2002, Seibert became associated with Park Avenue Securities, LLC (the "Firm"), a FINRA-regulated broker-dealer, as a registered representative. On April 19, 2013, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting the termination of Seibert's association with the Firm effective March 21, 2013 because he was involved in unapproved outside business activities, the sale of unapproved equity-indexed annuities, and borrowing money from a Firm customer.

In June 2013, Seibert became associated with another FINRA-regulated broker-

dealer as a registered representative. On March 9, 2015, Seibert's association with the broker-dealer was terminated and reported in a Form U5 filed that day.

Seibert is not currently associated with a FINRA-regulated broker-dealer. Pursuant to Article V, Section 4 of FINRA's By-Laws, Seibert remains subject to FINRA's jurisdiction until March 8, 2017.

RELEVANT DISCIPLINARY HISTORY

Seibert has no disciplinary history in the securities industry.

OVERVIEW

From September 2002 until at least 2004, Seibert violated NASD Rules 3030 and 2110 by engaging in outside business activities without notifying the Firm. Between 2004 and 2012, Seibert also violated NASD Rules 3040 and 2110 and FINRA Rule 2010 by participating in six private securities transactions without seeking or obtaining the Firm's prior approval. Seibert also violated NASD Rules 3050(d) and 2110 by failing to disclose to the Firm the existence of an outside securities account in his name that he opened in 2006. Additionally, between 2007 and 2012, Seibert violated NASD Rule 2110 and FINRA Rule 2010 by submitting six annual compliance questionnaires to the Firm in which he falsely certified that he had disclosed all of his outside securities accounts.

FACTS AND VIOLATIVE CONDUCT

Undisclosed Outside Business Activities

NASD Rule 3030 provides that a registered representative shall not "be employed by, or accept compensation from, any other person as a result of any business activity" outside the scope of his or her employment unless prompt written notice is provided to his or her FINRA-regulated broker-dealer employer. A violation of NASD Rule 3030 is also a violation of NASD Rule 2110, which requires a registered person to observe high standards of commercial honor and just and equitable principles of trade.¹

From September 2002 until at least 2004, Seibert sold to approximately twenty Firm customers equity-indexed annuities ("EIAs") that were not approved for sale by the Firm. For the sale of each EIA, Seibert was paid a commission in the amount of approximately ten percent of the customer's investment. Seibert failed to notify the Firm of this outside business activity.

By virtue of this conduct, Seibert violated NASD Rules 3030 and 2110.

¹ NASD Rule 2110 was superseded by FINRA Rule 2010 effective December 15, 2008.

Undisclosed Private Securities Transactions

NASD Rule 3040 provides that "[n]o person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule." A private securities transaction is defined as "any securities transaction outside the regular course or scope of an associated person's employment with a member." Prior to participating in a private securities transaction, an associated person must provide written notice to his or her FINRA-regulated broker-dealer employer, "describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." Even for transactions in which no compensation is received, the Rule requires that prior written approval must be given by the FINRA-regulated broker-dealer employer.

A violation of NASD Rule 3040 is also a violation of NASD Rule 2110 and FINRA Rule 2010, as applicable.

In or around 2004, Seibert purchased approximately \$70,000 worth of shares in a corporation in the business of selling bottled spring water. Seibert received shareholder certificates evidencing his ownership of shares in the corporation.

In or around July and September 2006, Seibert purchased securities equivalent to a twenty percent ownership interest in each of two Nevada limited liability companies for a total of \$78,000 for the purpose of investing in real estate development. The operating agreement for each of the companies identified Seibert as a member of the company, with a twenty percent ownership interest.

In or around July 2008, Seibert invested \$25,000 in ownership interests in a Delaware limited liability company for the purpose of investing in the company's skin care products. In connection with Seibert's investment, the company required Seibert to sign a subscription agreement that described the ownership interests that Seibert purchased as unregistered securities and to submit a questionnaire that attested to his status as an accredited investor for purposes of Rule 501(a) of SEC Regulation D governing the sale of unregistered securities.

In or around August 2010, Seibert purchased a seven percent ownership interest in a Pennsylvania limited partnership operated by a Texas company for approximately \$62,000 for the purpose of investing in oil well exploration and drilling.

In or around January 2012, Seibert purchased an approximately twenty-six percent ownership interest in a Pennsylvania limited liability company operated by a Texas company for approximately \$2,000 for the purpose of investing in oil well exploration and drilling.

Seibert did not provide written notice to or obtain permission from the Firm prior to purchasing any of the shares or ownership interests in the entities described above, all of which were securities.

By virtue of his conduct, Seibert violated NASD Rule 3040, NASD Rule 2110 (for conduct occurring before December 15, 2008) and FINRA Rule 2010 (for conduct occurring on or after December 15, 2008).

Undisclosed Outside Securities Account

NASD Rule 3050(d) requires an associated person who "opens a securities account or places an order for the purchase or sale of securities with a [notice-registered broker-dealer], a domestic or foreign investment adviser, bank, or other financial institution, except a [FINRA] member" to notify his or her FINRA-regulated broker-dealer employer "in writing, prior to the execution of any initial transactions, of the intention to open the account or place the order." The Rule applies to any account in which the associated person has a financial interest. A violation of NASD Rule 3050 is also a violation of NASD Rule 2110.

In 2006, while he was associated with the Firm, Seibert opened an individual retirement account (the "IRA") with a non-FINRA regulated financial institution. Beginning as early as January 2011 and until at least March 2013, Seibert's IRA held approximately \$11,500 worth of ownership interests in a Delaware limited liability company that Seibert had purchased for the purpose of investing in the company's skin care products. The company's subscription agreement described the ownership interests that Seibert purchased as securities. Seibert did not disclose the existence of the IRA to the Firm.

By virtue of his conduct, Seibert violated NASD Rules 3050(d) and 2110.

False Compliance Questionnaires

Making false statements to a FINRA-regulated broker-dealer violates NASD Rule 2110 and FINRA Rule 2010, as applicable.

From 2007 through 2012, Seibert submitted six annual "Summary and Acknowledgment Questionnaires" to the Firm in which he certified that he had notified the Firm of any outside securities or financial institution accounts in which he held an interest. Because Seibert had failed to disclose to the Firm the existence of the IRA he opened in 2006, these statements were false.

As a result of the foregoing conduct, Seibert violated NASD Rule 2110 (for conduct occurring before December 15, 2008) and FINRA Rule 2010 (for conduct occurring on or after December 15, 2008).

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

- a ten-month suspension from association with any FINRA member in any capacity; and
- a fine of \$20,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the ten-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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.

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 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 member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

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

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 Chief Legal Officer, 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

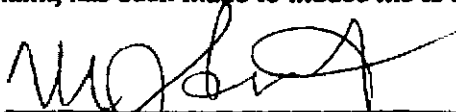
I understand that:

- 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 accordance with FINRA Rule 8313;
 - 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: (i) testimonial obligations; or (ii) right 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

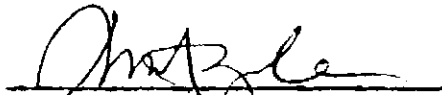
demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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.

4/13/2015
Date (mm/dd/yyyy)


Michael Seibert, Respondent

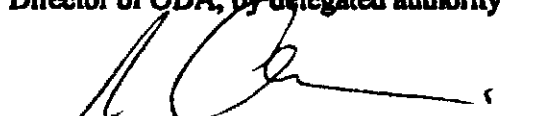
Reviewed by:


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Accepted by FINRA:

15 April 15 4/21/15
Date

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


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