

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037063101**

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

RE: Frederick Milbert, Respondent
CRD No. 2589975

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

Frederick Milbert (CRD # 2589975), was registered as a General Securities Representative with Woodbury Financial Services, Inc. ("Woodbury") from March 2006 to November 2009. On November 23, 2009, Woodbury terminated him and listed as the reason: "This registered person was a part owner in an insurance agency which was allegedly doing business with an unlicensed person. This resulted in a consent order & misdemeanor charge from the State of Pennsylvania which the rep failed to disclose to Woodbury in a timely manner." Milbert subsequently became associated with Park City Capital, Inc. in November 2011. Milbert resigned from Park City on June 7, 2013. Milbert is not currently employed in the securities industry but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

Between June 2009 and January 2013, Milbert was the subject of a misdemeanor charge, a state tax lien, a federal tax lien and a civil judgment. Milbert failed to timely amend his Form U4 to disclose these events in violation of Article V, Section 2(c) of the FINRA

and NASD By-Laws of the Corporation, NASD Rule 2110 and IM 1000-1, and FINRA Rule 1122.¹

FACTS AND VIOLATIVE CONDUCT

On June 30, 2009, the Commonwealth of Pennsylvania Department of Insurance filed a criminal charge against Milbert in the Court of Common Pleas of Montgomery County for “paying an unlicensed person commissions from the sale of fixed insurance products between 2005 and 2007.”

Milbert was required to disclose the misdemeanor charge within 30 days. Article V, Section 2(c) of FINRA’s By-laws (effective July 30, 2007) provides that “[e]very application for registration filed with the corporation shall be kept “current at all times by supplementary amendments . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”

Milbert had completed and signed a Form U-4 on March 30, 2009 wherein he answered “No” to questions 23B(1)(a) and 23B(1)(b). Form U-4 question 23B(1)(a) asked: “Have you ever been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business or any fraud, false statements or omissions, wrongful taking or property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?” The instructions on the Form U4 define “investment-related” as [p]ertains to securities, commodities, banking, *insurance*, or real estate.”² Question 23B(1)(b) asked: “Have you ever been charged with a misdemeanor specified in 23B(1)(a)?”

Milbert failed to update his Form U4 to disclose the June 2009 misdemeanor charge. On November 23, 2009, Woodbury terminated Milbert because he failed to disclose the charge.

Milbert also failed to disclose two tax liens and a civil judgment on his Form U4. Question 14M of the Form U4 asked: “Do you have any unsatisfied judgments or liens?” Milbert responded no when he completed his Initial U4 on November 11, 2011, and became registered with Park City. However, at that time, Milbert was the subject of a state tax lien and a federal tax lien.

- On August 23, 2010, the State of Pennsylvania filed a state tax lien against Milbert in the amount of \$18,687 for unpaid taxes in 2005, 2006 and 2007.

¹ Until August 17, 2009, NASD IM 1000-1 provided that filing a U4 that was incomplete or inaccurate so as to be misleading, or the failure to correct such filing, constituted a violation of NASD Rule 2110. Effective August 17, 2009, FINRA Rule 1122 superseded NASD IM 1000-1. Rule 1122 prohibits the same conduct.

² Form U4 Explanation of Terms (May-Version 2009.2) (emphasis added) (available at <http://www.finra.org/web/groups/industry/@ip/@comp/@regis/documents/appsupportdocs/p116979.pdf>).

- On October 18, 2011, the IRS filed a federal tax lien against Milbert in the amount of \$50,220 for unpaid taxes in 2005, 2006 and 2007.

Moreover, on January 8, 2013, a civil judgment in the amount of \$35,157 was entered against Milbert.

As described above, Milbert failed to timely disclose his June 2009 misdemeanor charge and thereby violated Article V, Section 2(c) of the FINRA By-Laws, NASD Rule 2110 and IM-1000-1. Milbert also failed to disclose a 2010 state tax lien, a 2011 federal tax lien and a 2013 civil judgment, and thereby violated Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

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

- A three-month suspension from associating with any FINRA member in any capacity;
- A \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member Firm following the 3-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.

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:

- To have a Complaint issued specifying the allegations against me;
- To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- 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
- 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 record;**
 - 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.

Date

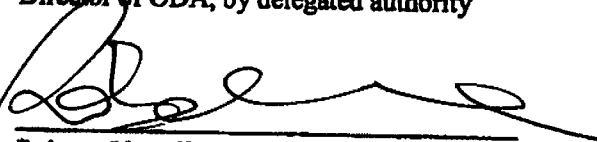
5/7/2014


Frederick Milbert
Respondent

Accepted by FINRA:

8/25/14
Date

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

A handwritten signature in black ink, appearing to read 'Roberta Vassallo', written over a horizontal line.

Roberta Vassallo
Counsel
FINRA Department of Enforcement
15200 Omega Drive
3rd Floor
Rockville, MD 20850-3241