

STATE OF MAINE  
OFFICE OF SECURITIES  
121 STATE HOUSE STATION  
AUGUSTA, ME 04333-0121

IN RE

ROBERT J. MONTGOMERY

CONSENT AGREEMENT  
01-072-CAG

This Consent Agreement is entered into between the Office of Securities and Robert J. Montgomery, a natural person residing at 62 Center Minot Hill Road, Minot, Maine 04258.

**WHEREAS** the parties agree as follows:

1. At all relevant times, Montgomery was licensed in Maine as a sales representative of Investors Capital Corporation, a broker-dealer licensed to do business in Maine. He has not been licensed as a sales representative since March 2002.
2. Montgomery is the sole owner of Financial Solutions Inc., which was incorporated in Maine in 1993 and has a principal business address of 62 Center Minot Hill Road, Minot, Maine 04258. At all relevant times, Financial Solutions was licensed in Maine as an insurance agency. According to Montgomery, Financial Solutions is not currently engaged in any business activities.
3. At all relevant times, Montgomery was the president and an owner of Payroll Benefits, Inc., which was incorporated in Maine in 1994 and has a principal business address of 100 Manley Road, Auburn, Maine 04211. Payroll Benefits is currently an inactive corporation in which Montgomery has no ownership interest.
4. Through Payroll Benefits and later Financial Solutions, and with the approval of Investors Capital Corporation, Montgomery marketed and operated a business that involved setting up and running 401k plans for small Maine businesses.
5. Montgomery was personally active in and responsible for the day-to-day administration of the 401k plans. In addition, Montgomery gave investment advice to plan participants.
6. In the late 1990s, numerous delays and bookkeeping problems occurred in connection with the deposits of employee contributions into their retirement plan accounts. In addition, for one Portland employer, a discrepancy of \$2,356.38 was found between employee contributions and the end values of the relevant retirement accounts.

7. It is the position of the Office of Securities that Montgomery mishandled the 401k plans in a manner amounting to unlawful or unethical conduct in the securities business pursuant to 32 M.R.S.A. § 10313(1)(G).
8. Montgomery has cooperated fully with the investigation of the Office of Securities.
9. Montgomery has no present intent to (a) apply for any license in Maine as a broker-dealer, investment adviser, sales representative, or investment adviser representative, (b) act as, or associate with, a securities issuer, broker-dealer, or investment adviser, or (c) otherwise engage, participate, or assist others in the issuance, offer, sale, or purchase of securities in Maine.
10. Both parties desire an expeditious resolution of this matter.

**NOW, THEREFORE**, without trial or adjudication of any issue of fact or law, and without Montgomery admitting or denying that his conduct violated the Revised Maine Securities Act, it is agreed that:

1. Montgomery shall not apply for a license in Maine as a sales representative or investment adviser representative for six months following the execution of this agreement. Should Montgomery apply for such a license thereafter, the Securities Administrator will not consider the matters addressed herein in determining whether to license him, provided that nothing herein shall preclude the Securities Administrator from considering these matters solely for the purpose of determining whether a licensing action based on other grounds is in the public interest pursuant to 32 M.S.R.A § 10313(1) and (3). If Montgomery does obtain such a license, that license shall, for a two-year period, be subject to the following restrictions:
  - a. He will not act in any principal, supervisory, or managerial capacity for a broker-dealer or investment adviser;
  - b. He will promptly report to the Office of Securities all investigations, proceedings, and written customer complaints against him arising out of activities in the securities industry;
  - c. He will not exercise discretionary authority in the account of any customers without the prior written consent of the Office of Securities;
  - d. The broker-dealer or investment adviser will undertake enhanced supervision of him by a person who is licensed in the State of Maine;
  - e. He shall keep the Office of Securities informed of the name of the individual at the broker-dealer or investment adviser who is specifically responsible for the exercise of the supervision; and
  - f. He will not have any role in operating, managing, or administering 401k or other retirement plans.

Failure by Montgomery to adhere to the above conditions will constitute grounds for the Office of Securities to revoke his license or take any other available action.

2. Montgomery shall reimburse the Portland employer for the discrepancy of \$2,356.38, plus 8.16% interest from July 1, 1997 to November 1, 2004, for a total of \$3,766.43. He shall also reimburse employers \$2,551.48 for delayed employee contributions, plus 9% interest from December 1, 2001 to November 1, 2004, for a total of \$3,220.48. These payments shall be made by a single check for \$6,986.91 payable to the Office of Securities and forwarded directly to the Office of Securities upon execution of this Consent Agreement. The Securities Administrator will distribute payments as appropriate to the relevant employers.
3. This Consent Agreement constitutes the entire agreement between the Office of Securities and Montgomery, and he confirms that in entering into this agreement he is not relying on any representations, promises, or understandings other than those expressed herein. Further, this Consent Agreement covers all matters involving Montgomery's administration of 401k plans as described herein, provided that it does not cover matters relating to his conduct as a securities sales representative, such as matters relating to investment recommendations made and transactions effected for plan participants.

Date: November 5, 2004

s/Robert J. Montgomery  
Robert J. Montgomery

Date: November 22, 2004

s/Christine A. Bruenn  
Christine A. Bruenn  
Securities Administrator

Reviewed by:

Date: November 19, 2004

s/Bonnie E. Russell  
Bonnie E. Russell  
Assistant Securities Administrator

Presented by:

Date: November 19, 2004

s/Michael W. Atleson  
Michael W. Atleson  
Staff Attorney