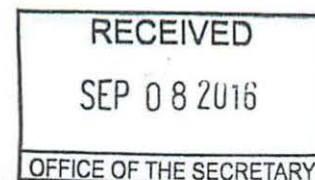


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING

File Nos. 3-16227 / 3-16229

In the Matter of

MIDDLEBURY SECURITIES, LLC
and GREGORY OSBORN

Respondents.

SUPPLEMENTAL DECLARATION OF JAMES B. ROBINSON
IN SUPPORT OF RESPONDENT MIDDLEBURY SECURITIES LLC'S
OPPOSITION TO THE DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY DISPOSITION

JAMES B. ROBINSON, pursuant to 28 U.S.C. § 1746, hereby declares as follows:

1. I am the principal and ultimate owner of Respondent Middlebury Securities LLC ("Middlebury"). I make this Supplemental Declaration in further opposition to the motion for summary disposition made the SEC's Division of Enforcement (the "Division"), insofar as it relates to Middlebury, supplementing my principal Declaration dated August 19, 2016. I make this Declaration upon my personal knowledge and based upon the records of Middlebury annexed as Exhibits hereto.

2. In my principal Declaration (at paragraph 9), I committed to the court to "file a supplemental declaration when [Middlebury's Final] FOCUS Report is filed. . ." I have been

informed by FINRA that Middlebury cannot file a Final FOCUS Report until its Form BDW has been approved by the SEC, and that probably will not happen until close to the end of the next quarterly filing date on September 30, 2016.

3. Nevertheless, in light of the extension granted to Respondent Osborn to file papers to today (September 7), and in light of Osborn having already filed his papers ahead of that deadline, and so that the court will have a complete picture as of this date, I respectfully submit as Exhibit A hereto a *pro forma* of Middlebury's FOCUS Report as it would appear today, along with Middlebury's supporting Balance Sheet and year-to-date Profit and Loss Statement, also as of today.. I do not expect Middlebury's final FOCUS Report as ultimately filed to differ substantially from the attached; the only difference will be that the remaining accounts payable (\$88,810.93) will have been paid, and that some new expenses relating to the shut-down of the entity and to this proceeding may accrue and hopefully too will have been paid.

4. Exhibit A shows that as of today, Middlebury has a negative net worth (\$-236,218.63). Middlebury's current assets as of today are \$122,041.29, and unpaid its unpaid payables are \$88,810.93. Middlebury has paid its FINRA fine in full. No distributions of capital have been made to any direct or indirect equity owner of Middlebury from the time of the Navagate transactions, and none are ever likely to be made. To the contrary, I have had to contribute over \$1 Million in capital to Middlebury over the years in order to keep it afloat. Middlebury will liquidate as an entity and terminate its existence as a Delaware limited liability company as soon as its liabilities are discharged.

5. In the Division's Reply Memorandum, it complained that Middlebury's financial statements were not presented in proper form or sworn to. So far as I am aware, the FOCUS

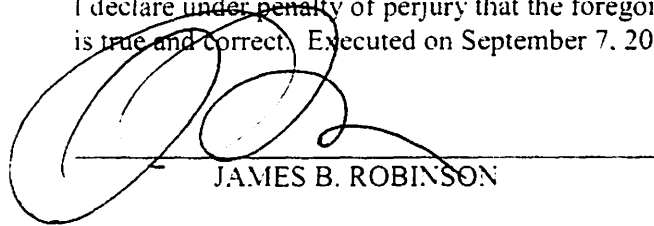
Report is the SEC-mandated form of financial statement for a broker-dealer, and my signature on my principal and this supplemental Declaration affirms both to the fullest extent possible; I therefore respectfully ask the court to deem them both fully sworn to.

6. I also take this opportunity to correct a factual error in the Division's Reply Memorandum. On page 5, the Division asserts that Navagate paid "\$15,000 (to "Middlebury Ventures" on Nov. 24, 2010), and \$7,500 (to "Middlebury Advisors LLC" on Nov. 24, 2010)" as part of the explanation for the discrepancy between the amount it claims and the amount I claim Middlebury received on account of Navagate. However, notwithstanding the common name "Middlebury," Middlebury Ventures and Middlebury Advisors LLC were *not* entities owned by or affiliated with Middlebury Securities LLC. Middlebury Ventures LLC was owned, operated and controlled exclusively by Gregory Osborn. Middlebury Advisors LLC was wholly-owned by an individual named Charles Krause, who was not a registered representative of or otherwise affiliated with Middlebury Securities. Rather, Mr. Krause was an attorney being considered by Mr. Osborn to act an escrow agent for one of Middlebury's offerings. I do not know why Mr. Krause received any money from Navagate, but Mr. Osborn clearly directed the payment to him. *See* "Use of Proceeds Schedule" attached to Escrow Release Notice dated November 24, 2010, included in Exhibit JJ to the moving Declaration of Jorge G. Tenreiro, Esq., dated July 26, 2016. The Division knows that Middlebury Ventures and Middlebury Advisors are unrelated to Middlebury Securities, because it was disclosed in Middlebury's Responses dated September 28, 2012, to FINRA's Examination Report dated July 31, 2012 (in Examination Nos. 20110254389 (Main Office) and 20120308892 (Ridgewood, NJ OSJ)), of which I am certain the Division has obtained copies. Attached hereto as Exhibit B is a true copy of pages 19 and 20 of those

responses (the full responses run 97 pages in two volumes); I note that these pages are also included in Exhibit 1 to Mr. Osborn's submission dated August 24, 2016.

7. For all the foregoing reasons, as well as those previously presented, I respectfully request that the Division's motion be denied, or in the alternative that the Court find that the imposition of money penalties against Middlebury will not be in the public interest.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 7, 2016.



JAMES B. ROBINSON

MIDDLEBURY SECURITIES LLC
PRO FORMA FOCUS REPORT INFORMATION A/O COB 9/7/2016

SEPT 7 2016

Assets

Allowable assets	Haircut	total assets	124529.8
National Bank of Middlebury	21013.29	less total liabilities	360748.43
Stern Agee Clearing Deposit	15000	Net worth	-236218.63
Accounts Recievable - BD	0	add Subloan	237500
Accounts Recievable - Other	0	add interest on subloan	34437.5
FCPG Stock	0	Net worth + Sub liabilities	35718.87
Secured Demand Notes	77500	less non allowable asset	11016.51
Total Allowable Assets	113513.29	Tetative Net Cap	24702.36
		Less haircuts	450
		Net Capital	24252.36

Non Allowable Assets

Accounts recievable	0	Min Net Cap per 15c3-1	24049.8953
Advance on Commissions	4038 write off		
Retainer Deposit	500 write off		
Security Deposit	3990 write off	excess Net cap	202.464667
total non allowable assets	8528		

Fixed Assets	Equioment	3110.67	AI to NC ratio	366.20%
	depreciation	-622.16		
	ttd	2488.51 write off		
	Total Assets	124529.8		

Liabilities and Sotckholders Equity

Accounts Payable	88,810.93
accrued expenses	
Total Aggregate Indebtness	88810.93
Subordinated Borrowings	237500
subordinated interest	34437.5
total subordinated borrowings	271937.5
Total Liabilities	360748.43
Equity	
JR Equity increase	597,207.46
Retained Earnings	-1569127.5
Members Equity	931015.24
Net Income	-195313.81
Total Equity	-236,218.63
Liabilities and Equity	124,529.80

Middlebury Securities LLC
BALANCE SHEET
As of September 7, 2016

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1001 National Bank of Middlebury	21,013.29
1002 Wells Fargo Checking # 1229	0.00
1010 Wells Fargo Savings	0.00
Total Bank Accounts	\$21,013.29
Accounts Receivable	
1100 Accounts Receivable	0.00
1110 Accounts Receivable Sterne Agee	0.00
Total 1100 Accounts Receivable	0.00
Total Accounts Receivable	
	\$0.00
Other current assets	
1050 Stern Agee Clearing Deposit	15,000.00
1080 Undeposited Funds	0.00
1200 Investments	
1220 FCPG Stock (36,944 shares)	0.00
Total 1200 Investments	0.00
1310 Secured Demand Note	77,500.00
1320 Retainer Deposit	500.00
1330 Security Deposit	3,990.00
1350 Advance on Commissions	
1351 Zoltan Bernat Advance	3,500.00
1352 James Robinson Advance	0.00
1353 Chris Shaw Advance	538.00
1354 Michael Teicher Advance	0.00
Total 1350 Advance on Commissions	4,038.00
1370 Prepaid Expenses	0.00
Total Other current assets	\$101,028.00
Total Current Assets	\$122,041.29
Fixed Assets	
1410 Computer Equipment	3,110.67
1420 Accumulated Depreciation	-622.16
Total Fixed Assets	\$2,488.51
TOTAL ASSETS	\$124,529.80
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	88,810.93
Total Accounts Payable	\$88,810.93
Other Current Liabilities	
2100 Accrued Expenses	0.00
2300 Unearned Revenue	0.00

9/7/2016

Report: Balance Sheet

Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$88,810.93
Long-Term Liabilities	
2500 Subordinated Interest	34,437.50
2510 Subordinated Borrowings	237,500.00
Total Long-Term Liabilities	\$271,937.50
Total Liabilities	\$360,748.43
Equity	
3000 JR Equity Increase	597,207.46
3200 Retained Earnings	-1,569,127.52
3300 Opening Balance Equity	931,015.24
Net Income	-195,313.81
Total Equity	\$ -236,218.63
TOTAL LIABILITIES AND EQUITY	\$124,529.80

Wednesday, Sep 07, 2016 12:11:20 PM PDT GMT-4 - Accrual Basis

Middlebury Securities LLC

PROFIT AND LOSS

January 1 - September 7, 2016

	TOTAL
Income	
4100 BD Fees & Commission Income	44,201.74
4200 Consulting Income	48,219.27
4300 Retainer Income	-37,500.00
4900 Other	-149.90
Total Income	\$54,771.11
Gross Profit	\$54,771.11
Expenses	
5200 Commissions on Regulated Work	36,123.15
6110 Bank Service Charges	1,330.50
6150 Office Supplies	191.38
6160 Postage and Delivery	48.75
6180 Telephone Expense	-194.88
6190 Utilities	331.14
6220 Travel Expense	2,653.11
6300 Business Licenses and Permits	
6310 Finra related registrations	5,500.00
Total 6300 Business Licenses and Permits	5,500.00
6410 IT	
6415 e-mail	6,068.00
Total 6410 IT	6,068.00
6500 Continuing Education	250.00
6700 Professional Fees	61,437.50
6720 Administrative Support	1,700.00
6730 Compliance Support	6,335.00
6740 Consulting	5,000.00
6750 Independent Contractor	21,771.14
6760 Legal	-355.61
Total 6700 Professional Fees	95,888.03
6950 Legal Expense	100,620.94
Total Expenses	\$248,810.12
Net Operating Income	\$ -194,039.01
Other Expenses	
6920 Fines and Penalties	1,274.80
Total Other Expenses	\$1,274.80
Net Other Income	\$ -1,274.80
Net Income	\$ -195,313.81

Wednesday, Sep 07, 2016 01:02:22 PM PDT GMT-4 - Accrual Basis

Detail:

The Staff's review noted the following instances where customer funds in the escrow account were improperly used:

- a. The Staff's review noted various instances where the Firm's registered representative, Mr. Osborn, received wires from Citibank Escrow Account and TD Bank Escrow Account totaling \$130,409.57 into his personal account on the following dates:

Date	Amount	Bank
02/19/2010	\$13,144.28	Citibank
04/27/2010	\$22,330.29	Citibank
05/21/2010	\$10,000.00	Citibank
06/30/2010	\$10,000.00	TD Bank
08/03/2010	\$10,000.00	TD Bank
08/16/2010	\$10,000.00	TD Bank
09/14/2010	\$2,435.00	TD Bank
11/02/2010	\$30,000.00	Citibank
11/24/2010	\$7,500.00	Citibank
11/24/2010	\$15,000.00	Citibank

Firm's Response:

Except for the \$7,500 payment on November 24, 2010, MCMPLLP paid all of these funds to Mr. Osborn from the Bacterin escrow account, out of funds belonging to Bacterin and due from Bacterin to the Firm. The Firm's engagement letter with Bacterin required Bacterin to pay the Firm \$10,000 as a monthly retainer fee plus expenses related to the transaction. These payments came from that portion of the funds in the escrow account that had been released to Bacterin in accordance with the escrow agreement and offering documents. Therefore, the funds released and identified above belonged to the Firm, not to any customer.

The Firm's arrangement with Mr. Osborn specified that the Bacterin retainer, and any related expenses reimbursed by Bacterin, would be paid to Mr. Osborn directly as part of his

compensation from the Firm. These payments were sometimes made, at Mr. Osborn's direction, to Mr. Osborn's wholly-owned and controlled entity, Middlebury Ventures LLC (not to be confused with Middlebury Venture II or Middlebury Venture III).

The \$7,500 payment on November 24, 2010, was not paid to Mr. Osborn, but to Mr. Charles Krause (through his wholly-owned LLC, Middlebury Advisors). Mr. Krause was being considered to assume the role of escrow agent in connection with a Nuvel offering, and this was Nuvel's payment to him of a fee for his services in connection with that expected role. Mr. Krause did not ultimately become escrow agent, nor did his wholly-owned LLC. The Staff should note that despite the name, Middlebury Securities has no ownership or financial interest in Middlebury Advisors LLC, which was and is wholly the entity of Mr. Krause. Mr. Krause was not a registered representative of Middlebury Securities. He is a lawyer and human capital expert whom Middlebury Securities introduced to its client Nuvel, and who performed services for Nuvel and was paid by Nuvel or at its direction out of funds released from escrow to Nuvel.

Accordingly, it is the Firm's position that these payments were proper, fully accounted for, and did not violate any FINRA Rules. Notwithstanding the foregoing, the Firm, in response to this and other Exceptions, is instituting procedures, described above, that would prevent these types of disbursements in the future.

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File Nos. 3-16227 / 3-16229

In the Matter of

MIDDLEBURY SECURITIES, LLC
and GREGORY OSBORN

Respondents.

Certificate of Service


I hereby certify that I served the Declaration of James B. Robinson, dated September 7, 2016, and all exhibits attached thereto on the parties below, by the means indicated, on this 7th day of September, 2016:

Alexander Janghorbani, Esq.
Jorge Tenreiro, Esq.
SEC Division of Enforcement
New York Regional Office
Brookfield Place
200 Vesey Street, Suite 400
New York, New York 10281
(By FedEx)

Gregory Osborn
[REDACTED]
Ridgewood, NJ [REDACTED]
Pro Se
(By FedEx)

Hon. Cameron Elliot, A.L.J.
US Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557
(By FedEx)

Brent Fields, Secretary
Office of the Secretary
US Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557
(By FedEx)
(Original and 3 copies)



Aegis J. Frumento, Esq.