

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009018524501**

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

RE: Syndicated Capital, Inc., Respondent
Member Firm
CRD No. 29037

Joseph L. McAdams, Jr., Respondent
General Securities Representative, General Securities Principal, Municipal Securities Representative, Municipal Securities Principal, Registered Options Principal, Equity Trader Limited Representative, Research Analyst, Limited Representative – Investment Banking, Research Principal, and Operations Professional
CRD No. 2173886

Faith Li Lee, Respondent
General Securities Representative, General Securities Principal, Financial Operations Principal, Municipal Securities Principal, Registered Options Principal, Investment Banking – Limited Representative, and Operations Professional
CRD No. 2715226

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents Syndicated Capital, Inc., Joseph L. McAdams, Jr., and Faith Li Lee 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

Syndicated Capital, Inc. (SCI or the Firm) has been a FINRA member since September 29, 1992 and its registration remains effective. Its main office is in Santa Monica, California. SCI currently employs 51 registered persons that operate from ten Offices of Supervisory Jurisdiction and ten Registered Branch Offices. The Firm conducts a general securities business. The Firm has no relevant disciplinary history.

Joseph L. McAdams, Jr. has been registered with FINRA through SCI since September 1992 in various capacities. McAdams became registered with SCI as a General Securities Representative and a General Securities Principal on September 29, 1992, a Municipal Securities Representative on March 1, 1994, a Municipal Securities Principal on May 6, 1994, a Registered Options Principal on May 18, 1994, an Equity Trader Limited Representative on June 19, 1998, a Research Analyst on September 8, 2008, a Limited Representative – Investment Banking on December 4, 2009, a Research Principal on January 29, 2010 and an Operations Professional on October 17, 2011. McAdams has no relevant disciplinary history.

Faith Li Lee first became registered with a FINRA through a FINRA member firm as a General Securities Representative from March 11, 1996 to November 11, 1996. Since that time, she has been registered with FINRA through several member firms in various capacities. Since July 9, 2007, Lee has been registered with SCI as a General Securities Representative, a General Securities Principal, a Financial Operations Principal, Municipal Securities Principal, a Registered Options Principal, and since December 4, 2009 as a Limited Representative – Investment Banking, and since October 17, 2011 as an Operations Professional. Lee has no relevant disciplinary history.

OVERVIEW

SCI, McAdams and Lee, failed to reasonably supervise the participation of one of SCI's registered representatives in private securities transactions that the Firm had received prior written notice of and approved, and failed to record these transactions on the Firm's books and records. As a result, SCI, McAdams and Lee violated NASD Conduct Rules 3010, 3040(c) and 2110.

FACTS AND VIOLATIVE CONDUCT

McAdams is the Chairman and sole owner of SCI. McAdams was the person designated with the ultimate authority to determine whether a registered representative at SCI could engage in private securities transactions.

Lee is the President and Chief Compliance Officer of SCI. Lee reported to McAdams, and she was the designated principal responsible for the supervision of registered representatives engaged in private securities transactions.

In September 2007, McAdams, on behalf of SCI, entered into a Stock Purchase Agreement ("Agreement") with a business entity, owned by WW, a registered representative associated with SCI, for the sale of 100% of the stock of SCI. In connection with this Agreement, WW informed McAdams and Lee, in writing and orally, that WW needed to raise funds to operate the branch office of SCI in Irvine, California where WW was working, and in order to finance the purchase of SCI.

After the execution of the Agreement, McAdams and Lee, acting on behalf of SCI, approved of WW's participation in private securities transactions to raise money through WW's business entity through the issuance of promissory notes. Between November 2007 and April 2008, WW raised \$980,000.00 from the sale of promissory notes issued by WW's business entity to six individuals.

SCI, McAdams and Lee, failed to supervise WW's participation in the private securities transactions as if they were transactions of the Firm or in a manner reasonably designed to achieve compliance with the laws, rules and regulations that applied to WW's private securities sales away from SCI. Moreover, SCI, McAdams and Lee, failed to ensure that WW's private securities transactions were recorded on the books of SCI.

Such acts, practice, and conduct constitute separate and distinct violations of NASD Conduct Rules 3010, 3040(c) and 2110 by Respondents SCI, McAdams and Lee.

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

1. SCI is censured;
2. McAdams is suspended from associating with any FINRA member in a principal capacity for ten business days;
3. Lee is suspended from associating with any FINRA member in a principal capacity for ten business days;
4. SCI, McAdams and Lee are jointly and severally fined \$15,000.00.

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

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

Respondents McAdams and Lee understand that if they are barred or suspended from associating with any FINRA member in a principal capacity, they 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, Respondents McAdams and Lee may not be associated with any FINRA member in any principal capacity, during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because Respondents McAdams and Lee are subject to a statutory disqualification during the suspension, if they remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against them;
- 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, Respondents 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.

Respondents 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

Respondents 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 them; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against them;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' 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. Respondents 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. Respondents 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 Respondents' right to take legal or factual

positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

Respondents McAdams and Lee certify that they have read and understand and the undersigned, on behalf of SCI, certifies that a person duly authorized to act on Firm's behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that they 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 them to submit it.

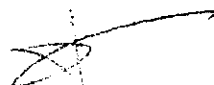
11.25.2011
Date (mm/dd/yyyy)

11.25.2011
Date (mm/dd/yyyy)

11.25.2011
Date (mm/dd/yyyy)

Joseph L. McAdams -
Syndicated Capital, Inc., Respondent
By: Joseph L. McAdams, Jr., Chairman

Joseph L. McAdams -
Joseph L. McAdams, Jr., Respondent


Faith Li Lee, Respondent

Accepted by FINRA:

12/27/11

Date

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



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