

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009018550901**

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

RE: Adam Markowitz, Respondent
General Securities Representative
CRD No. 4509956

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Adam Markowitz ("Markowitz" or "Respondent") 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

Markowitz became registered with FINRA in February 2002 through an association with member firm Lincoln Financial Advisors Corporation (BD No. 3978) ("LFAC").

He was registered as a General Securities Representative through LFAC until on or around April 23, 2007. On April 25, 2007, LFAC filed a Uniform Termination Notice for Securities Industry Regulatory (Form U5) with respect to Markowitz that stated that he was voluntarily terminated and that his last date of employment at the firm was April 23, 2007. LFAC amended Markowitz's Form U5 on April 22, 2009 to disclose a complaint from customer RW.

From October 1, 2008 through January 30, 2009, Markowitz was registered with FINRA as a General Securities Representative through an association with another member firm. That member firm amended Markowitz's Form U5 on May 12, 2010 to disclose potentially actionable misconduct. Markowitz has not been registered with FINRA since January 30, 2009, but remains subject to FINRA's jurisdiction pursuant

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to FINRA Bylaws, Article V, Section 4.

RELEVANT DISCIPLINARY HISTORY

Markowitz has no relevant disciplinary history with the Securities and Exchange Commission, any state securities agency or any self-regulatory organization.

OVERVIEW

While registered with FINRA through an association with LFAC, Markowitz facilitated investments in Diversified Lending Group ("DLG") that were not made through LFAC. He did not provide LFAC with written or other notice of those investments. In addition, Markowitz failed to respond to FINRA Staff requests for information.

FACTS AND VIOLATIVE CONDUCT

- I. While associated with LFAC, Markowitz facilitated securities investments away from LFAC. Specifically, he facilitated investments, titled "Secured Investment Notes," in DLG. Such investments included, *inter alia*:
 - a. on or around January 11, 2007, a \$250,000 investment in DLG 12% notes by customer EN;
 - b. on or around January 12, 2007, a \$175,000 investment in DLG 12% notes by customer NN;
 - c. on or around March 6, 2007, a \$100,000 investment in DLG 9% notes by customer SK;
 - d. on or around March 15, 2007, a \$400,000 investment in DLG 12% notes by customer RW; and
 - e. on or around April 21, 2007, a \$100,000 investment in DLG 12% notes by customer EV.

The above investments (totalling \$1,025,000.00) were not made through LFAC. Markowitz did not provide written notice to, or obtain approval from, LFAC prior to facilitating the DLG investments.

By reason of the foregoing, Markowitz violated NASD Rules 3040 and 2110.

2. On August 3, 2010, FINRA Staff sent Markowitz a request for information and documentation pursuant to FINRA Rule 8210 regarding, among other things, the above-described investments. The August 3, 2010 letter asked for a response by August 17, 2010. Markowitz did not respond to that request.

On August 19, 2010, FINRA Staff sent Markowitz another request for the information originally requested in the August 3, 2010 letter. The August 19, 2010 letter enclosed the August 3, 2010 letter and asked for a response by September 2, 2010. Markowitz did not respond to that request.

On September 29, 2010, FINRA Staff sent Markowitz another request for the information originally requested in the August 3, 2010 and August 19, 2010 letters. The September 29, 2010 letter enclosed the August 3, 2010 and August 19, 2010 letters and asked for a response by October 13, 2010. In response to that request, Markowitz called FINRA Staff and informed them that he did not intend to return to the securities industry and that he did not intend to respond to the requests for information and documentation.

Markowitz has not responded to the requests for information.

By reason of the foregoing, Markowitz violated FINRA Rules 8210 and 2010.

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

- A bar from associating in any capacity with any FINRA member firm.

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).

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 prejudice 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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.

01/28/2011
Date (mm/dd/yyyy)

Adam H. Markowitz
Respondent, Adam H. Markowitz
CRD No. 4509956

Accepted by FINRA:

January 28, 2011
Date

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

William St. Louis
Deputy Regional Chief Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, New York 10006
212-858-4036 (p)
212-858-4770 (f)