

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010023252701 and 20100245289**

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

RE: Brewer Financial Services LLC, Respondent
Broker-Dealer
CRD No. 132558

Adam Erickson, Respondent
General Securities Principal
CRD No. 3081286

Steven Brewer, Respondent
Associated Person
CRD No. 2214515

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Brewer Financial Services LLC, Adam Erickson, and Steven Brewer (collectively, "Respondents") 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

Brewer Financial Services, LLC ("BFS") became a member of FINRA (f/k/a National Association of Securities Dealers, Inc. or NASD) and registered with the Securities and Exchange Commission ("SEC") on February 7, 2005. BFS is a fully disclosed broker-dealer. In December 2010, BFS filed a request to withdraw its registration. In January

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2011, the SEC postponed the effective date of the withdrawal. BFS's membership with FINRA has been cancelled.

Brewer Investment Group, LLC ("BIG"), a financial services holding company, is the parent company of BFS. BIG's other wholly-owned subsidiaries offer products in the futures, FOREX, registered investment advisory, and insurance businesses.

Adam Erickson ("Erickson") entered the securities industry in April 1999 as a General Securities Representative at a FINRA firm. Erickson became registered with BFS as a General Securities Representative in February 2005. Erickson became registered as a General Securities Principal in August 2005 and a Futures Introducing Broker in November 2009. Erickson was registered in those capacities with BFS until his registrations were terminated in February 2011. Erickson is not currently registered with a FINRA firm, but remains subject to FINRA's jurisdiction until February 2013.

Erickson was the president of BFS. Erickson was also an officer and the Corporate Finance Principal at BFS with responsibilities for, among other things, supervising the *sale of all securities products sold by BFS's registered representatives, including private placements*. Erickson is a managing principal, as well as the current Chief Operating Officer, of BIG.

Steven Brewer ("Brewer") entered the securities industry in March 1992 as a General Securities Representative at a FINRA firm. After terminating his registration with the FINRA firm in September 1992, Brewer has not been registered with another FINRA firm as a General Securities Representative. Brewer became an associated person of BFS in August 2004, where he remained associated until September 2010. Brewer is not currently associated or registered with a FINRA firm, but remains subject to FINRA's jurisdiction until September 2012. Brewer is the Chief Executive Officer and Chairman of the Board of BIG.

RELEVANT DISCIPLINARY HISTORY

Brewer and Erickson have no relevant disciplinary history. In November 2006, BFS was censured and fined \$2,500 for conducting a securities business while failing to maintain the minimum required net capital.

OVERVIEW

BFS, acting through Erickson and Brewer, failed to disclose to investors that Brewer Investment Group (BIG), its parent company, had defaulted on a \$2.5 million loan just one month before BFS began selling a private placement offering issued by BIG Management Holdings, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020. In addition, BFS,

acting through Erickson and Brewer, failed to disclose to investors in the BIG Management Holdings offering and two private placement offerings issued by FPA Limited that BIG, the recipient of the funds raised in all three offerings, incurred operating losses in 2008 and 2009, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020.

BFS, acting through Erickson and Brewer, continued to sell the FPA Limited offerings without disclosing to new investors that Brewer had caused FPA Limited and BIG Management Holdings to default on the payment of interest to its existing note holders, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020. Additionally, BFS, acting through Erickson and Brewer, sold the three private placements offerings to non-accredited investors pursuant to the registration exemption provided by Rule 506 of Regulation D of the Securities Act of 1933 without providing the investors with the requisite financial statements about the respective issuer or BIG, in violation of FINRA Rule 2010 for conduct in contravention of Section 5 of the Securities Act of 1933. BFS, acting through Erickson and Brewer, also sold the BIG Management Holdings offering by distributing to the public a private placement memorandum containing exaggerated, unwarranted, or otherwise misleading statements in violation of NASD Rule 2210 and FINRA Rule 2010. Additionally, BFS, acting through Erickson, failed to conduct adequate due diligence related to its sale of the offerings in that it failed to ensure the issuers had retained a custodian to handle investors' qualified funds, in violation of NASD Rule 3010 and FINRA Rule 2010.

In addition, BFS parked the registration of nine individuals who were not active registered representatives, in violation of NASD Rules 1021, 1031, 2110 and FINRA Rule 2010. Additionally, BFS and Brewer failed to register Brewer as a principal and representative though he was engaged in the management of BFS's securities business, in violation of NASD Rules 1021, 1031, 2110 and FINRA Rule 2010. Finally, BFS conducted a securities business on 19 different dates during the period of March 2009 through September 2010 while it failed to comply with the minimum net capital requirement, in violation of SEC Rule 15c3-1 and FINRA Rule 2010. BFS also filed inaccurate FOCUS reports and had inaccurate books and records, in violation of SEC Rule 17a-3 and 17a-5 and NASD Rule 3110 and FINRA Rule 2010.

FACTS and VIOLATIVE CONDUCT

Offering and Sale of Unregistered Private Placements

In February 2009, BFS began selling a 12% Collateralized Promissory Note issued by BIG Management Holdings, LLC ("BIG Holdings"), a company formed exclusively to acquire and provide growth capital to BIG. The BIG Holdings note was offered under the registration exemption provided by Rule 506 of Regulation D of the Securities Act of

1933. The BIG Holdings note was secured by a pledge of the membership interests in BIG and paid 12% annual interest semi-annually for three years. As BFS's Corporate Finance Principal, Erickson, who conducted BFS's due diligence for the BIG Holdings offering, was responsible for supervising BFS's sale of private placements.

BFS offered and sold the BIG Holdings note using a private placement memorandum (PPM) dated February 1, 2009, which had been reviewed and approved by Brewer and Erickson, both managers of BIG Holdings. From February 2009 through November 2009, BFS raised \$3,377,686 through sales of the BIG Holdings note to forty-one (41) customers, including nine non-accredited investors. Twenty-seven (27) of these 41 purchasers invested approximately \$2.1 million of IRA funds. Brewer signed the promissory notes on behalf of BIG Holdings, controlled the BIG Holdings bank account, and determined when investors received their interest payments.

In June 2009, BFS began selling two Asset-Backed Promissory Notes issued by FPA Limited (FPA), a limited liability company incorporated in the Isle of Man. Brewer is a director of FPA, which is a wholly owned subsidiary of Foundations Program PLC, an open-ended investment company incorporated in the Isle of Man. Brewer was appointed as a director of Foundations Program PLC in December 2009.

The two FPA notes were offered under the registration exemption provided by Rule 506 of Regulation D of the Securities Act of 1933. The first FPA offering was a three-year note that paid 8% annual interest, and the second FPA offering was a one-year note that paid 5% annual interest. Erickson conducted the due diligence for, and supervised the sale of, the two FPA offerings. BFS sold the FPA notes using a PPM which stated that one use of the FPA offering proceeds could be to provide growth capital to BIG. No financial statements about FPA or BIG were provided to the FPA purchasers.

BIG was the manager of both FPA notes. As part of its managerial duties, BIG, acting through Brewer, opened and maintained a bank account, titled "FPA Ltd USA LLC" in which BIG deposited monies received from investors of the two FPA offerings. Brewer, who had sole signatory authority on the FPA Ltd USA bank account, determined which FPA investors would receive principal and interest payments from the bank account. BIG also accepted investors' applications, entered into subscription agreements, and issued the FPA notes. Brewer signed each investor's promissory note on behalf of BIG.

From June 2009 through June 2010, BFS sold approximately \$5,016,400 of the FPA 8% Promissory Note to sixty-one (61) customers, including eight non-accredited investors. Three purchasers invested in this offering prior to December 2009 using \$125,000 of IRA funds. During the same time period, BFS sold about \$320,000 of the FPA 5% Promissory Note to eight customers, all accredited investors.

In July 2010, Brewer stopped paying interest to some BIG Holdings note holders. BIG Holdings' failure to pay its obligation constituted an event of default under the terms outlined in the BIG Holdings promissory note. Around this same time, Brewer also stopped paying interest to some FPA note holders due to insufficient financial resources.

FPA's failure to pay its obligation constituted a default under the terms outlined in the promissory note for each of the two FPA offerings.

Though Brewer caused both FPA and BIG Holdings to default on its interest obligations to existing investors, BFS, acting through Brewer and Erickson, continued to sell the FPA notes. From July 2010 through September 2010, BFS sold an additional \$385,000 of FPA notes to five new and five existing investors. Brewer and Erickson failed to disclose to these additional FPA investors that Brewer had stopped making interest payments to existing investors in early July 2010.

Between June 2009 and August 2010, Brewer directed approximately 90% of the funds raised through the two FPA offerings to BIG.

As of October 2010, the total outstanding interest owed to investors of BIG Holdings was approximately \$110,000 and the total outstanding interest owed to FPA investors was approximately \$78,000.

1. Material Omissions

BFS, acting through Erickson and Brewer, sold the BIG Holdings private placement offering without disclosing to the investors the material fact that, in January 2009, BIG had defaulted on a \$2.5 million loan. BFS, acting through Erickson and Brewer, also failed to disclose the material fact that BIG had reported an operating loss of \$1,622,912 for the 2008 calendar year.

BFS, acting through Erickson and Brewer, sold the two FPA notes without disclosing to the investors the material fact that BIG had defaulted on the \$2.5 million loan in January 2009. BFS, acting through Erickson and Brewer, also failed to disclose to FPA investors the material fact that BIG had incurred an operating loss of \$1,622,912 in 2008 and an approximate operating loss of \$4.5 million for the 2009 calendar year. In addition, BFS, acting through Erickson and Brewer, failed to disclose to FPA investors the material fact that BIG had defaulted on its interest payments to BIG Holdings note holders. BIG's loan default, operating losses and interest payment default on its affiliate offering were material facts to FPA investors.

BFS, acting through Erickson and Brewer, continued to sell the FPA Limited private placement offering after July 2010 to new investors knowing that FPA had defaulted on its interest payments to existing investors and without disclosing that material fact to new investors.

Such acts, practices, and conduct constitute willful violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020 by BFS, acting through Brewer and Erickson.

2. Section 5

BFS sold the BIG Holdings and FPA private placement offerings to non-accredited investors without providing investors with the financial statements required under Rule 506. The failure to comply with the requirements of Rule 506 resulted in the loss of the exemption from the registration requirements of Section 5 of the Securities Act of 1933. Given no registration statement was in effect for the offerings and the registration exemption was ineffective, BFS sold these securities in contravention of Section 5 of the Securities Act of 1933.

Such acts, practices, and conduct constitute violations of FINRA Rule 2010, in contravention of Section 5 of the Securities Act of 1933, by BFS, acting through Brewer and Erickson.

3. Due Diligence

BIG Holdings and FPA did not retain a custodian to handle the qualified funds invested in their respective offerings until December 2009. BFS, acting through Erickson, conducted inadequate due diligence related to its sale of the offerings in that it failed to ensure the issuers had retained a custodian to handle the qualified funds of investors prior to accepting investments of IRA funds into the offerings.

Such acts, practices, and conduct constitute a violation of NASD Rule 3010 and FINRA Rule 2010 by BFS, acting through Erickson.

4. Communications with the Public

BFS, acting through Erickson and Brewer, offered to sell and sold the BIG Holdings private placement offering by distributing to the public a PPM containing unbalanced, unjustified, unwarranted, or otherwise misleading statements. Among other things, the PPM implied that BIG was not experiencing financial difficulty and failed to disclose that BIG reported a significant loss in 2008. Furthermore, investors in the BIG Holdings note were not provided with financial statements for either BIG Holdings or BIG. Finally, the PPM was misleading in that it failed to state clearly how offering proceeds would be used, lacked clarity regarding the relationship between the issuer and its affiliates, and failed to provide the basis for claims made regarding the expectations of performance of the issuer or its affiliates.

Such acts, practices, and conduct constitute violations of NASD Rule 2210 and FINRA Rule 2010 by BFS, acting through Erickson and Brewer.

5. Written Supervisory Procedures

BFS failed to establish adequate written supervisory procedures related to its sales of private placement offerings in that the firm's procedures failed to require that financial

statements be provided to investors when private placement offerings are sold to non-accredited investors, pursuant to Rule 506 under Regulation D.

Such acts, practices, and conduct constitute violations of FINRA Rules 3010 and 2010 by BFS.

OTHER VIOLATIONS

6. Registration

At the time BFS applied for FINRA membership in August 2004, Brewer signed and submitted an attestation to FINRA stating he would not be actively engaged in the management of BFS's securities business until he completed registration as a representative and principal. Despite his attestation, Brewer was active in the management of BFS though he was never registered with BFS as a representative or principal. Among other things, Brewer reviewed and revised the BFS recruitment brochure, approved offer letters to prospective BFS registered representatives, dictated the structure of new representatives' compensation, including the level of commissions and loan repayment terms, and instructed BFS personnel to send private placement offering documents to prospective investors. BFS allowed Brewer to be actively engaged in managing the firm's securities business through these activities without him being registered as a principal and a representative.

Such acts, practices, and conduct constitute violations of NASD Rules 1021, 1031, 2110 and FINRA Rule 2010 by BFS and Brewer.

Between 2005 and 2009, BFS maintained the registrations for nine individuals who were not active in BFS's investment banking or securities business or were no longer functioning as registered representatives.

Such acts, practices, and conduct constitute violations of NASD Rules 1021, 1031, 2110 and FINRA Rule 2010 by BFS.

7. Net Capital Deficiencies

BFS conducted a securities business on March 31, 2009, April 30, 2009, May 29, 2009, June 30, 2009, July 31, 2009, August 31, 2009, September 30, 2009, October 30, 2009, November 30, 2009, December 31, 2009, January 29, 2010, February 26, 2010, March 31, 2010, April 30, 2010, May 28, 2010, June 30, 2010, July 30, 2010, August 31, 2010, and September 30, 2010 though it had negative net capital on each of those dates. BFS's net capital deficiencies were caused by (1) its failure to classify contributions from BIG as liabilities after BFS returned the contributions to BIG within a one-year period of having received them and (2) improperly treating its assets as allowable though all of its assets had been encumbered as security for a loan agreement executed by BIG in March 2009.

Such acts, practices, and conduct constitute violations of SEC Rule 15c3-1 and FINRA Rule 2010 by BFS.

8. Books and Records

BFS had an inaccurate general ledger, trial balance, and net capital computation for the periods ending March 31, 2009 and April 30, 2009, and an inaccurate FOCUS report for the periods ending March 31, 2009, June 30, 2009, September 30, 2009, December 31, 2009, March 31, 2010, June 30, 2010, and September 30, 2010.

Such acts, practices, and conduct constitute violations of SEC Rules 17a-3 and 17a-5, NASD Rule 3110 and FINRA Rule 2010 by BFS.

SANCTIONS

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

An expulsion of Brewer Financial Services, LLC.

A bar of Erickson from association with any FINRA firm in any capacity.

A bar of Brewer from association with any FINRA firm in any capacity.

Brewer Financial Services, LLC understands that this settlement includes a finding that it willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes it subject to a statutory disqualification with respect to membership.

Erickson understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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).

Erickson also understands that this settlement includes a finding that he willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

Brewer understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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).

Brewer also understands that this settlement includes a finding that he willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

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

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 Respondents;
- 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 Respondents; 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 Respondents;
 - 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.

The undersigned, on behalf of Brewer Financial Services, LLC, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Brewer Financial Services, LLC has 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 Brewer Financial Services, LLC to submit it.

March 11, 2011
Date

Brewer Financial Services, LLC

By: [Signature]

Title: Managing Principal

Reviewed by:

[Signature]
Michael Connelly

Connelly Law Group LLC

55 West Monroe

Suite 1700

Chicago, IL 60603

Counsel for Respondent Brewer Financial Services, LLC

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I, Steven Brewer, 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.

March 11, 2011
Date

[Signature]
Steven Brewer, Respondent

Reviewed by:

[Signature]
Michael Connelly
Connelly Law Group LLC
55 West Monroe
Suite 1700
Chicago, IL 60603
Counsel for Respondent Steven Brewer

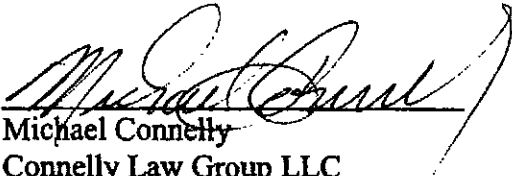
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I, Adam Erickson, certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or 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.

March 11, 2011
Date


Adam Erickson, Respondent

Reviewed by:

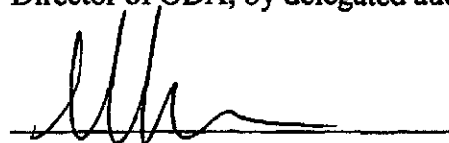

Michael Connelly
Connelly Law Group LLC
55 West Monroe
Suite 1700
Chicago, IL 60603
Counsel for Respondent Adam Erickson

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Accepted by FINRA:

March 25, 2011
Date

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

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

Marcletta Kerr
Senior Regional Counsel
FINRA Department of Enforcement
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