

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011029683601**

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

RE: Jeffrey M. Isaacs (CRD No. 2056122)
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Jeffrey M. Isaacs ("Isaacs" 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

On July 30, 1990, Isaacs first became registered with FINRA as a General Securities Representative ("GS"). He was registered as a GS through an association with Investors Capital Corporation (BD No. 30613) ("ICC" or the "Firm") from January 12, 2005 through December 12, 2011. On December 12, 2011, ICC filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Isaacs "submitted a voluntary request to terminate association with the firm while under investigation for failing to follow firm policies." His last date of employment with ICC was November 23, 2011. Isaacs was registered through another member firm from November 21, 2011 through December 15, 2011. On December 15, 2011, that firm filed a Form U5 stating that Isaacs' termination was voluntary. Since then, Isaacs has not been associated with a FINRA member Firm. Pursuant to Article V, Section 4 of the By-Laws, however, FINRA retains jurisdiction over him.

RELEVANT DISCIPLINARY HISTORY

On March 5, 2013, Isaacs agreed to a Consent Order with the New Jersey

Bureau of Securities in which he agreed to a three-year suspension from registration with the New Jersey Bureau of Securities and a \$5,000 civil monetary penalty for dishonest or unethical practices in the securities business. This action concerned Isaacs' dealings with ICC customers LP and EP. He has no other relevant disciplinary history with the Securities and Exchange Commission or any state agency or self-regulatory agency.

OVERVIEW

Isaacs made negligent material misrepresentations of fact in connection with the sale of two private placements to ICC customers LP and EP, a married couple. The recommendations of the investments were also unsuitable for the customers. In addition, after the customers complained to Isaacs, he agreed to compensate them without notifying ICC. This conduct violated NASD Conduct Rule 2310, IM-2310-2, and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. In about January 2009, while registered with ICC, Isaacs negligently misrepresented to LP and EP that an investment in the Insight Real Estate LLC 2007 Secured Debenture Offering ("Insight") was a safe, low-risk investment, misstated its payment terms, and omitted material facts relating to the speculative nature of the investment. LP and EP invested a total of \$100,000 in Insight in reliance on these misrepresentations. By virtue of this misconduct, Isaacs violated FINRA Rule 2010.
2. In about June 2009, while registered with ICC, Isaacs negligently misrepresented to LP and EP that an investment in CIP Leverage Fund Advisors, LLC ("CIP") was for moderately conservative investors and would pay interest to the investors on a monthly basis. In fact, the investment was a speculative one that paid interest only on an accrued basis with the final payment of principal. LP and EP invested a total of \$100,000 in CIP in reliance on these misrepresentations. By virtue of this misconduct, Isaacs violated FINRA Rule 2010.
3. Isaacs' 2009 recommendations of the Insight and CIP investments to LP and EP were unsuitable in light of the customers' age, risk tolerance, net worth, and the fact that the customers needed to borrow from their home equity in order to make the investments. At the time that these investments were made, LP was approximately 64 years-old and a retired U.S. postal worker. EP was approximately 62 years-old and worked as a special education teacher. They stated on account documents for the investments that their risk tolerance was low. In addition, Isaacs knew that LP and EP borrowed a total of \$200,000 from their home equity in order to invest in Insight and CIP. Isaacs had been working with LP and EP for a number of years and was aware of their financial situation. By making unsuitable recommendations to LP and EP,

Isaacs violated NASD Conduct Rule 2310, IM-2310-2, and FINRA Rule 2010.

4. In about February 2010 and January 2011, while registered with ICC, in connection with LP and EP's complaints, Isaacs agreed to compensate LP and EP for their Insight and CIP investments. In total, Isaacs paid approximately \$109,902 to LP and EP. Isaacs' attempts to settle with LP and EP were made without the Firm's knowledge or consent. By reason of the foregoing, Isaacs violated FINRA Rule 2010.

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

- a suspension from association with any FINRA member in any and all capacities for a period of fifteen months; and a
- a \$12,500 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the fifteen-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

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).

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

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 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.

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;
- 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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and

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

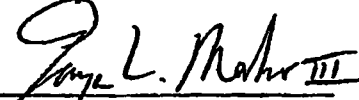
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

08/29/2013

Date (mm/dd/yyyy)


Jeffrey M. Isaacs, Respondent

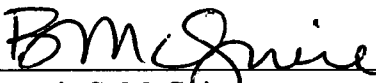
Reviewed by:


George L. Mahr, III, Esq.
Counsel for Respondent
Mahr & Mahr, LLC
80 Main Street
P.O. Box 534
Madison, NJ 10004
(973) 377-1961

Accepted by FINRA:

Sept. 11, 2013
Date

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



Bonnie S. McGuire
Senior Regional Counsel
FINRA Department of Enforcement
99 High Street
Suite 900
Boston, MA 02110
Tel: (617) 532-3424
Fax: (202) 721-6531