

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037953601**

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

RE: Howard L. Schwartz, Respondent
General Securities Representative
CRD No. 828039

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Howard L. Schwartz ("Schwartz") first entered the securities industry when he became associated as a General Securities Representative ("GSR") with a FINRA-regulated entity in October 1998, where he remained until June 2001. From May 2001 through April 2002, Schwartz was employed as a GSR with another FINRA-regulated entity. He became associated with Raymond James Financial Services, Inc. (the "Firm") as a GSR in March 2002 and remained there until August 2013.

On August 12, 2013 the Firm filed a Uniform Termination Notice for securities Industry Registration stating that Schwartz was terminated on August 9, 2013, and that the Firm was "uncomfortable supervising [Schwartz] due to undisclosed outside business activity." Schwartz is currently employed by Financial One, Inc., a registered investment advisor and non-FINRA member, where he serves as

the Chief Executive Officer.

Pursuant to Article V Section 4 of FINRA's By-Laws, Schwartz remains subject to FINRA's jurisdiction through August 8, 2015.

RELEVANT DISCIPLINARY HISTORY

Schwartz has no relevant disciplinary history.

OVERVIEW

At times between March 2004 through July 2013, while serving as a GSR with the Firm, Schwartz engaged in two business activities outside the scope of the relationship with the Firm without having first provided written notice to the Firm and receiving authorization to do so. As a result, Schwartz violated NASD Rules 3030 and 2110, and FINRA Rules 3270 and 2010.¹

FACTS AND VIOLATIVE CONDUCT

Schwartz became associated with the Firm in March 2002. At that time, Schwartz was a practicing attorney and certified accountant, whose business model was providing financial services to his legal and accounting clients. He joined the Firm with the understanding that he would continue to operate those businesses and sought and received outside business activity approvals from the Firm for his law firm and accounting activities – "The Law Office of Howard L. Schwartz" and "Howard L. Schwartz, CPA." The primary disclosed business of the law office and the accounting firm was the performance of corporate and transactional work, including estate planning, forming corporate entities, trustee arrangements, tax planning, and wills and trusts engagements. The Firm's outside business activity approval explicitly prohibited bill paying services.

As part of the approval process, the Firm maintained "Outside Business Activity Applications," which were forms available for Schwartz to complete for the purpose of disclosing and seeking approval from the Firm for any outside business activities. Schwartz was obligated to certify that he had met such obligations in his "Annual Compliance Interview" disclosure statements for each of the years 2009 through 2012. At each Annual Compliance Interview, Schwartz attested "Yes" to the following: "Have you disclosed all outside business

¹ On December 15, 2010, NASD Rule 3030 was replaced by FINRA Rule 3270. As such, conduct occurring prior to that date are violations of NASD Rule 3030 and conduct occurring on or after that date are violations of FINRA Rule 3270. Similarly, on December 15, 2008, NASD Rule 2110 was replaced by FINRA Rule 2010. As such, conduct occurring prior to that date are violations of NASD Rule 2110 and conduct occurring on or after that date are violations of FINRA Rule 2010.

activities in the Outside Business Activity Application and received both Branch Manager and Home Office approval for each prior to engaging in the outside activity? Have you also updated your Form U4 to show your participation in these activities? An activity may be considered an [outside business activity] regardless of whether the [financial advisor] is receiving compensation." Schwartz did not disclose any additional businesses in these forms.

In or around January 2011, Schwartz established a company, Back Office Support Services, Inc. ("BOSS"), an accounting and bill-paying service. From 2009 to 2012, Schwartz earned between \$30,000 and \$40,000 in annual revenues through BOSS for services that included bill paying services. Schwartz did not request permission from the Firm to establish or engage in work for BOSS. As a result, Schwartz violated FINRA Rules 3270 and 2010.

In or around March 2004, Schwartz, along with three other individuals, formed a limited liability company to invest in real estate. Schwartz was an active participant in the business management of this investment. The investment included purchasing several properties, managing the properties, and renting out the properties for profit. All four investors, including Schwartz, initially invested \$25,000 in this business and agreed to share profits and assume liabilities equally. Schwartz did not request permission from the Firm to establish or engage in this real estate business. As a result, Schwartz violated NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010.

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

- a 30-business day suspension from association with any FINRA member in any capacity; and
- a \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 30 business day 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:

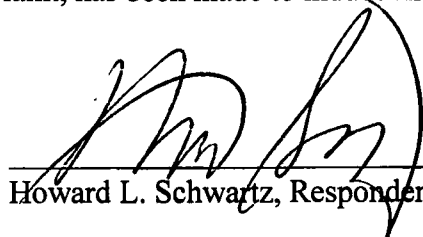
- A. Submission of this AWC is voluntary and will not resolve this matter unless and

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; 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: (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.
- 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.

11/14/14
Date (mm/dd/yyyy)


Howard L. Schwartz, Respondent

Reviewed by:

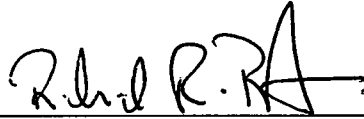
A handwritten signature in black ink, appearing to be 'Sharron', followed by a long horizontal line extending to the right.

Sharron Ash
Counsel for Respondent
Hamburger Law Firm LLC
61 West Palisade Avenue
Englewood, New Jersey 07631

Accepted by FINRA:

11/25/14
Date

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



Richard R. Best
Chief Counsel
FINRA Department of Enforcement
One World Financial Center
200 Liberty Street
New York, NY 10281
(646) 315-7308 (phone)
(202) 689-3424 (facsimile)
richard.best@finra.org