

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038121201**

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

RE: Adam R. Tau, Respondent
CRD No. 5650371

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Adam R. Tau, ("Tau"), 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

In 2009, Tau first became registered through a FINRA-registered firm as a General Securities Representative.

From April 2010 through January 2013, Tau was registered in that capacity through Garden State Securities, Inc. (CRD No. 10083) ("Garden State").

Since January 2013, Tau has been registered with another FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

Tau made unsuitable recommendations to a customer that resulted in a concentrated stock position and losses in the customer's account in violation of NASD Conduct Rule 2310, IM-2310-2 and FINRA Rule 2010. Tau also exercised discretion in the customer's account without written authority from the customer or acceptance of the account as discretionary by his member firm in violation of NASD Conduct Rule 2510(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

A. Unsuitable Recommendations

NASD Conduct Rule 2310 provides that when recommending the purchase or sale of any security to a customer a registered representative "shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs."

From November 2011 through February 2012 (the "Relevant Period"), while associated with Garden State, Tau made unsuitable recommendations to customer RD, a retiree with a conservative investment objective and risk tolerance and limited assets and income. Specifically, Tau recommended five purchases of common stock in a publicly traded company ("Company W") totaling approximately \$204,000.

As a result of those purchases, RD held a concentrated position of Company W stock in his brokerage account that represented approximately 70% of his liquid net worth. Further, as of February 2012, RD's cumulative stock position in Company W represented all of the assets in his account, unnecessarily exposing RD to risk of loss.

In fact, during the Relevant Period, Company W's stock experienced several price declines. Tau sold RD's shares between March and August 2012, resulting in a loss of approximately \$30,000.

Tau's recommendation to RD that he invest \$204,000 in Company W's stock was unsuitable for RD in view of the concentrated nature of the investment and his conservative investment profile, age and limited financial means.

By reason of the foregoing, Tau violated NASD Conduct Rule 2310, IM-2310-2 and FINRA Rule 2010.

B. Discretionary Trading

NASD Conduct Rule 2510(b) states that no registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization and the account has been accepted in writing as a discretionary account by the member firm.

During the Relevant Period, Tau exercised discretion in the account of RD by effecting ten trades of Company W stock without obtaining prior written authorization from RD. Tau also failed to obtain written acceptance of the account as discretionary by his employer member firm, Garden State.

Based on the foregoing, Tau violated NASD Conduct Rule 2510(b) and 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 two months;
- a fine of \$7,500; and
- restitution to customer RD in the total amount of \$13,000 plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from November 2011 until the date this AWC is accepted by the NAC.

Tau shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Michael J. Newman, Senior Regional Counsel, FINRA, 581 Main Street, Suite 710, Woodbridge, New Jersey 07095, either by letter that identifies Tau and case number No. 20130381212 and includes a copy of the check, money order or other method of payment or by email, with pdf copies of the payment documentation, to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason Tau cannot locate customer RD after reasonable and documented efforts within 120 days from the date the Offer is accepted, or such additional period agreed to by a FINRA staff member in writing, Tau shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Tau shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

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.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customer RD from pursuing his own action to obtain restitution or other remedies.

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 II, 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

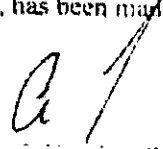
I understand that:

- 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.

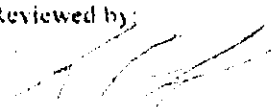
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the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

11/23/2015

Date (mm/dd/yyyy)


Adam R. Tau (CRD No. 5650371)

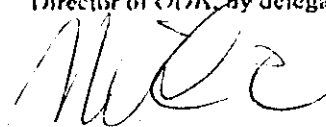
Reviewed by:


Kevin Koplin, Esq.
Barton LLP
Graybar Building
420 Lexington Avenue, 18th Floor
New York, New York 10170
Phone: (212) 885-8838

Accepted by FINRA:

12/11/15
Date

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


Michael J. Newman
Senior Regional Counsel
FINRA Department of Enforcement
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