

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

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Greg S. Friedman

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and

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Securities Docket No. 2011-0431

Law Office of Greg S. Friedman

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Respondents.

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ORDER TO SHOW CAUSE

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2007 Repl. Vol. and Supp. 2012) (the “Act”), undertook an investigation into the securities activities of Greg S. Friedman (“Respondent Friedman” or “Friedman”) and the Law Office of Greg S. Friedman (“LOGSF” or “Respondent LOGSF”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) has found grounds to conclude that Respondents have engaged in acts or practices constituting violations of the securities and anti-fraud provisions of the Act; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Order to Show Cause;

NOW THEREFORE, pursuant to sections 11-302(a)(2), 11-302(a)(3), 11-302(c), 11-302(d), 11-302(e), 11-401, 11-402, 11-412(a)(1), 11-412(a)(2), and 11-412(a)(7) of the Act, it is hereby:

ORDERED, that Respondent Friedman show cause why his application for registration as an investment adviser should not be denied; why Respondents should not be barred permanently from engaging in the securities and investment advisory business in Maryland; and why a statutory penalty of up to \$5,000 per violation should not be entered against Respondents.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. At all relevant times, Greg S. Friedman has maintained a place of residence and a place of business in Rockville, Maryland. Friedman is an attorney licensed in Maryland. Friedman is the owner and principal of the Law Office of Greg S. Friedman and of Entity Management, LLC, both of which are located in Rockville, Maryland.

3. At all relevant times, the Law Office of Greg S. Friedman has maintained its office in Rockville, Maryland. LOGSF is also known as the Law Offices of Greg S. Friedman and Greg S. Friedman Law Offices. Friedman is the principal of LOGSF.

III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order.

Unregistered Investment Advisory Activities

4. Beginning as early as the mid 1990's, Friedman began advising individuals with respect to their investments.

5. The individuals opened investment accounts at TD Ameritrade ("TDA") and, through a trading authorization form, provided Friedman with the authority to buy and sell securities on their

behalf. Friedman cosigned the trading authorization forms.

H.M.

6. In or about 2001 Friedman began managing the investment assets for H.M.
7. H.M. opened an investment account with TDA.
8. A TDA Full Trading Authorization form dated July 25, 2001 gave Friedman discretionary authority to purchase and sell securities in H.M.'s account. The form was signed by H.M. and Friedman.
9. Friedman was compensated for managing H.M.'s investment account.
10. On, or about, January 31, 2005 Friedman provided a fee statement to Marshall for "Asset management services rendered".
11. The statement was listed on the letterhead of "Law Offices [of] Greg S. Friedman."
12. The statement provided that H.M.'s account had appreciated \$641,084 from the account's inception.
13. The statement further provided that Respondents had earned an asset management fee of \$64,108, or 10% of the appreciation of H.M.'s account.
14. An asset management fee statement dated March 29, 2006 stated that from January 31, 2005 to January 27, 2006 H.M.'s account appreciated \$133,682 and, based on that appreciation, Respondents earned an asset management fee of \$13,368, or approximately 10% of H.M.'s account's appreciation.
15. As with the January 2005 fee statement, the March 2006 fee statement was issued on the letterhead of the "Law Offices [of] Greg S. Friedman."

D.R.

16. On July 4, 2011, Friedman met D.R. through H.M., a mutual friend of Friedman and D.R.

17. Aware that Friedman had assisted H.M. with her investments, D.R. discussed with Friedman the possibility of investing with him.

18. After some telephone discussions and face to face meetings, D.R. agreed to invest \$50,000 with Friedman.

19. On or about July 21, 2011, D.R. met with Friedman to formalize their investment relationship.

20. Friedman presented D.R. with an investment agreement that set out the terms of their relationship.

21. The agreement was listed on the letterhead of the “Law Offices [of] Greg S. Friedman,” and provided that Respondents would provide D.R. with “portfolio management services on a tailored basis, structured specifically for” D.R.

22. In exchange for providing portfolio management services, the investment agreement specified that Respondents would receive a quarterly fee of 10% of the increase in the value of D.R.’s portfolio.

23. During one of their initial meetings, D.R. told Friedman that she wanted to increase the return on her money, but that she was not in a position to lose any money.

24. Respondents documented D.R.’s wishes in the investment agreement, which stated: “[o]ur discussions have provided me with an indication of your willingness to incur a nominal degree of risk in order to achieve investment performance, while endeavoring to conserve your current investment capital.”

25. To achieve D.R.'s objective, the investment agreement stipulated that Respondents would "develop a core portfolio of income producing equities, and increase portfolio yield through the sale of covered call options and out-of-the-money short put options."

26. During their July 21st meeting, D.R. presented Friedman with a check for \$50,000.

27. The check was deposited into an investment account established for D.R. at TDA.

28. The TDA account application named Respondent Friedman as the authorized agent for D.R.'s account, giving him discretionary authority over the account.

29. Friedman directed D.R. to provide him with a user id and password for her account, even suggesting to D.R. a user id and password that would be easy for him to remember.

30. Between July 25, 2011 and September 22, 2011, Respondent Friedman entered all of the securities transactions on a discretionary basis, including the purchase and sale of stocks and option contracts, for D.R.'s TDA account.

31. During that time, D.R.'s TDA account incurred significant losses, resulting in margin calls on her account.

32. On September 22, 2011, D.R. visited the Bethesda branch of TDA, revoked Friedman's authorization to act as an agent for her account, changed her account's password, and sold securities to cover the margin call.

Other Investment Clients of Friedman

33. Friedman offered and provided investment advice to others for compensation.

34. In or about December 2004, Friedman began managing the investment assets of A.L.'s trust account.

35. Friedman was compensated for managing the trust's investment account.

36. On or about June 30, 2005, Friedman provided A.L. with a fee statement for "Asset

management services rendered.”

37. The statement provided that the trust’s investment account had appreciated \$23,608 and showed a balance due to Friedman of \$2,360, approximately 10% of the account’s appreciation.

38. On or about May 12, 2011, Friedman executed an investment advisory agreement with another client, D.F.

39. The agreement provided that Friedman would provide D.F. with “portfolio management services on a tailored basis, structured specifically for” D.F.

40. Friedman documented D.F.’s investment objectives in the agreement, which stated: “[o]ur discussions have provided me with an indication of your willingness to incur a nominal degree of risk in order to achieve investment performance, while endeavoring to conserve your current investment capital.”

41. To achieve D.F.’s objectives, Friedman would “develop a core portfolio of income producing equities, and increase portfolio yield through the sale of covered call options and out-of-the-money short put options.”

42. In exchange for his portfolio management services, the investment agreement provided that Friedman would receive a quarterly fee of 10% of the increase in the value of D.F.’s portfolio.

43. The initial investment provided by D.F. to Friedman was \$100,000.

Failure to Make Material Disclosures to Clients or Prospective Clients

44. Neither Friedman nor LOGSF are now, or have ever been, registered as an investment adviser or as an investment adviser representative.

45. Respondents did not disclose to clients or prospective clients that they were required to be registered as an investment adviser or as an investment adviser representative to offer or sell

advisory services, but were not.

46. Respondents did not disclose to their clients or prospective clients that they had not taken or passed the minimum qualifying investment adviser examination, as required by Regulation 02.02.05.14 of the Code of Maryland Regulations (“COMAR”).

47. Respondents did not give clients or prospective clients the information required by Form ADV, as required by COMAR 02.02.05.05.

48. Respondents’ client contracts did not include the disclosures required by COMAR 02.02.05.03B(16), including the term of the contract, whether the contracts granted discretionary authority to the Respondents, and a statement that the contract could not be assigned without the consent of the client.

49. Respondents did not disclose in writing to clients or prospective clients that the receipt of performance based compensation may create an incentive to make investments that involve more risk and are more speculative, and that Respondents may receive increased compensation due to unrealized appreciation in the client’s account, as required by COMAR 02.02.05.08B.

Failure to File a Complete Investment Adviser Application

50. In an October 13, 2011 letter sent to Respondents at their principal place of business, the Division informed Respondents that they may be acting as an unregistered investment adviser or investment adviser representative in Maryland and requested that, by November 2, 2011, Respondents provide the Division with certain documents regarding their advisory activities.

51. Respondents neither produced documents nor otherwise responded to the Division’s October 13th letter.

52. On or about November 10, 2011, the Division served on Friedman a subpoena duces tecum requesting, among other things, the documents requested in its October 13th letter.

53. In letters dated December 24, 2011, and February 14, 2012, Friedman produced some documents responsive to the Division's subpoena and requested the opportunity to register as an investment adviser.

54. Based upon the documents produced by Friedman, the Division determined that Respondents had engaged in investment advisory activities, and requested that Respondents register as an investment adviser.

55. On August 3, 2012, after a number of requests by the Division, Friedman filed an investment adviser registration application with the Division.

56. In an August 8, 2012 letter and a subsequent August 24, 2012 email, the Division notified Friedman that his application was incomplete and requested that Friedman complete his application by, among other things, submitting a copy of the information required by Forms ADV Part 2A and 2B, copies of all client advisory agreements, and evidence that Friedman successfully passed the investment adviser examination.

57. Despite repeated assurances that he would complete his application by submitting the required information, Friedman failed to do so.

58. In an April 23, 2013 letter, the Division notified Friedman that failure to complete his application would result in the issuance of an order seeking to deny his registration application.

59. As of the date of this Order, Friedman's registration application remains incomplete.

COUNT I
(Anti-Fraud Provisions - section 11-302(a)(2) and(c))

WHEREAS, section 11-302(a)(2) of the Act make it unlawful for any person who receives directly, or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, or for acting as an investment adviser or representative

under §11-101(h) and (i) of this title, whether through the issuance of analyses, reports, or otherwise or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on the other person; and

WHEREAS, section 11-302(c) of the Act makes it unlawful, in the solicitation of or in dealings with advisory clients, for any person knowingly to make any untrue statements of material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; and

WHEREAS, Respondents offered and provided discretionary portfolio management services to clients; and

WHEREAS, Respondents received compensation for providing portfolio management services to clients; and

WHEREAS, Respondents failed to inform clients or prospective clients that they had not taken or passed the minimum qualifying investment adviser examination; and

WHEREAS, Respondents failed to inform clients or prospective clients that they were not registered to provide investment advisory services to clients; and

WHEREAS, Respondents failed to disclose to clients the information required by Form ADV; and

WHEREAS, Respondents violated sections 11-302(a)(2) and (c) of the Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his application for investment adviser registration should not be denied; that Respondents show cause why they should not be permanently barred from the investment advisory and securities business in Maryland; and that Respondents show cause why a statutory penalty of up to \$5,000 per violation should not be entered against them.

Count II
(Dishonest and Unethical Practices - section 11-302(a)(3))

WHEREAS, section 11-302(a)(3) of the Act makes it unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, or for acting as an investment adviser or representative under §11-101(h) and (i) of this title, whether through the issuance of analyses, reports, or otherwise, to engage in dishonest or unethical practices as the Commissioner may define by rule; and

WHEREAS, COMAR 02.02.05.03B provides that an investment adviser is a fiduciary and has a duty to act primarily for the benefit of its clients and prohibits the investment adviser from engaging in certain unethical practices; and

WHEREAS, COMAR 02.02.05.03B(8) prohibits an investment adviser from misrepresenting to an advisory client or prospective client the qualifications of the investment adviser, or an investment adviser representative employed or associated with the investment adviser, or omitting to state a material fact necessary to make the statements regarding qualifications, in light of the circumstances under which they are made, not misleading; and

WHEREAS, Respondents offered and provided investment advisory services to clients; and

WHEREAS, Respondents received compensation for providing those services; and

WHEREAS, Respondents failed to inform clients or prospective clients that they had not taken or passed the minimum qualifying investment adviser examination; and

WHEREAS, Respondents failed to inform clients or prospective clients that they were not registered to provide investment advisory services to clients; and

WHEREAS, COMAR 02.02.05.03B(16) prohibits an investment adviser from entering into, extending, or renewing an investment advisory contract unless the contract is in writing and discloses

in substance the term of the contract, whether the contract grants discretionary authority to the adviser, and that an assignment of the contract may not be made by the investment adviser without the consent of the other party to the contract; and

WHEREAS, Respondents' client contracts did not disclose the term of the contracts, that the contracts could not be assigned without the consent of their clients, and whether the contracts granted discretionary authority to the Respondents; and

WHEREAS, Respondent violated section 11-302(a)(3) of the Act by engaging in dishonest and unethical practices by failing to comply with COMAR 02.02.05.03B(8) and (16);

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his application for investment adviser registration should not be denied; that Respondents show cause why they should not be permanently barred from the investment advisory and securities business in Maryland; and that Respondents show cause why a statutory penalty of up to \$5,000 per violation should not be entered against them.

COUNT III
(Form ADV - Disclosure Brochure Delivery - section 11-302(d))

WHEREAS, under section 11-302(d) of the Act, the Commissioner may require that certain information be furnished or disseminated by investment advisers as appropriate in the public interest or for protection of investors and advisory clients; and

WHEREAS, COMAR 02.02.05.05 provides that an investment adviser may fulfill the disclosure requirements of §11-302(d) of the Act by complying with the provisions of §204 of the Investment Advisers Act of 1940 and the rules, regulations, and interpretive releases promulgated thereunder with respect to Form ADV; and

WHEREAS, Regulation 275.204-3 of the Investment Advisers Act provides that an

investment adviser must deliver to each client or potential client a disclosure statement that contains all information required by Part 2 of Form ADV; and

WHEREAS, Respondents acted as investment advisers by providing portfolio management services to clients for compensation; and

WHEREAS, Respondents failed to provide their clients with a disclosure document containing the information required by Form ADV; and

WHEREAS, Respondents violated section 11-302(d) of the Act by failing to deliver Part 2 of Form ADV in compliance with COMAR 02.02.05.05;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his application for investment adviser registration should not be denied; that Respondents show cause why they should not be permanently barred from the investment advisory and securities business in Maryland; and that Respondents show cause why a statutory penalty of up to \$5,000 per violation should not be entered against them.

COUNT IV
(Performance Fee Disclosure and Contract Requirements - 11-302(e))

WHEREAS, under section 11-302(e) of the Act, it is unlawful for an investment adviser to enter into any investment advisory contract, unless it provides that assignment of the contract may not be made without the consent of the other party to the contract; and

WHEREAS, COMAR 02.02.05.08B(2)(c) prohibits an investment adviser from entering into an advisory contract that provides for compensation based on a share of capital gains or capital appreciation unless the compensation paid to the investment adviser is based on the gains minus the losses in the client's account for a period of not less than one year; and

WHEREAS, section 11-302(e) of the Act and COMAR 02.02.05.08B(3) prohibits an

investment adviser from entering into an advisory contract that provides for compensation based on a share of capital gains or capital appreciation unless the investment adviser discloses in writing to the client all material information concerning the proposed advisory arrangement, including that the fee arrangement may create the incentive for the investment adviser to make investments that involve more risk and are more speculative than if there was no performance based fee, and that the investment adviser may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account; and

WHEREAS, Respondents, acting as investment advisers, required their clients to execute a contract that described Respondents' portfolio management services; and

WHEREAS, the contract failed to include the non-assignment clause required by section 11-302(e) of the Act; and

WHEREAS, the contract provided that Respondents would be compensated based upon the increase in the value of a client's portfolio, but failed to disclose that performance-based compensation may create an incentive for Respondents to make investments that involve more risk and are more speculative; and

WHEREAS, the contract also failed to disclose that Respondents may receive increased compensation with regard to unrealized appreciation in the client's account; and

WHEREAS, the contract provided that Respondents' performance-based compensation would be assessed on a quarterly basis; and

WHEREAS, Respondents' quarterly-assessed performance fee arrangement did not comply with COMAR 02.02.05.08B(3)'s requirement that performance fee compensation is calculated based on the gains and losses in a client's account for a period of at least one year; and

WHEREAS, Respondents violated section 11-302(e) of the Act by failing to comply with

the disclosure requirements of COMAR 02.02.05.08B;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his application for investment adviser registration should not be denied; that Respondents show cause why they should not be permanently barred from the investment advisory and securities business in Maryland; and that Respondents show cause why a statutory penalty of up to \$5,000 per violation should not be entered against them.

COUNT V

(Unregistered Investment Adviser or Investment Adviser Representative - 11-401(b))

WHEREAS, section 11-401(b) of the Act makes it unlawful for any person to transact business in this State as an investment adviser or an investment adviser representative unless that person is registered; and

WHEREAS, section 11-101(h) of the Act defines “investment adviser” to mean any person who, for compensation, engages in the business of advising others as to the value of securities or the advisability of investing in, purchasing or selling securities, or who, for compensation and as part of a regular business issues or promulgates analyses or reports concerning securities; or provides or offers to provide financial or investment counseling or advice; or gathers information relating to investments, establishes financial goals and objectives, processes and analyzes the information gathered, and recommends a financial plan; or holds out as an investment adviser in any way, or any other similar type adviser or consultant; and

WHEREAS, Respondents provided portfolio management services to clients and, in exchange, received compensation equal to 10% of the appreciation in the value of the clients’ accounts on a quarterly basis; and

WHEREAS, Respondents are not currently registered nor have they ever been registered with

the Division as an investment adviser; and

WHEREAS, Respondents violated section 11-401(b) of the Act by acting as an unregistered investment adviser; and

WHEREAS, section 11-101(i) of the Act defines “investment adviser representative” to mean any partner, officer, director, or person occupying a similar status, or any other individual who represents an investment adviser in carrying out its advisory services, including by managing portfolios or making recommendations, soliciting on behalf of the investment adviser, or holding out as an investment adviser; and

WHEREAS, at all relevant times, Respondent Friedman has been the principal and owner of Respondent LOGSF; and

WHEREAS, Respondent Friedman solicited advisory clients on behalf of Respondent LOGSF; and

WHEREAS, Respondent Friedman provided portfolio management services to clients on behalf of LOGSF; and

WHEREAS, Respondent Friedman is not now nor has he ever been registered with the Division as an investment adviser representative; and

WHEREAS, Respondent Friedman violated section 11-401(b) of the Act by acting as an unregistered investment adviser representative on behalf of LOGSF;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his application for investment adviser registration should not be denied; that Respondents show cause why they should not be permanently barred from the investment advisory and securities business in Maryland; and that Respondents show cause why a statutory penalty of up to \$5,000 per violation should not be entered against them.

Count VI
(Employment of an Unregistered Investment Adviser Representative - 11-402(b))

WHEREAS, under section 11-402(b) of the Act, it is unlawful for any investment adviser to employ or associate with an investment adviser representative unless the representative is registered pursuant to the Act; and

WHEREAS, section 11-101(i) of the Act defines “investment adviser representative” to mean any partner, officer, director or person occupying a similar status, or any other individual who represents an investment adviser in carrying out its advisory services, including by managing portfolios or making recommendations, solicits on behalf of the investment adviser, or holds out as an investment adviser; and

WHEREAS, Respondent Friedman managed the portfolios of clients on behalf of Respondent LOGSF; and

WHEREAS, at all relevant times, Respondent Friedman was the principal and owner of Respondent LOGSF; and

WHEREAS, Respondent Friedman is not now nor has he ever been registered with the Division as an investment adviser or as an investment adviser representative; and

WHEREAS, Respondent LOGSF violated 11-402 of the Act by employing an unregistered investment adviser representative;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent LOGSF show cause why it should not be permanently barred from the investment advisory and securities business in Maryland, and that Respondent LOGSF show cause why a statutory penalty of up to \$5,000 per violation should not be entered against it.

Count VII
(Denial of Registration - 11-412)

WHEREAS, section 11-412(a)(1) of the Act provides that the Commissioner may deny any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, has filed an application for registration which, as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect; and

WHEREAS, on August 3, 2012, Respondent Friedman filed with the Division an application for registration as an investment adviser; and

WHEREAS, despite numerous Division requests, Respondent Friedman has failed to file a complete application which, among other things, includes the filing of Parts 2A and 2B of Form ADV and client contracts; and

WHEREAS, Respondent Friedman's application for registration as an investment adviser is incomplete in a material respect and grounds exist under section 11-412(a)(1) of the Act to deny Respondent Friedman's investment adviser registration application; and

WHEREAS, section 11-412(a)(2) of the Act provides that the Commissioner may deny any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, has willfully violated or willfully failed to comply with any provisions of this title, a predecessor act, or any rule or order under this

title or predecessor act; and

WHEREAS, Respondent Friedman willfully violated or willfully failed to comply with sections 11-302(a)(2), (a)(3), (c), (d), and (e) and 11-401(b) of the Act, as detailed in this Order, and grounds exist under 11-412(a)(7) of the Act to deny Respondent Friedman's investment adviser registration application; and

WHEREAS, section 11-412(a)(7) of the Act provides that the Commissioner may deny any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, has engaged in dishonest or unethical practices in the securities or investment advisory business; and

WHEREAS, Respondent Friedman engaged in dishonest and unethical practices, as detailed in this order, and grounds exist under section 11-412(a)(7) of the Act to deny Respondent Friedman's investment adviser registration application;

WHEREAS, section 11-412(a)(9) of the Act provides that the Commissioner by order may deny, suspend, or revoke any registration if the Commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser, is not qualified on the basis of factors such as training, experience, and knowledge of the securities or investment advisory or any other financial services business; and

WHEREAS, section 11-412(c)(6) of the Act provides that the Commissioner by rule may provide for an examination to be taken by applicants; and

WHEREAS, COMAR 02.02.05.14 requires an investment adviser representative registered or required to be registered in this State to have passed the investment adviser examination set forth under COMAR; and

WHEREAS, COMAR 02.02.05.14 further requires the principal responsible for compliance and supervision for an investment adviser to have passed the investment adviser examination on behalf of the investment adviser; and

WHEREAS, Respondent Friedman has not demonstrated to the Commissioner that its principal has taken or passed the investment adviser examination and, thus, grounds exist under section 11-412(a)(9) of the Act to deny Respondent Friedman's registration;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Friedman show cause why his investment adviser application with the State of Maryland should not be denied.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that each Respondent shall file with the Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by Respondent to file a written request for a hearing in this matter shall be deemed a waiver by Respondent of the right to such a hearing. Failure of each Respondent to file an Answer, including a request for a hearing, shall result

in entry of a final order:

- (a) denying Respondent Friedman's registration as an investment adviser in Maryland;
- (b) imposing on Respondents a monetary penalty of up to \$5,000 per violation of the Act; and
- (c) barring Respondents from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

September 30, 2013

Melanie Senter Lubin
Maryland Securities Commissioner