

WHEREAS, Isaacs consents to the form and entry on this Consent Order; and

WHEREAS, the Bureau Chief has found that the entry of this Consent Order is appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Securities Law and regulations promulgated thereunder; and

WHEREAS, this Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against Isaacs for the conduct described herein.:

FINDINGS OF FACT

1. Jeffrey Mitchell Isaacs (CRD # 2056122) (“Isaacs”), residing in New Brunswick, New Jersey, has been registered with the Bureau as an agent and investment adviser representative of various firms. He was registered with the Bureau as an agent and an investment adviser representative of Investor Capital Corporation (CRD # 30613) (“ICC”) from January 10, 2005 through November 23, 2011. The CRD notes that Isaacs submitted a voluntary request to terminate association with the firm while under investigation for failing to follow firm policies.

2. Isaacs operated an ICC branch office doing business as JB Financial Resources, located at 160 Woodbridge Avenue, Highland Park, NJ 08904 which was moved in or about August 2011 to Isaacs’ residence in New Brunswick.

3. Prior to ICC, Isaacs was registered with the Bureau as an agent and an investment adviser representative of Prime Capital Services, Inc. (CRD # 18334) (“Prime Capital Services”) from August 17, 2001 through December 31, 2004.

AEI Transaction

4. Isaacs was the agent for a husband and wife residing in New Jersey (together, "Clients A") for several years.

5. On or around April 30, 2007, Isaacs arranged for sale of stock owned by another client ("Client B") in AEI Income Growth Fund 24 LLC ("AEI") to Clients A for \$18,450.00. Both Clients A and Client B were, at the time of the transaction, customers of ICC.

6. This transaction was the result of Client B communicating to Isaacs that he wished to sell his shares of stock in AEI.

7. AEI had been purchased by Client B while Isaacs was registered with and while Client B was a customer of Prime Capital Services.

8. Isaacs arranged a list of his clients for Client B to contact for the purpose of purchasing the units of stock owned by Client B. This list contained Clients A's contact information.

9. Clients A were unaware of their inclusion on this list. Isaacs informed Clients A that Client B would contact them, and was aware that Client B subsequently contacted them.

10. The Written Supervisory Manual dated January 22, 2007 for ICC requires "persons associated with the [f]irm seeking to purchase or sell any security other than through their member firm to provide written notice to the firm in advance of any such purchase or sale ... The member firm must approve the transaction in writing in order for the associated person to participate in the transaction."

11. This transaction effected by Isaacs as described above was not disclosed to or approved by ICC.

CLFA Transaction

12. On or around June 22, 2009, Isaacs sold to Clients A an investment in CIP Leveraged Fund Advisors, LLC ("CLFA") for \$100,000.00.

13. CLFA was an approved product of ICC at the time it was purchased by Clients A.

14. Isaacs told Clients A that CLFA would distribute interest payments on a monthly basis and its maturity was short term in nature.

15. In fact, Isaacs incorrectly characterized the payout structure and the term of this investment to Clients A. While the interest accrued monthly, it was actually distributed in a final payment with the principal investment. Moreover, the investment lacked a finite term to maturity.

16. In or around January of 2010, Clients A showed Isaacs a press release describing a fine that FINRA issued against Pacific Cornerstone Capital, Inc. (CRD # 40397) ("Pacific"), a registered broker-dealer that exclusively markets products sponsored by affiliates of its parent company, Cornerstone Ventures, Inc. ("Cornerstone Ventures"). At this time, CLFA was an affiliate of Cornerstone Ventures, and Pacific conducted private placements for units of investment in CLFA. Clients A made a request to Isaacs to withdraw their investment in CLFA.

17. Isaacs did not communicate Clients A's request to ICC.

18. On or around April 1, 2010, Isaacs purchased the CLFA promissory notes from Clients A using funds from himself, his mother, and his two sisters. Isaacs contributed at least \$12,500 of his own funds, his mother contributed \$7,500, and his two sisters each contributed \$30,000 and \$50,000. In exchange for their monetary contributions, Isaacs, his mother, and each of his two sisters individually received 12,500 units, 7,500 units, 30,000 units, and 50,000 units, respectively, of ownership in the CLFA promissory notes.

19. One of Isaacs' sisters was a client of ICC at the time the above described transaction took place.

20. The above described transactions were not disclosed to or approved by ICC.

21. The Written Supervisory Manual dated March 1, 2010 for ICC requires “persons associated with the [f]irm seeking to purchase or sell any security other than through their member firm to provide written notice to the firm in advance of any such purchase or sale ... The member firm must approve the transaction in writing in order for the associated person to participate in the transaction.”

22. Isaacs’ failure to provide written notice to ICC of the private securities transactions involving the AEI and CLFA investments, and further to obtain approval from ICC, violated ICC’s policy concerning private securities transactions.

Insight Transaction

23. On or around January 9, 2009, Isaacs executed a Subscription Agreement with Clients A for an investment of \$100,000 in Insight Real Estate, LLC Series 2007-A Secured Debenture (the “Insight Notes”).

24. The Insight Notes were an approved product of ICC at the time Clients A purchased their investment.

25. The terms of the Insight Notes provided that the issuing entity, Insight Real Estate, LLC (“Insight”), would pay interest on a monthly basis on the unpaid Principal Amount of the investment at a rate of 12.5% per annum until December 31, 2011.

26. In or around December 2010, Clients A informed Isaacs that Insight temporarily suspended interest payments on the Insight Notes and that they were no longer receiving such payments.

27. On January 13, 2011, Isaacs entered into an agreement with Clients A that provided that Isaacs would pay Clients A the interest payments due to them under the terms of the Insight Notes during the temporary suspension period. The agreement further provided,

among other things, that, if Insight were to reimburse Clients A for the suspended payments already paid by Isaacs, Clients A would immediately return those monies to Isaacs.

28. Isaacs did not inform ICC of the aforementioned agreement.

29. Isaacs made eight payments to Clients A beginning January 18, 2011 and ending August 12, 2011, totaling \$9,350.25, from his business checking account.

CONCLUSIONS OF LAW

Solely for the purpose of this Consent Order, Isaacs consents to the Bureau Chief making the following conclusions of law:

ISAACS HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(16)

30. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

31. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business ... ;

32. Pursuant to N.J.A.C. 13:47A-6.3(a):

“Dishonest and unethical practices” as used in N.J.S.A. 49:3-47 et. seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (16.) Guaranteeing a customer against loss in any securities account of the customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer with or for the customer;

33. In connection with Isaacs' agreement with Clients A to pay them suspended interest payments for their investment in Insight, Isaacs' activities constitute dishonest and unethical business practices in the securities business pursuant to N.J.S.A. 49:3-58(a)(2)(vii) and N.J.A.C. 13:47A-6.3(a)(16). The agreement between Isaacs and Clients A, which provided that Isaacs pay Clients A the interest payments due to them had the issuing entity not suspended such payments, clearly functioned as a guarantee against Clients A's loss of unpaid interest.

34. The activities as set forth are grounds for the initiation of an administrative proceeding.

ISAACS HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vii)
N.J.A.C. 13:47A-6.3(a)(34)

35. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

36. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business ... ;

37. Pursuant to N.J.A.C. 13:47A-6.3(a):

“Dishonest and unethical practices” as used in N.J.S.A. 49:3-47 et. seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (34.) ... effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction;

38. In connection with effecting private securities transactions involving Clients A's investments in AEI and CLFA without recording them on the regular books and records of ICC and without notifying and obtaining prior authorization from ICC regarding such transactions, Isaacs' activities constitute dishonest and unethical business practices in the securities business pursuant to N.J.S.A. 49:3-58(a)(2)(vii) and N.J.A.C. 13:47A-6.3(a)(34).

39. The activities as set forth are grounds for the initiation of an administrative proceeding.

ISAACS HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(a)(37)

40. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

41. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business ... ;

42. Pursuant to N.J.A.C. 13:47A-6.3(a):

"Dishonest and unethical practices" as used in N.J.S.A. 49:3-47 et. seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (37.) Sharing directly or indirectly in profits or losses in the account of any customer without the prior written authorization of the customer and the broker-dealer which the agent represents;

43. In connection with the aforementioned agreement, Isaacs' activities constitute dishonest and unethical business practices in the securities business pursuant to N.J.S.A. 49:3-

58(a)(2)(vii) and N.J.A.C. 13:47A-6.3(a)(37). Isaacs shared directly in the profits and losses of the account of Clients A by remitting the interest payments due to them with Isaacs' personal funds, totaling \$9,350.25. Moreover, Isaacs did not obtain the written authorization of ICC prior to undertaking the aforementioned agreement.

44. The activities as set forth are grounds for the initiation of an administrative proceeding..

ISAACS HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vii)

N.J.A.C. 13:47A-6.3(a)(43)

45. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

46. Pursuant to N.J.S.A. 49:3-58(a):

The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business ... ;

47. Pursuant to N.J.A.C. 13:47A-6.3(a):

“Dishonest and unethical practices” as used in N.J.S.A. 49:3-47 et. seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (43.) Loaning money to a client except in the case of a broker-dealer, or where the lending party is a financial institution engaged in the business of loaning funds, or where the client is an affiliate;

48. In connection with the aforementioned agreement, Isaacs' activities constitute dishonest and unethical business practices in the securities business pursuant to N.J.S.A. 49:3-58(a)(2)(vii) and N.J.A.C. 13:47A-6.3(a)(43). The terms of the agreement between Isaacs and

Clients A explicitly provided, in the event the issuer returned to Clients A the suspended interest payments already covered or guaranteed to them by Isaacs' personal funds, that Clients A would remit immediately such funds to Isaacs. Clients A and Isaacs entered in the agreement in consideration of Clients A's promise to pay Isaacs the monies given to them by the issuer if the issuer resumed interest payments. The agreement therefore functioned as a loan of funds extended by Isaacs to Clients A.

49. The activities as set forth are grounds for the initiation of an administrative proceeding.

THEREFORE, it is on this 5TH day of ~~January~~ MARCH 2012, HEREBY,

ORDERED and AGREED that:

50. Isaacs shall comply with the Securities Law;

51. Isaacs's agent and investment adviser representative registrations are hereby suspended for a period of three (3) years to be served from November 23, 2011 through November 23, 2014;

52. Isaacs is assessed a civil monetary penalty in the amount of \$5,000 payable to "State of New Jersey, Bureau of Securities", 153 Halsey Street, 6th Floor, Newark, NJ 07102, or to be mailed to "New Jersey Bureau of Securities", P.O. Box 47029, Newark, NJ 07101.

The civil monetary payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1. The \$5000 civil monetary penalty shall be paid as follows:

- a. \$2,500 due no later than March 1, 2013; and
- b. \$500 a month starting on April 15, 2013 and \$500 a month thereafter, due on the 15th of each and every month until the civil monetary penalty is paid in full;

53. Should Issacs fail to make any payments due under this Consent Order, he may be subject to an order of revocation; and
54. Final judgment in the total amount of \$5,000 is entered against Isaacs pursuant to N.J.S.A. 49:3-47 et seq

GENERAL PROVISIONS

1. Pursuant to N.J.A.C. 1:1-19.1(d), this Consent Order shall be deemed the final decision as to Isaacs.
2. Nothing in this Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.
3. No employee or official of, or person representing, the Bureau of the State of New Jersey has made any additional promise or representation to Isaacs regarding this Consent Order.
4. This Consent Order shall not bind any person not a party thereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms. Isaacs agrees that solely for the purpose of settling this matter or any future proceedings to enforce this Consent Order, that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

By: 
Abbe R. Tiger, Chief
New Jersey Bureau of Securities

By: 
Jeffrey M. Isaacs

DATED: