

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70215 / August 15, 2013

INVESTMENT ADVISER ACT OF 1940
Release No. 3650 / August 15, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15426

In the Matter of

ADAM G. ERICKSON,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Adam G. Erickson (“Respondent” or “Erickson”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. From June 2009 through October 2010, Erickson was engaged in the business of effecting transactions in securities for the accounts of others by offering and selling promissory notes to investors. During that time, Erickson was associated with a registered broker dealer and with a registered investment adviser.

2. On April 22, 2013, a judgment was entered by consent against Erickson, permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and from aiding and abetting future violations of Section 15(c) of the Exchange Act and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled *Securities and Exchange Commission v. Steven Brewer, et al.*, Civil Action Number 10-cv-6932-BMM-AK, in the United States District Court for the Northern District of Illinois.

3. The Commission's complaint alleged that, from June 2009 through at least the end of September 2010, Erickson and Steven Brewer ("Brewer"), Brewer Investment Group, LLC ("BIG"), Brewer Financial Services, LLC ("BFS"), a registered broker-dealer, and Brewer Investment Advisors, LLC ("BIA"), a registered investment adviser, participated in fraudulent, unregistered offerings of promissory notes issued by FPA Limited ("FPA"), an Isle of Man company, in the aggregate amount of \$5.6 million to at least 74 investors. Through the fraudulent offerings, BIG and Brewer funneled cash to BIG and one of its subsidiaries when the entities were under significant financial distress. The offering materials that Defendants created and used for the offerings of FPA promissory notes ("FPA Notes") failed to disclose that over 90% of the proceeds would be disbursed at Brewer's direction to BIG and then to its wholly-owned subsidiaries. In addition, the offering materials misrepresented the risk of the investment and failed to disclose the precarious financial condition of BIG and its subsidiaries. The complaint further alleged that through the offering materials for the FPA Notes, Defendants also implicitly and explicitly represented to investors that the proceeds of the offerings would be used to procure collateral which would be used to secure the notes. Instead, over 90% of the proceeds were disbursed at Brewer's direction to BIG and then spent, including making payments to one of BIG's subsidiaries, and the promised collateral was never obtained. As a result, representations in the offering materials concerning the use of proceeds and representations concerning the risk of the investment were materially false and misleading. The complaint also alleged that in the offering materials, Defendants did not disclose that BIG was failing to make the required interest payments on the FPA Notes being sold to investors. Nor did Defendants disclose that material information to prospective investors in other communications. These material omissions rendered statements in the offering documents materially misleading. The complaint alleged that Erickson reviewed and approved the fraudulent offering documents used to sell the FPA Notes. Erickson directed BFS and BIA to sell the notes and encouraged individuals associated with those entities to sell the notes. He knew that over 90% of the proceeds of the offerings were being funneled to BIG and were not being used to procure collateral for the notes. He knew that the representations in the offering documents concerning the use of proceeds and risk were materially false and misleading. Erickson

also knew that material information about the precarious financial condition of BIG and BIG's failure to make required interest payments on the notes was not being disclosed to prospective investors. Nonetheless, Erickson continued to cause BFS and BIA to sell the notes.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Erickson's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Erickson be, and hereby is barred from association with any broker, dealer, or investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

That Respondent Erickson be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock; and

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission,.

Elizabeth M. Murphy
Secretary