

**BEFORE THE INVESTOR PROTECTION DIRECTOR  
OF THE STATE OF DELAWARE**

IN THE MATTER OF: )  
 )  
 ) Investor Protection Case No. 22-0013  
KATZ FAMILY FINANCIAL )  
ADVISORS, LLC )  
 )  
Respondent. )

**ADMINISTRATIVE CONSENT ORDER**

WHEREAS, Katz Family Financial Advisors, LLC (“Katz”) is a federal covered investment adviser firm with a principal place of business at 3307 Duke Street, Alexandria, VA 22314-4522;

WHEREAS, Katz filed a registration application as a Delaware investment adviser with the Investor Protection Unit of the Delaware Department of Justice (the “Unit”) on or about December 23, 2020;

WHEREAS, Katz has used a home at 9 Harbor Drive, Rehoboth Beach, Delaware, 19971 (the “Delaware Office”) as an office since September 2012;

WHEREAS, Katz registered as a federal covered investment adviser on March 17, 2015;

WHEREAS, Katz’s managing member, Lawrence Katz worked out of the Delaware Office without Katz notice filing in Delaware as a federal covered adviser and without Lawrence Katz registering in Delaware as an investment adviser representative;

WHEREAS, the Unit opened an investigation into whether Katz was acting as an investment adviser in Delaware from March 2015 through December 23, 2020 without being properly notice filed with the Unit, and whether Lawrence Katz was acting as an investment adviser representative without being properly registered with the Unit;

WHEREAS, Katz has agreed to resolve the investigation with the Unit;

WHEREAS, Katz, without admitting or denying the Findings of Fact and Conclusions of

Law contained herein, voluntarily consents to the entry of this Administrative Consent Order (the “Order”) pursuant to 6 *Del. C.* § 73-101, *et. seq.* (the “Act”);

NOW, THEREFORE, the Investor Protection Director for the State of Delaware (the “Director”), as administrator of the Act, finds this Order is in the public interest and hereby enters this Consent Order:

### **FINDINGS OF FACT**

1. Katz, IARD No. 133600, a federal covered investment adviser, applied for registration as a Delaware investment adviser with the Unit on December 23, 2020.<sup>1</sup>

2. Katz is a limited liability company owned by the managing member, Lawrence Katz, an investment adviser representative, CRD No. 265049, and managing member / chief compliance officer, Mark Katz, CRD No. 2018814. Neither Lawrence Katz nor Mark Katz were registered as an investment adviser representative in Delaware during the relevant time period.

3. From at least March 2015 through December 23, 2020,<sup>2</sup> Katz provided investment advisory services from its Delaware Office when Katz was not notice filed as a federal covered adviser, or registered as an investment adviser, with the Unit.

4. From at least March 2015 through December 23, 2020, Lawrence Katz was employed by Katz and provided investment advisory services from the Delaware Office when Lawrence Katz and his supervisor, Mark Katz were not registered as investment adviser representatives with the Unit.

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<sup>1</sup> When Katz sought registration in Delaware in December 2020, it was a federal covered adviser.

<sup>2</sup> Katz was a state-registered investment adviser with its home state Virginia from May 2012 through March 2015, and was not registered in Delaware. Katz became a federal covered adviser on March 17, 2015, and at that time notice filed in several states not including Delaware.

## CONCLUSIONS OF LAW

### A. Katz Acted as a “Federal Covered Adviser” in Delaware

1. During the period from March 17, 2015 through December 23, 2020, Katz acted as a “Federal Covered Adviser” in Delaware as the term “Federal Covered Adviser” is defined by § 73-103(a)(6).

2. Section 73-301(e) makes it unlawful for any federal covered adviser to employ, supervise or associate with an investment adviser representative having a place of business located in Delaware unless that investment adviser representative is registered under the Act.

3. Section 73-301(f) prohibits federal covered advisers from conducting advisory business in Delaware without having notice filed under the Act.

4. Section 73-302(g) requires federal covered advisers to notice file with the Unit prior to acting as a federal covered advisor in Delaware.

5. By engaging in the conduct set forth above, Katz acted as an unregistered investment adviser and an unregistered federal covered adviser in Delaware in violation of § 73-301(e)-(f) and § 73-302(g) of the Act.

### B. Lawrence Katz Acted as an “Investment Adviser Representative” in Delaware

6. During the period from at least March 17, 2015 to December 23, 2020, Lawrence Katz acted as an “Investment Adviser Representative” in Delaware as the term “Investment Adviser Representative” is defined by § 73-103(a)(11) of the Act.

7. Section 73-301(c) of the Act states that it is unlawful for a person(s) to transact business in Delaware as an investment adviser or investment adviser representative unless such person is registered under the Act.

8. Section 73-302(d) of the Act requires an investment adviser representative to notify the director via registration upon beginning employment with a federal covered adviser.

9. By engaging in the conduct set forth above, Lawrence Katz acted as an unregistered investment adviser representative in Delaware in violation of § 73-301(a)(11) and § 73-302(d) of the Act.

### C. Remedies for Violations

10. As a result of the stated violations, Katz is subject to the assessment of a fine and payment of back filing and registration fees as determined to be in the public interest pursuant to § 73-601 of the Act.

11. This Order is appropriate and in the public interest.

### **ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and Katz's consent to the entry of this Order, IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the Unit and any other action that the Director could commence under applicable Delaware law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that the Director may pursue claims arising from Katz's failure to comply with the terms of this Order.

2. This Order is entered into solely for the purpose of resolving the investigation and is not intended to be used for any other purpose.

3. Katz shall cease and desist from violating § 73-301(e) – (f) and § 73-302(g) of the Act and shall comply with the notice filing and registration requirements of the Act.

4. Lawrence Katz shall cease and desist from violating § 73-301(c) and § 73-302(d) and shall register as an Investment Adviser Representative with the Unit.

5. Mark Katz shall register as an Investment Adviser Representative with the Unit.

6. Katz shall pay a fine in the amount of three thousand one hundred dollars (\$3100) to the "State of Delaware – Investor Protection Fund" within twenty (20) business days of the entry of this Order. This amount includes back notice filing fees, back registration fees, and penalties.

7. Except in an action by the Director to enforce the obligations in this Order, this Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of Katz in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.


8. Katz, through execution of this Order, voluntarily waives the right to a hearing and to judicial review of this Order under §§ 73-502 and 73-601 of the Act.

9. Katz enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Director or any member, officer, employee, agent, or representative of the Unit to induce it to enter into this Order.

IT IS HEREBY ORDERED on this 28<sup>th</sup> day of February, 2022.

Jillian Lazar  
Jillian Lazar  
Director of Investor Protection

I hereby agree to the entry of this Consent Order; consent to all terms, conditions and orders contained therein; and waive any right to appeal from this Order.

  
Mark Katz  
Katz Family Financial Advisors, LLC

2/25/22  
Date