

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Michael Brooks and Brooks)	
Communications, LLC,)	File No. 16021
)	
<u> Respondents.</u>)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of Michael Brooks (“Brooks”) and Brooks Communications, LLC (“Brooks Communications”) (collectively, the “Respondents”); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENTS

2. Respondent Brooks is a South Carolina resident with a last known address of 27 Lowescroft Circle, Irmo, South Carolina 29063.
3. Respondent Brooks Communications is a South Carolina company with a last known address of 67 Fox Run Lane, Columbia, South Carolina 29210.
4. Respondent Brooks Communications was formed on or about March 4, 2010.
5. At all times relevant to this Order, Respondent Brooks was the owner and chief control person of Respondent Brooks Communications.

III. FINDINGS OF FACT

6. In or around late 2014, the Respondents approached a South Carolina resident (the “Investor”) about a possible investment opportunity with the Respondents.
7. In connection with soliciting the Investor’s investment, the Respondents provided the Investor with a promissory note for ninety thousand dollars (\$90,000) promising a rate of return of twelve percent (12%), due and payable on or before December 31, 2015.
8. In connection with soliciting the Investor’s investment, the Respondents stated that the Investor’s investment would be invested solely and entirely for the Investor’s benefit.
9. Based upon the Respondents’ representations, on or about January 1, 2015, the Investor invested ninety thousand dollars (\$90,000) with the Respondents.
10. Contrary to the Respondents’ representations, the Investor did not receive the agreed-upon twelve percent (12%) return on his investment.
11. Contrary to the Respondents’ representations, the Respondents did not repay the Investor on or before December 31, 2015 as stated in the promissory note. Indeed, the Respondents have not substantially repaid the Investor to date.

12. Contrary to the Respondents' representations, the Respondents used a substantial portion of the Investor's investment for personal expenses and other expenses unrelated to investing for the Investor's benefit.
13. Respondent Brooks represented Respondent Brooks Communications in effecting or attempting to effect the above securities transaction.
14. At no time relevant to the events stated herein was Respondent Brooks Communications registered with the Division as a broker-dealer, and no exemption from registration has been claimed by Respondent Brooks Communications.
15. At no time relevant to the events stated herein was Respondent Brooks registered with the Division as an agent, and no exemption from registration has been claimed by Respondent Brooks.
16. At no time relevant to the events stated herein was the security at issue registered with the Division or a federal covered security, and no exemption from registration has been claimed by the Respondents.

IV. CONCLUSIONS OF LAW

17. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.
18. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, stock, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.
19. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is a federal covered security, exempt from registration, or registered.
20. Pursuant to S.C. Code Ann. § 35-1-102(2), an "agent" includes an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect

- purchases or sales of securities.
21. Pursuant to S.C. Code Ann. § 35-1-102(4), a “broker-dealer” includes a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.
 22. Pursuant to S.C. Code Ann. § 35-1-401(a), it is unlawful for a person to transact business in this State as a broker-dealer unless that person is registered or exempt from registration.
 23. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.
 24. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer to employ or associate with an agent who transacts business on behalf of a broker-dealer while that agent is not registered.
 25. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
 26. The promissory note offered and sold by the Respondents constitutes a security as defined by the Act.
 27. The security offered and sold by the Respondents was offered and sold in violation of S.C. Code Ann. § 35-1-301.

28. Respondent Brooks Communications, on at least one occasion, transacted business in this State as an unregistered broker-dealer.
29. Respondent Brooks, on at least one occasion, transacted business in this State as an unregistered agent.
30. Respondent Brooks Communications, on at least one occasion, employed or associated with an unregistered agent who transacted business on behalf of Brooks Communications while that agent was not registered.
31. The Respondents, on at least one occasion and in connection with the offer, sale, or purchase of a security, directly or indirectly (1) employed a device, scheme, or artifice to defraud; (2) made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.
32. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the above-enumerated practices, which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

V. CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Respondent Brooks Communications, LLC and every successor, affiliate, control person, agent, servant, and employee of Brooks Communications, LLC and every entity owned,

operated, or indirectly or directly controlled by or on behalf of Brooks Communications, LLC **CEASE AND DESIST** from transacting business in this State in violation of the Act, in particular, §§ 35-1-301, 35-1-401(a), 3-1-402(d), and 35-1-501 thereof;

- b. Respondent Michael Brooks **CEASE AND DESIST** from transacting business in this State in violation of the Act, in particular, §§ 35-1-301, 35-1-402(a), and 35-1-501 thereof;
- c. Respondent Brooks Communications, LLC pay a civil penalty in the amount of forty thousand dollars (\$40,000) if this Order becomes effective by operation of law, or, if Brooks Communications, LLC seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Brooks Communications, LLC and the actual cost of investigation or proceeding; and
- d. Respondent Michael Brooks pay a civil penalty in the amount of thirty thousand dollars (\$30,000) if this Order becomes effective by operation of law, or, if Brooks seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Brooks, and the actual cost of investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. §§ 35-1-604(a)(2) and (3), any exemption from registration with the Division upon which the Respondents may claim to rely under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Each Respondent is hereby notified that it has the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for that Respondent.

In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If a Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division or any other law enforcement agency from seeking additional civil or criminal remedies against the Respondents.

[SIGNATURE PAGE FOLLOWS]

ENTERED, this the 4th day of September, 2016.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:



TAYLOR FAW
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