



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

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WASHINGTON SECURITIES SALESMAN DEFRAUDS SCOTTSDALE CLIENT

PHOENIX – The Arizona Corporation Commissioners today signed a default order against a Washington securities salesman, 40-year-old Michael R. Brooks, after he failed to answer charges of securities fraud and dishonest and unethical conduct. The Commission revoked his Arizona registration as a securities salesman and ordered him to pay restitution of \$8,740 and a \$15,000 penalty.

For over a decade, Brooks was a registered securities salesman with Fox & Company Investments. The Commission found that Brooks fraudulently solicited funds in December 2001 from a Scottsdale client for an investment in a Seattle-area energy company. The client, who was also a friend of Brooks for about 10 years, transferred funds to him out of an IRA account invested in a high-yield bond fund and a money market fund.

The Commission found that Brooks told the customer that the investment was not offered through his brokerage and that he would personally deliver the investment to the promoters. He urged the customer to invest quickly because the deadline for making an investment was rapidly approaching. When the customer expressed concern about incurring a tax penalty, he made assurances that the new investment would also be tax deferred.

Brooks subsequently instructed the customer to deposit the funds directly into his checking account and that same day, withdrew \$8,500 in the form of a cashier's check made payable to the Department of Treasury.

The customer made numerous requests for quarterly account statements regarding the investment. The Commission found that Brooks only provided the customer with a one-page tax document that failed to indicate

where the investment was held.

The customer attempted to request account statements. Beginning in early 2004, the Arizona customer was no longer able to contact Brooks because his telephone was disconnected.

The State of Washington and the National Association of Securities Dealers (NASD) also issued orders against Brooks. Washington revoked his license and ordered penalties and restitution. The NASD barred him from associating with any NASD member and ordered restitution, plus interest. Currently, Brooks is not affiliated with any securities dealer.

Caution for Investors

Entrusting your money with someone for investment purposes, while expecting a profit through the efforts of others, may involve a security and sales agents/dealers subject to registration. **VERIFY BEFORE YOU BUY!** Call the Securities Division, (602) 542-4242, toll free (866) VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov.

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