

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Michael J. Brooks)
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)
)
)
)
 Respondent)

**PROPOSED ORDER TO DENY
THE PENDING APPLICATION
OF MICHAEL J. BROOKS AS
AN AGENT FOR SIGMA
FINANCIAL CORPORATION,
AND NOTICE OF RIGHT TO
REQUEST A HEARING**

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The North Dakota Securities Commissioner has conducted an investigation into the above-referenced matter and has reason to believe as follows:

1. Michael J. Brooks (CRD # 115368) is a securities agent currently affiliated with two NASD registered securities firms; Sammons Securities Company, LLC (CRD # 115368) and Sigma Financial Corporation (CRD # 14303). Both firms are registered as dealers in North Dakota. Brooks has never been registered as an agent in North Dakota.

2. On January 18, 2002, Brooks applied to be registered as an agent for sigma. The Commissioner has not previously taken final action on the application and it remains in a pending status.

3. In reviewing the circumstances regarding this application, the Commissioner learned that:

a. Since 1999, Brooks has been the subject of 15 customer complaints largely involving suitability issues. Of these 15 cases, five were settled for damages in excess of \$850,000, and one was subject to an arbitration award of approximately \$75,000. The claimed amount relating to the unresolved cases exceeds \$1.4 million.

b. An application of Brooks as an agent of Sammons in the state of Virginia was denied on February 19, 2002.

4. Pursuant to section 10-04-10(2) N.D.C.C., the Commissioner may approve an agent application unless the Commissioner finds that the agent is not of good business reputation.

5. Pursuant to section 10-04-10(6) N.D.C.C., any act or omission sufficient for a revocation, as enumerated in section 10-04-11 N.D.C.C., is sufficient grounds for the Commissioner to determine that the person is not of good business reputation.

6. Pursuant to section 10-04-11 N.D.C.C., as seen in accordance with applicable administrative rules, it is sufficient grounds to revoke an agent registration if the agent has engaged in violations of the NASD rules, has otherwise engaged in unethical or deceptive practices in the Securities industry, or has been denied registration by another state.

7. The information set forth above is sufficient grounds for the Commissioner to find that Brooks is not of good business reputation and to further order that the pending application of Brooks as an agent of Sigma be denied.

**PROPOSED ORDER TO DENY THE PENDING
APPLICATION OF MICHAEL J. BROOKS AS AN AGENT
OF SIGMA FIANACIAL CORPORATION**

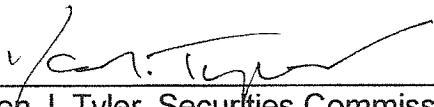
Based on the foregoing, the Commissioner hereby proposes to deny the pending agent registration Michael J. Brooks as an agent of sigma Financial Corporation by and through the Order to Deny the Pending application of Michael J. Brooks as an Agent of Sammons Securities Company, LLC, attached hereto and incorporated herein by reference.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to §10-04-12 N.D.C.C. you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondent has the right to be represented by legal counsel at the hearing.

Dated at Bismarck, North Dakota on this 13th day of August, 2002.





Karen J. Tyler, Securities Commissioner
Office of the Securities Commissioner
State Capitol, Fifth Floor
600 East Boulevard
Bismarck, ND 58505-0510
Ph. # (701) 328-2910

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Michael J. Brooks)

**ORDER TO DENY THE
APPLICATION OF MICHAEL J.
BROOKS AS AN AGENT FOR
SIGMA FINANCIAL
CORPORATION**

Respondent)

.....

After the Respondent has been afforded an opportunity for a hearing, the North Dakota Securities Commissioner has determined as follows:

1. Michael J. Brooks (CRD # 115368) is a securities agent currently affiliated with two NASD registered securities firms; Sammons Securities Company, LLC (CRD # 115368) and Sigma Financial Corporation (CRD # 14303). Both firms are registered as dealers in North Dakota. Brooks has never been registered as an agent in North Dakota.

2. On January 18, 2002, Brooks applied to be registered as an agent for sigma.

3. In reviewing the circumstances regarding this application, the Commissioner learned that:

a. Since 1999, Brooks has been the subject of 15 customer complaints largely involving suitability issues. Of these 15 cases, five were settled for damages in excess of \$850,000, and one was subject to

an arbitration award of approximately \$75,000. The claimed amount relating to the unresolved cases exceeds \$1.4 million.

b. An application of Brooks as an agent of Sammons in the state of Virginia was denied on February 19, 2002.

4. Pursuant to section 10-04-10(2) N.D.C.C., the Commissioner may approve an agent application unless the Commissioner finds that the agent is not of good business reputation.

5. Pursuant to section 10-04-10(6) N.D.C.C., any act or omission sufficient for a revocation, as enumerated in section 10-04-11 N.D.C.C., is sufficient grounds for the Commissioner to determine that the person is not of good business reputation.

6. Pursuant to section 10-04-11 N.D.C.C., as seen in accordance with applicable administrative rules, it is sufficient grounds to revoke an agent registration if the agent has engaged in violations of the NASD rules, has otherwise engaged in unethical or deceptive practices in the Securities industry, or has been denied registration by another state.

7. The information set forth above is sufficient grounds for the Commissioner to find that Brooks is not of good business reputation and to further order that the pending application of Brooks as an agent of Sigma be denied.

**PROPOSED ORDER TO DENY THE PENDING
APPLICATION OF MICHAEL J. BROOKS AS AN AGENT
OF SIGMA FIANACIAL CORPORATION**

Based on the foregoing, the Commissioner hereby denies the agent registration Michael J. Brooks as an agent of sigma Financial Corporation.

Dated at Bismarck, North Dakota on this ____ day of _____, 2002.

(SEAL)

Karen J. Tyler, Securities Commissioner
Office of the Securities Commissioner
State Capitol, Fifth Floor
600 East Boulevard
Bismarck, ND 58505-0510
Ph. # (701) 328-2910

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Michael J. Brooks)
)
)
 Respondents.)

**AFFIDAVIT OF SERVICE
BY MAIL**

.....
I, Jacqui Ferderer, being first duly sworn, state that I am a citizen of the United States over the age of twenty-one years and not a party to or interested in the above-entitled proceeding.

On, August 13, 2002, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, true and correct copies of the following document:

**PROPOSED ORDER TO DENY THE PENDING
APPLICATION OF MICHAEL J. BROOKS AS AN AGENT
OF SIGMA FINANCIAL CORPORATION, AND
NOTICE OF RIGHT TO REQUEST A HEARING**

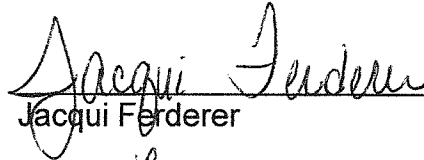
were securely enclosed in an envelope with postage prepaid, and sent via Certified U. S. mail, return receipt requested, and addressed to each of the following:

Joseph H. Spiegel
Spiegel Law Office
825 Victors Way, Suite 300
Ann Arbor, MI 48108-2738

Michael J. Brooks
Sigma Financial Corporation
4261 Park Road
Ann Arbor, MI 48103

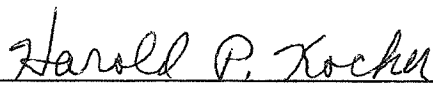
Sigma Financial Corporation
4261 Park Road
Ann Arbor, MI 48103

To the best of my knowledge, information, and belief, the addresses given above are the last known addresses of the parties intended to be served.



Jacqui Ferderer

Subscribed and sworn to before me on this 13th day of August, 2002.



Harold P. Kocher, Notary Public
Burleigh County, North Dakota
My commission expires 4/26/2008