

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Artha L. Brooks (CRD No.4528122),

Respondent.

DISCIPLINARY PROCEEDING
No. 2008015413102

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Artha L. Brooks misused customer funds and failed to comply with FINRA's requests for information. As alleged with more particularity below, on May 19, 2006, Brooks accepted \$5,000 in cash from a customer for a money market investment, but failed to invest it as promised or deposit it into the customer's account. In 2008-2009, Brooks failed to comply with four requests for information from FINRA staff. Accordingly, Brooks violated NASD Rules 2330(a) and 2110, FINRA and NASD Rules 8210, and FINRA Rule 2010

RESPONDENT AND JURISDICTION

2. Brooks entered the securities industry in April 2002 with Primerica Financial Services (a.k.a. PFS Investments) ("PFS") in Hattiesburg, Mississippi. While associated with PFS, Brooks maintained the following registrations:

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- a. Limited Representative - Investment Company and Variable Contracts Representative (Series 6);
 - b. Limited Principal - Investment Company and Variable Contracts (Series 26); and
 - c. State Agent (Series 63) – Mississippi.
3. Brooks voluntarily resigned from PFS in December 2006 and has not since been associated with a member firm.
4. PFS filed an amended U-5 on October 23, 2008 disclosing for the first time that Brooks engaged in the conduct described below.
5. Pursuant to Article V, Section 4 of the NASD By-Laws, FINRA retains jurisdiction over Brooks.

FIRST CAUSE OF ACTION

Misuse of Customer's Funds (NASD Rules 2330(a) and 2110)

6. The Department realleges and incorporates by reference paragraphs 1-5 above.
7. On May 19, 2006, Customer RD (the "Customer"), a 60 year-old retired painter, met with Respondent Brooks in Brooks' capacity as a PFS registered representative.
8. The Customer gave Respondent Brooks a check for \$10,000 to be invested in equity mutual funds and \$5,000 in cash to be invested in money market mutual funds.
9. Although PFS's policies and procedures prohibited its representatives, including Brooks, from accepting cash from customers, Brooks accepted the \$5,000 in cash from the Customer.
10. Brooks gave the Customer a dated and signed receipt indicating that he had received \$5,000 from the Customer with the further notation "money market."

11. Brooks failed to invest the \$5,000 on behalf of the Customer in a money market or any other type of investment.

12. Brooks failed to advise PFS that he had received \$5,000 from Customer.

13. The Customer closed his PFS account on October 24, 2006.

14. Brooks resigned from PFS in early December 2006.

15. On October 14, 2008, the Customer, acting through his attorney, filed a written complaint with the PFS Office of General Counsel alleging that Brooks had apparently misappropriated the \$5,000 that had been tendered to Brooks back in May 2006 in that it was neither deposited or invested in any fashion in the Customer's account nor returned to the Customer.

16. PFS reported the complaint on October 23, 2008 in an amended U-5 and a Rule 3070 filing.

17. NASD Rule 2330(a) provides in relevant part that no associated person shall make improper use of a customer's securities or funds. An associated person makes improper use of customer funds where he or she fails to apply the funds (or uses them for some purpose other than) as directed by the customer.

18. As alleged above, Brooks accepted \$5,000 in cash to be invested on behalf of the Customer, but failed to invest it on behalf of the Customer.

19. Accordingly, Brooks violated NASD Rule 2330(a) and NASD Rule 2110.

SECOND CAUSE OF ACTION

Failure to Respond to Requests For Information

(NASD and FINRA Rules 8210, NASD Rule 2110 and FINRA Rule 2010)

20. The Department realleges and incorporates by reference paragraphs 1-19 above.

21. FINRA staff sent a written request for information to Brooks at the address listed in Web CRD ("the CRD address") pursuant to NASD Rule 8210 on November 7, 2008. Brooks failed to respond by the requested deadline.

22. FINRA staff then contacted Brooks via telephone and obtained a different address (the "Greenwich Cove" address).

23. On November 24, 2008, FINRA staff sent Brooks a request pursuant to NASD Rule 8210, enclosing a copy of the November 7, 2008 request, to the Greenwich Cove address Brooks provided.¹ Brooks failed to respond by the requested deadline.

24. On February 24, 2009, FINRA staff then sent a second information request pursuant to FINRA Rule 8210 by certified mail to both the CRD address and the Greenwich Cove address previously provided by Brooks. In a telephone call with the Staff, Brooks acknowledged receiving the 8210 requests and asked for and received an extension of time to respond to it until March 24, 2009. He also provided the Staff with another address (the "Venetian Gardens" address) at which he could be contacted. Despite his promise to respond, Brooks failed to answer the Request by March 24, 2009.

25. On April 13, 2009, the Staff sent a third information request pursuant to FINRA Rule 8210 to Brooks by certified mail to his CRD address and to the Venetian Gardens address

¹ For purposes hereof, the November 7, 2008 and November 24, 2008 requests are considered one request.

provided by Brooks. The receipt was returned with Brooks' signature indicating that he had received and signed for the letter on April 18, 2009.

26. Brooks failed to respond to the third request in any fashion by the stated deadline of April 28, 2009. Accordingly, on May 1, 2009, the Staff sent a fourth information request pursuant to FINRA Rule 8210 to Brooks by certified mail to his CRD address and to the Venetian Gardens address. The receipt was returned with Brooks' signature indicating that he had received and signed for the letter on May 16, 2009.

27. Brooks failed to respond by the required date of May 22, 2009. In subsequent phone calls with the Staff, Brooks acknowledged receiving the requests.

28. As of the date hereof, Brooks has failed to respond to any of the four requests set forth above.

29. Accordingly, Brooks violated NASD and FINRA Rule 8210, NASD Rule 2110, and FINRA Rule 2010.

RELIEF REQUESTED

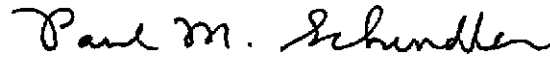
WHEREFORE, the Department respectfully requests that the Panel:

A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and,

B. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: March 10, 2010



Paul M. Schindler, Director
Leo J. Kane, Senior Counsel
FINRA Department of Enforcement
1801 K. Street, NW, 8th Floor
Washington, D.C. 20006
Phone: (202) 974-2751 (PS)
Fax: (202) 721-6593 (PS)
Paul.Schindler@finra.org