

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 105624 / June 8, 2026

Admin. Proc. File No. 3-20387

In the Matter of the Application of

TITAN SECURITIES and BRAD C. BROOKS

For Review of Disciplinary Action Taken by

FINRA

OPINION OF THE COMMISSION

REGISTERED SECURITIES ASSOCIATION—REVIEW OF DISCIPLINARY
PROCEEDING

FINRA found, in relevant part, that member firm and its owner willfully made misrepresentations regarding a contingency offering and released funds from escrow before raising the minimum offering amount, willfully failed to preserve certain documents, and failed to supervise registered representative's outside business activities. *Held*, FINRA's liability and sanctions findings are *sustained in part* and *set aside in part*.

APPEARANCES:

Bruce B. Kelson of *BUCHALTER, APC*, for Titan Securities and Brad C. Brooks.

Celia L. Passaro for FINRA.

Appeal filed: June 29, 2021
Last brief received: February 22, 2022

Titan Securities, a former FINRA member firm, and Brad C. Brooks, its sole owner, chief executive officer, and president (collectively, “Applicants”), seek review of three aspects of a FINRA disciplinary decision:¹

- (1) that Applicants willfully violated Sections 10(b) and 15(c) of the Securities Exchange Act of 1934 and Rules 10b-9 and 15c2-4 thereunder by releasing funds from an offering’s escrow account before raising the minimum offering amount;²
- (2) that Titan willfully violated Exchange Act Section 17(a) and Rule 17a-4 thereunder by failing to preserve approximately 100 emails related to the firm’s securities business;³ and
- (3) that Applicants violated multiple FINRA rules by failing to supervise a Titan registered representative’s outside business activities.⁴

Applicants also challenge FINRA’s decisions to sanction them for the first and third set of violations above, but not for the second. For the offering-related violations, FINRA fined Applicants \$50,000, jointly and severally; suspended Brooks in all principal and supervisory capacities for one year; and required that Brooks requalify as a principal by examination. For the supervisory-related violations, FINRA fined Applicants \$50,000, jointly and severally; and suspended Brooks in all principal and supervisory capacities for one year.

As explained below, we sustain FINRA’s findings of violations and sanctions determination related to the escrow offering. We set aside FINRA’s findings that Titan violated the federal securities laws by failing to preserve approximately 100 business-related emails. We also set aside FINRA’s findings of violations and sanctions related to Applicants’ supervision of a registered representative’s outside business activities.

I. Background

Titan is a former FINRA member firm located in Plano, Texas.⁵ Brooks, who entered the securities industry in 1986, owns Titan and was registered with FINRA as a person associated

¹ *Dep’t of Enf’t v. Titan Sec.*, Complaint No. 2013035345701 (NAC June 2, 2021), https://www.finra.org/sites/default/files/2021-06/NAC_2013035345701_Titan_Securities_060221.pdf.

² 15 U.S.C. §§ 78j(b), 78o(c); 17 C.F.R. §§ 240.10b-9, .15c2-4.

³ 15 U.S.C. § 78q(a); 17 C.F.R. § 240.17a-4.

⁴ NASD Rule 3010; FINRA Rules 2010, 3270.

⁵ Titan ended its FINRA registration in 2023, after FINRA filed its complaint in this matter. See BrokerCheck report for JTa Securities Management, Inc., d/b/a Titan Securities, https://files.brokercheck.finra.org/firm/firm_131392.pdf; Michael Albert DiPietro, Exchange Act Release No. 77398, 2016 WL 1071562, at *1 n.1 (Mar. 17, 2016) (taking official notice of BrokerCheck records under Rule of Practice 323, 17 C.F.R. § 201.323).

with Titan between October 2005 and July 2023. During the relevant period, Brooks served as Titan’s president and Chief Executive Officer.

A. Brooks and Titan released investors’ funds from escrow in a private placement offering before raising the minimum offering amount.

In October 2012, Titan (through Brooks) acted as the managing broker-dealer for a private placement offering of units in Evolution Partners II, LTD (“Evolution”) on a “best efforts” basis. Brooks owned 56-percent of Evolution’s general partner, Evolution II GP, LLC (“Evolution GP”) and was its managing member. Evolution was formed to acquire interests in another limited partnership that was, in turn, formed to purchase property in Georgia (the “Property Partnership”).

The Evolution offering was a so-called part-or-none offering, in which the closing was contingent on raising, by a specified date, a minimum amount of funds. Specifically, Evolution’s private placement memorandum (“PPM”) represented that Evolution planned to sell a minimum of \$1 million in limited partnership units (the “Units”). The PPM further represented that investors’ funds would be placed in an escrow account and would be “promptly refunded if the minimum subscription of \$1,000,000 [wa]s not received and accepted” by December 31, 2012 (which Evolution GP could extend by three months with notice to investors). The PPM specified that “[a]ny Units purchased by [Evolution GP] or its affiliates w[ould] not be counted in calculating the minimum offering.”

Evolution had raised only \$300,000 by late October 2012, around which time the Property Partnership faced a deadline to purchase the Georgia property. In advance of that deadline, Evolution GP borrowed \$1.6 million, purchased Evolution Units, and placed the \$1.6 million purchase price in escrow. The next day, Applicants released from escrow both the \$1.6 million deposited for Evolution GP’s purchases and the \$300,000 deposited by other investors.

Brooks admitted before the FINRA hearing panel that he knew at the time of the offering that the PPM contained a provision that prohibited counting Evolution GP’s purchases toward the minimum offering amount. Brooks claimed, however, that he believed that other provisions in the offering documents—namely provisions that authorized Evolution GP to take out loans, purchase Evolution units, and sell those units—created a “discrepancy” in the offering documents. He claimed that, because of this and his prior experience with other contingency offerings, he consulted an attorney to “make sure” there was no problem with releasing investors’ funds from escrow.⁶

⁶ Before the events at issue here, Brooks entered into a Letter of Acceptance, Waiver, and Consent (“AWC”) with FINRA that settled allegations that he had violated, among other things, Exchange Act Rules 10b-9 and 15c2-4 in connection with two other part-or-none offerings by, among other things, releasing funds from escrow before raising the minimum offering amount. Although Brooks neither admitted nor denied the AWC’s adverse findings of fact, he agreed they could be considered in any future actions FINRA or any regulator brought against him. See https://www.finra.org/sites/default/files/fda_documents/2007007169401_FDA_TX62518%20%282019-1562249964955%29.pdf.

In support of that claim, Brooks pointed to a memorandum that he claimed he asked the attorney to draft to memorialize their discussions. Dated approximately one year after Applicants released the investors' funds from escrow, the memorandum stated that Evolution GP had "believed that it had the authority" under Evolution's limited partnership agreement to disburse funds from escrow. The memorandum did not state that the attorney ever advised Applicants that Evolution's offering documents allowed them to break escrow based on Evolution GP's purchases.

B. Titan's written supervisory procedures required the firm to preserve securities-related emails.

Between at least April 2011 and April 2013, the time at issue here, Titan's Written Supervisory Procedures ("WSPs") prohibited registered representatives from using personal email accounts for securities-related business without a registered principal's written approval. For approved outside accounts, the WSPs further required that "all emails must be copied to the associated person's [Titan] e-mail address and will be subject to the review standards of all other electronic correspondence." As relevant here, Brooks received more than 100 emails from unapproved personal email accounts (the "100 Emails"), but the 100 Emails were all either sent or copied to Titan email accounts and thus were preserved in the firm's records.

C. A Titan registered representative communicated with investors about an outside firm's failed securities offering.

In April 2009, Brooks hired Richard Wayne Demetriou to work as a registered representative at Titan. Demetriou's former employer, the Private Consulting Group, Inc. ("PCG"), had ceased operations the previous month, and many of Demetriou's customers at PCG had sustained substantial losses from PCG's private placement offerings. After joining Titan, Demetriou continued to act as his PCG customers' financial advisor, and four of them became Titan customers.

Sometime around July 2010, PCG's owner sought Demetriou's help in selling preferred interests in a new entity, RBC Preferred, LLC ("RBCP"), as a way for PCG's former customers to reverse their prior losses. Demetriou agreed to serve as RBCP's managing member and participated in at least two conference calls with prospective RBCP investors, including four Titan customers, but did not receive compensation from RBCP. Around this time, Demetriou also sent three emails describing RBCP in positive terms to prospective investors, some of whom were Titan customers, and emailed some prospective investors individualized illustrations showing how, if successful, the RBCP investment would benefit them.

After serving without compensation as RBCP's managing member for approximately four weeks, Demetriou resigned from that position. Many of the investors that Demetriou contacted about RBCP still invested in it, however. And for several years, Demetriou provided those investors with periodic updates about their investments.

In October 2010, after Demetriou had resigned as RBCP's managing member and his conference calls with the prospective investors, Brooks first discovered Demetriou's involvement with RBCP. But after conferring with Demetriou, Brooks did not require him to

complete Titan’s outside business activity (“OBA”) disclosure form. Instead, Brooks told Demetriou to “just be sure to let [investors] know that Titan is not involved” in RBCP.

II. Procedural History

A. The Extended Hearing Panel Decision

In October 2016, FINRA’s Department of Enforcement filed a complaint against Brooks and Titan.⁷ The complaint alleged that Applicants violated federal securities laws and FINRA rules by (1) prematurely releasing investor funds from an escrow account, (2) failing to preserve outside emails, and (3) failing to supervise adequately Demetriou’s outside business activities.

In March 2019, after a seven-day hearing, a FINRA Extended Hearing Panel found that Titan violated Exchange Act Section 15(c), Rule 15c2-4 thereunder, and FINRA Rule 2010, by releasing funds from the Evolution escrow before raising the minimum offering amount. The panel also found, however, that FINRA Enforcement had not proven that Titan acted willfully. Related to that same conduct, the Hearing Panel also found that Enforcement had failed to show that Brooks and Titan acted with the necessary scienter to violate Exchange Act Section 10(b) and Rule 10b-9 thereunder, and thus also FINRA Rule 2010 on that basis.

The Hearing Panel further found, as relevant here, that Titan violated Exchange Act Section 17(a) and Rule 17a-4 thereunder by failing to preserve emails, but again found that Enforcement had not shown that Titan acted willfully when engaging in this conduct. Finally, the Hearing Panel dismissed FINRA’s claim that Titan and Brooks failed to supervise Demetriou’s outside business activities because, the Hearing Panel concluded, FINRA had not shown that Demetriou’s involvement with RBCP constituted an outside business activity.

FINRA Enforcement appealed the Hearing Panel’s findings that Applicants did not willfully violate the federal securities laws and its dismissal of the failure to supervise claim. Applicants did not appeal.

B. The NAC Decision

In June 2021, FINRA’s National Adjudicatory Council (the “NAC”) modified the Hearing Panel’s findings of violations and the sanctions that it imposed. The NAC first found, unlike the Hearing Panel, that Brooks and Titan acted with scienter (and therefore also willfully) when they violated the federal securities laws by using Evolution GP’s purchases as a basis to break escrow, despite the PPM’s clear prohibition against doing so.

The NAC additionally found that Titan had intentionally failed to preserve the 100 Emails concerning its securities business. Finally, the NAC found that Titan and Brooks violated FINRA supervisory rules because they ignored red flags regarding Demetriou’s

⁷ FINRA Enforcement’s complaint also named Demetriou, but he is not part of this appeal.

involvement with RBCP as an outside business activity, concluding, unlike the Hearing Panel, that Demetriou was engaged in an outside business activity.

Applicants then filed this appeal.

III. Legal analysis

Under Section 19(e)(1) of the Securities Exchange of 1934, we review FINRA's disciplinary action to determine whether an applicant engaged in the conduct FINRA found; whether that conduct violated the rules specified in FINRA's determination; and whether those rules are, and were applied in a manner, consistent with the purposes of the Exchange Act.⁸ We base our findings on an independent review of the record and apply a preponderance of the evidence standard.⁹

A. Applicants violated the federal securities laws and FINRA Rules in connection with the Evolution offering.

1. Titan and Brooks willfully violated Exchange Act Section 10(b) and Exchange Act Rule 10b-9.

Exchange Act Rule 10b-9 requires that subscriptions to best-efforts, part-or-none offerings, like the Evolution offering here, be contingent on the prompt return to investors of their subscription funds unless, by the deadline specified in the offering documents, the offering's minimum amount of securities is sold and the specified price for those sales is received.¹⁰ The rule "was specifically designed to prohibit situations where . . . investments are pledged through non-bona fide nominee accounts to create the appearance that the minimum amount of capital required by an offering has been reached."¹¹ Conduct that violates Rule 10b-9 necessarily violates Exchange Act Section 10(b)'s prohibition on violating rules adopted under

⁸ 15 U.S.C. § 78s(e)(1); *accord Meyers Assocs., L.P.*, Exchange Act Release No. 86497, 2019 WL 3387091, at *3 (July 26, 2019).

⁹ *Meyers Assocs., L.P.*, 2019 WL 3387091, at *3 (citing *Richard G. Cody*, Exchange Act Release No. 64565, 2011 WL 2098202, at *1, *9 (May 27, 2011), *aff'd*, 693 F.3d 251 (1st Cir. 2012)).

¹⁰ *J.V. Ace & Co.*, Exchange Act Release No. 28716, 1990 WL 322554, at *2 (Dec. 21, 1990); 17 C.F.R. § 240.10b-9(a)(2) (prohibiting under Exchange Act Section 10(b) the making of any representation that a security is being offered or sold on a part-or-none basis unless the purchase price "will be promptly refunded to the purchaser" if "(i) a [minimum] number of units of the security are [not] sold at a specified price within a specified time," or "(ii) the total amount due to the seller is [not] received by him by a specified date").

¹¹ *Doud v. Toy Box Development Co.*, 798 F.3d 709, 713-14 (8th Cir. 2015) (citing *Requirements of Rules 10b-9 and 15c2-4*, Exchange Act Release No. 11532, 1975 WL 163128, at *1 (July 11, 1975) ("[U]nder Rule 10b-9, an offering may not be considered 'sold' . . . unless all the securities required to be placed are sold in bona fide transactions and are fully paid for.")).

that provision.¹² Violations of Section 10(b) and its accompanying rules, in turn, violate FINRA Rule 2010.¹³

Like FINRA, we find that the evidence shows that Applicants violated each of these provisions by using Evolution GP's purchase of Units to create the appearance that they had raised the minimum investment amount specified in Evolution's PPM.¹⁴ Applicants' sole argument to the contrary is that they did not act with scienter in doing so. We find that they did.

Applicants admit that they knew, when they released funds from escrow, that the Evolution PPM contained a provision that prohibited them from counting Evolution GP's purchases toward the minimum offering amount. And they admit that they nevertheless did exactly that.¹⁵ Applicants claim, however, that they believed that other provisions in the offering documents created an ambiguity about whether Evolution GP's purchases counted toward that minimum offering amount. Because of that supposed ambiguity, Brooks testified, Applicants decided to break escrow "[o]nly after consulting counsel and making sure that [they] had the authority to do it." The record does not support these claims.

First, the offering documents were not ambiguous. Although the PPM and limited partnership agreement allowed Evolution GP to take out loans, purchase Evolution Units, and resell them, nothing in the documents authorized Applicants to count such purchases toward the minimum offering amount. To the contrary, the PPM expressly prohibited Applicants from doing so. Applicants' interpretation of the offering documents renders that provision meaningless.

Second, other than Brooks's self-serving testimony, the only evidence to which Applicants cite about having received legal advice about breaking escrow is the after-the-fact memorandum that Brooks asked counsel to provide in response to a FINRA staff request. As

¹² 17 C.F.R. § 240.10b-9(a) (providing that violations of Rule 10b-9 "shall constitute a manipulative or decepti[ve] device or contrivance, as used in" Exchange Act Section 10(b)); 15 U.S.C. § 78j(b) (prohibiting the use of "any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe").

¹³ See *Terrance Yoshikawa*, Exchange Act Release No. 53731, 2006 WL 1113518, at *8 n.39 (Apr. 26, 2006) (explaining that a violation of Exchange Act Section 10(b) and Rule 10b-5 thereunder also violates what is now FINRA Rule 2010); see also *Robert Tretiak*, Exchange Act Release No. 47534, 2003 WL 1339182, at *8 (Mar. 19, 2003) (finding same as to Rule 10b-9).

¹⁴ Cf. *C.E. Carlson, Inc. v. SEC*, 859 F.2d 1429, 1434 (10th Cir. 1988) (finding that respondents violated Rule 10b-9 through "an improper attempt to make an offering appear successful when the required number of shares ha[d] not been sold"); *Doud*, 798 F.3d at 713-14 (same where defendant "create[d] the [false] appearance that the minimum amount of capital required by an offering has been reached").

¹⁵ Cf. *C.E. Carlson*, 859 F.2d at 1435-36 (finding scienter where applicants knew "of the part-or-none provision," but rather than "wait for additional public sales or return the funds of subscribers, [they] arranged for non-public sales to close the offering and then retained the funds").

noted, that memorandum states only that *Evolution GP* had determined to break escrow. It does not state that the attorney ever advised Applicants to do so.

Applicants also contend that we should defer to what they describe as the Hearing Panel’s credibility-based finding that they did not act with scienter. Even were we to give weight to that finding, it is not binding on us and, more importantly, is outweighed by the other evidence. The NAC—whose decision is on review here—found that Applicants acted with scienter.¹⁶ For all the reasons discussed, we agree.

We accordingly sustain FINRA’s finding that Brooks and Titan violated Exchange Act Section 10(b) and Rule 10b-9 (and thus FINRA Rule 2010).¹⁷

2. Titan willfully violated Exchange Act Section 15(c) and Exchange Act Rule 15c2-4.

We similarly find that Titan willfully violated Exchange Act Rule 15c2-4, and thus also Exchange Act Section 15(c), by releasing investor funds from escrow before the minimum offering amount specified in the *Evolution PPM* had been raised.¹⁸ Rule 15c2-4(b) makes it illegal for a broker or dealer in a best-efforts, part-or-none offering like the one here “to accept any part of the sale price of any security being distributed” unless it places the funds in escrow until the conditions of the contingency have been met.¹⁹

Applicants do not dispute—and the record shows—that Titan violated these provisions by releasing investor funds from escrow before *Evolution* raised the minimum contingency amount identified in its PPM. Applicants contend only that Titan did not commit those violations willfully, relying on their arguments about scienter above. We again reject those

¹⁶ See *Kenneth R. Ward*, Exchange Act Release No. 47535, 2003 WL 1447865, at *10 (Mar. 19, 2003) (stating that the Commission may reject a hearing panel’s credibility findings); see also *William H. Murphy & Co.*, Exchange Act Release No. 90759, 2020 WL 7496228, at *17 (Dec. 21, 2020) (holding that it is the NAC’s decision, not the Hearing Panel’s, that is the final action subject to Commission review).

¹⁷ Because Applicants acted with scienter, they are subject to statutory disqualifications. See Exchange Act Sections 3(a)(39)(F), 15(b)(4)(D), 15 U.S.C. §§ 78c(a)(39)(F), 78o(b)(4)(D) (providing that a person who has “willfully violated” any provision of the Exchange Act or the rules or regulations under it is subject to a “statutory disqualification” with respect to association with a member of a self-regulatory organization); *Cantone Research Inc.*, Exchange Act Release No. 100553, 2024 WL 3470127, at *14 (July 18, 2024) (finding that one who acts with scienter acts willfully and is thus subject to statutory disqualification).

¹⁸ 15 U.S.C. § 78o(c)(2)(A), (D) (prohibiting brokers and dealers from engaging “in any fraudulent, deceptive, or manipulative act or practice” as the Commission defines by rule); 17 C.F.R. § 240.15c2-4 (defining certain acts and practices as within the scope of Section 15(c)(2)).

¹⁹ 17 C.F.R. § 240.15c2-4(b).

arguments for the same reasons and thus find that Titan acted with scienter—and therefore willfully.²⁰

3. The provisions that Titan and Brooks violated are, and were applied, in a manner consistent with the purposes of the Exchange Act.

Exchange Act Sections 10(b) and 15(c) and Rules 10b-9 and 15c2-4 thereunder are and were applied in a manner consistent with a central purpose of the Exchange Act—to protect investors from fraudulent conduct.²¹ By committing antifraud violations, Applicants put investors at risk. FINRA thus acted in a manner consistent with the purposes of the Exchange Act, in applying the Exchange Act provisions to conduct squarely within their terms.

By violating the Exchange Act and rules, Titan and Brooks also violated FINRA Rule 2010.²² Rule 2010 is consistent with the purposes of the Exchange Act because it reflects the mandate of Exchange Act Section 15A(b)(6) that FINRA adopt rules to promote just and equitable principles of trade.²³ FINRA applied Rule 2010 in a manner consistent with the Exchange Act’s purposes because, by violating federal securities law requirements intended to protect investors, Titan and Brooks acted contrary to just and equitable principles of trade.

B. We set aside FINRA’s finding that Titan violated Exchange Act Section 17(a) and Exchange Act Rule 17a-4 by failing to preserve the 100 Emails.

Exchange Act Section 17(a) and Exchange Act Rule 17a-4 require broker-dealers to preserve certain records for specified periods of time. As relevant here, FINRA found that Titan willfully violated these provisions by not preserving the 100 Emails.²⁴ We set this finding aside.

FINRA argues that we should sustain the NAC’s finding about the 100 Emails because Titan stipulated that it failed to preserve business-related emails. That stipulation, however, neither specifies the particular emails Titan failed to preserve nor states whether Titan failed to preserve any emails willfully. And as noted above, the record shows that the 100 Emails *were*

²⁰ Titan is accordingly subject to a second statutory disqualification. *See supra* note 17.

²¹ *See Koch v. SEC*, 793 F.3d 147, 150 (D.C. Cir. 2015) (stating that the Exchange Act “was intended principally to protect investors” from fraud in securities transactions).

²² *William Scholander*, Exchange Act Release No. 74437, 2015 WL 904234, at *3 n.6 (Mar. 4, 2015) (recognizing that the Commission has held that a violation of the Exchange Act constitutes a violation of FINRA Rule 2010).

²³ 15 U.S.C. § 78o-3(b)(6); *Rani T. Jarkas*, Exchange Act Release No. 77503, 2016 WL 1272876, at *10 (Apr. 1, 2016).

²⁴ Applicants forfeited their challenge to the Hearing Panel’s finding that they committed non-willful violations of these provisions with respect to emails other than the 100 Emails because Applicants did not appeal that finding to the NAC. *Newport Coast Sec.*, Exchange Act Release No. 88548, 2020 WL 1659292, at *3 (Apr. 3, 2020) (finding that arguments not raised to the NAC were forfeited). Applicants also conceded in their brief that the Hearing Panel’s related findings that they violated FINRA rules are not before us in this appeal.

preserved in Titan's records.²⁵ Accordingly, we find that FINRA has not shown that Titan violated Section 17(a) and Rule 17a-4 (willfully or otherwise) by failing to preserve the 100 Emails. We thus set that finding aside.²⁶

C. We set aside FINRA's finding that Titan and Brooks failed to supervise Demetriou's involvement in RBCP as an outside business activity.

Applicants appeal FINRA's finding that they violated NASD Rule 3010 and FINRA Rules 2010 and 3270 by failing to supervise Demetriou's RBCP outside business activity. They argue that the record does not support FINRA's finding that Demetriou was engaged in an outside business activity because he was "employed by" RBCP.²⁷ We agree with Applicants that FINRA did not provide sufficient evidence to support that finding here.

Demetriou testified that he never signed an employment agreement with RBCP, nor did he receive a salary or other compensation from the firm. Demetriou also attributed his involvement in RBCP to his "concern for the client." He testified that his former employer assured him that, as RBCP's managing member, he could "monitor" RBCP on behalf of his customers and that his involvement otherwise "doesn't mean anything." While Demetriou thus held himself out as RBCP's managing member and communicated with potential investors about investing in RBCP, FINRA fails to explain why these facts establish Demetriou's "employment" with RBCP, notwithstanding the contrary evidence in the record. Absent such explanation, we cannot conclude that Demetriou engaged in an outside business activity under Rule 3030.²⁸

We accordingly find that FINRA has not shown that Demetriou was engaged in an outside business activity. As a result, we set aside FINRA's finding that Titan and Brooks violated NASD and FINRA rules by failing to adequately supervise such activity. We similarly set aside FINRA's imposition of sanctions for these violations.

²⁵ See *supra* Section I.B. (reflecting that the 100 Emails "were all either sent or copied to Titan email accounts and thus were preserved in the firm's records").

²⁶ Titan is thus not subject to an additional statutory disqualification on that basis.

²⁷ See NASD Rule 3030 (prohibiting, in relevant part, a registered person from being "employed by" any third party because of business activity outside the person's relationship with the member firm, unless that person provides prompt written notice to the firm).

²⁸ By comparison, the Commission cases to which FINRA cites all involved closer and more formal business relationships than Demetriou had with RBCP. See, e.g., *Kenny Akindemowo*, Exchange Act Release No. 79007, 2016 WL 5571625, at *1, *9 (Sept. 30, 2016) (finding that the owner and chief investment officer of an outside firm was employed by that firm under Rule 3030); *Kent M. Houston*, Exchange Act Release No. 66014, 2011 WL 6392264, at *7 (Dec. 20, 2011) (finding violations of NASD Rule 3030 where applicant served as a trustee to, and received compensation from, an outside entity); cf. *NLRB v. United Ins. Co. of America*, 390 U.S. 254, 258 (1968) (applying common law test to determine whether individuals were "employees" under the National Labor Relations Act, which required "all of the incidents of the relationship [to] be assessed and weighed with no one factor being decisive").

IV. Sanctions

Under Exchange Act Section 19(e)(2), we sustain sanctions that FINRA imposes unless we find, having due regard for the public interest and the protection of investors, that the sanctions are excessive or oppressive, or impose an unnecessary or inappropriate burden on competition.²⁹ We consider any aggravating or mitigating factors,³⁰ and whether the sanctions imposed by FINRA are remedial or impermissibly punitive.³¹ In imposing sanctions, FINRA relied on its Sanction Guidelines.³²

The only sanctions now before us are those for Applicants' violations involving the Evolution offering, for which FINRA fined Titan and Brooks \$50,000, jointly and severally; suspended Brooks for one year in all principal and supervisory capacities; and ordered that Brooks requalify as a principal by examination. We sustain these sanctions.

The sanctions are all in the range identified in FINRA's relevant Sanction Guidelines for egregious violations, and we agree that Applicants' conduct was egregious.³³ The PPM for the Evolution offering promised that funds would not be released from escrow before the minimum offering amount had been raised and unambiguously prohibited using purchases by Evolution GP or its affiliates to reach that amount. Applicants nonetheless relied on purchases by Evolution GP, which it funded through loans, to provide 70% of the funds needed to break escrow.³⁴ By doing so, Applicants gave investors the false impression that the minimum offering condition had been met and rendered false the PPM's representations regarding the

²⁹ 15 U.S.C. § 78s(e)(2). The record does not show, nor do Applicants claim, that FINRA's sanctions impose an unnecessary or inappropriate burden on competition.

³⁰ *Saad v. SEC*, 718 F.3d 904, 906 (D.C. Cir. 2013).

³¹ *PAZ Sec., Inc. v. SEC*, 494 F.3d 1059, 1065-66 (D.C. Cir. 2007).

³² See https://www.finra.org/sites/default/files/2018_Sanctions_Guidelines.pdf ("Sanction Guidelines"); *id.* at 22 (providing guidelines applicable to violations of FINRA Rule 2010 and Exchange Act Rules 10b-9 and 15c2-4).

³³ Sanctions Guidelines at 22 (recommending for violations of Exchange Act Rule 10b-9, fines of \$5,000 to \$73,000, and in egregious cases, consideration of suspension of the firm with respect to any or all activities or functions and/or suspension of the responsible individual in any or all capacities for up to two years); *id.* (recommending for violations of Exchange Act Rule 15c2-4 by firms fines of \$1,000 to \$15,000, and in egregious cases, consideration of suspension with respect to any or all activities or functions for up to 30 business days); *see also id.* at 6 (stating that "[t]he remedial purpose of disciplinary sanctions may be served by requiring an individual respondent to requalify by examination as a condition of continued employment").

³⁴ *See id.* at 22 (identifying as principal considerations whether non-bona fide sales were used to give the false appearance that the contingency was satisfied, whether subscription funds were released from escrow before the contingency occurred, and the extent of the failure to satisfy the contingency); *see also A.J. White & Co. v. SEC*, 556 F.2d 619, 623 (1st Cir. 1977) (finding that closing an offering based on "non-bona fide sales financed through bank loans . . . may significantly mislead the legitimate investors as to a crucial factor in their decision").

escrow condition. Applicants also were affiliated with the issuer and therefore earned commissions from their involvement in the offering.³⁵ And Applicants engaged in similar misconduct before, as FINRA previously sanctioned them for violating Rule 10b-9 and 15c2-4 in earlier contingency offerings.³⁶

Titan and Brooks contend that these sanctions are “unwarranted and excessive” because, they claim, they are not liable for the underlying violations. As discussed, however, we sustain those findings of violations. We also find that the fine, suspension, and requalification requirement will impress on Applicants—who, as noted above, apparently were not deterred by previous sanctions imposed for similar conduct³⁷—the importance of complying with applicable law in contingency offerings.³⁸

Under the circumstances, we thus find that the sanctions that FINRA imposed are remedial, and neither excessive nor oppressive, and sustain them.³⁹

An appropriate order will issue.⁴⁰

By the Commission (Chairman ATKINS and Commissioners PEIRCE and UYEDA).

Vanessa A. Countryman
Secretary

³⁵ See Sanctions Guidelines at 22 (identifying as principal considerations whether the respondent was affiliated with the issuer or other entity to which customer funds were released and the amount of compensation the respondent retained).

³⁶ See *id.* at 2 (stating that imposing more severe sanctions on recidivists emphasizes the need for corrective action and discourages the respondent from future misconduct); *id.* at 7 (specifying disciplinary history as a principal consideration in determining sanctions); see also *The Dratel Grp., Inc.*, Exchange Act Release No. 77396, 2016 WL 1071560, at *15 (Mar. 17, 2016) (finding that settlements are disciplinary history relevant to sanctions determinations).

³⁷ See *supra* note 6 (explaining that Brooks entered into an AWC with FINRA that settled allegations that he violated Exchange Act rules related to two other part-or-none offerings).

³⁸ Cf. *David Adam Elgart*, Exchange Act Release No. 81779, 2017 WL 4335050, at *8 (Sept. 29, 2017) (finding that fine and suspension imposed on applicant for provision of false information to FINRA were “appropriately remedial to impress upon him the need to take his responsibilities in this regard more seriously in the future”).

³⁹ Because our decisional process would not be significantly aided by oral argument, we deny Applicants’ request that we order it. See Rule of Practice 451, 17 C.F.R. § 201.451.

⁴⁰ We have considered all the arguments advanced by the parties. We reject or sustain them to the extent that they are inconsistent or in accord with the views expressed herein.

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 105624 / June 8, 2026

Admin. Proc. File No. 3-20387

In the Matter of the Application of

TITAN SECURITIES and BRAD C. BROOKS

For Review of Disciplinary Action Taken by

FINRA

ORDER SUSTAINING IN PART AND SETTING ASIDE IN PART DISCIPLINARY
ACTION TAKEN BY FINRA

On the basis of the Commission's opinion issued this day, it is

ORDERED that the findings of violations and the sanctions imposed by FINRA on Titan Securities and Brad C. Brooks be, and hereby are, sustained, except that FINRA's finding that Applicants violated FINRA rules by failing to supervise a registered representative's outside business activities, the sanctions FINRA imposed for that violation, and FINRA's finding that Titan Securities violated Exchange Act Section 17(a) and Exchange Act Rule 17a-4 by failing to preserve approximately 100 emails are set aside.

By the Commission.

Vanessa A. Countryman
Secretary