

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 MICHELLE LIPTON (CA BAR NO. 178078)
Senior Corporations Counsel
5 DEPARTMENT OF CORPORATIONS
320 West 4th Street, Suite 750
6 Los Angeles, California 90013-1105
Telephone: (213) 576-7591
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8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of
13 THE CALIFORNIA CORPORATIONS
14 COMMISSIONER,
15 Complainant,
16 v.
17 BROOKSTREET SECURITIES
18 CORPORATION,
19 Respondent.

) CASE NO.
FILE NO. CRD#14667
STIPULATION TO ORDER SUMMARILY
SUSPENDING BROKER-DEALER
CERTIFICATE PURSUANT TO
CORPORATIONS CODE SECTION 25242

20
21
22 This Stipulation is entered into between Brookstreet Securities Corporation ("Brookstreet"),
23 on the one hand, and the California Corporations Commissioner ("Commissioner"), on the other
24 hand, and is made with respect to the following facts:

25 RECITALS

26 A. Brookstreet is and at all times relevant hereto was a broker-dealer licensed by the
27 Commissioner under the California Corporate Securities Law (California Corporations Code §
28

1 25000 et seq.).

2 B. Brookstreet is and at all times relevant hereto was a California corporation with its
3 principal place of business in Orange County, at 2361 Campus Drive, 2nd Floor, Irvine, California
4 92612.

5 C. Stanley Brooks ("Brooks") is and at all times relevant hereto was President of
6 Brookstreet.

7 D. On July 23, 2007, Brookstreet sent a letter to the Department indicating that as of June
8 20, 2007, Brookstreet has a net capital deficiency totaling \$4,464,137.65.

9 E. Brookstreet's minimum dollar net capital requirement is \$250,000. However, based on
10 its aggregate indebtedness its net capital requirement is \$1,539,968.67. Brookstreet's net capital as
11 of June 19, 2007 was negative \$2,924,169.

12 F. On July 30, 2007, Brooks on behalf of Brookstreet through their attorney Tom Fehn,
13 Esq., agreed to stipulate to an Order Summarily Suspending Brookstreet's Broker-Dealer Certificate
14 Pursuant to Corporations Code Section 25242.
15

16 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
17 forth herein, the parties agree as follows:
18

19 **TERMS AND CONDITIONS**

20 1. Brookstreet hereby agrees to the issuance by the Commissioner of an Order
21 Summarily Suspending Brookstreet's Broker-Dealer Certificate Pursuant to Corporations Code
22 Section 25242. This suspension precludes Brookstreet from engaging in normal broker-dealer
23 activities that solicits or facilitates new business, including for existing clients. This suspension does
24 not preclude Brookstreet from engaging in activities necessary to the winding down of the business
25 prior to filing its BD-W such as liquidating transactions, transferring accounts, forwarding any
26 checks received to the clearing firm, National Financial Services, responding to regulatory
27

1 inquiries, filing U-5s for registered representatives, and otherwise fielding client/customer phone
2 calls for account servicing or document requests, among other things. This suspension of the broker-
3 dealer certificate will in no way force the filing of Brookstreet's BD-W prior to Brookstreet's
4 completion of its wind down activities. A copy of this Order is attached and incorporated as Exhibit
5 A.

6
7 2. Brookstreet does not admit or deny the allegations contained in the Order.

8 3. Brookstreet waives its right to a hearing, and to any reconsideration, appeal, or other
9 rights that may be afforded pursuant to the California Corporate Securities Law and the California
10 Administrative Procedure Act, or any other provision of law in connection with this matter herein.

11 4. The parties hereby acknowledge and agree that this Stipulation is intended
12 to constitute a full, final and complete resolution of this matter. The parties further acknowledge and
13 agree that nothing contained in this Stipulation shall operate to limit the Commissioner's ability to
14 assist any other agency, (county, state or federal) with any prosecution, administrative, civil or
15 criminal, brought by any such agency against Brookstreet based upon any of the activities alleged in
16 this matter or otherwise.

17 5. Each of the parties represents, warrants, and agrees that it has received independent
18 advice from its attorney(s) and/or representatives with respect to the advisability of executing this
19 Stipulation.

20 6. Each of the parties represents, warrants, and agrees that in executing this Stipulation
21 it has relied solely on the statements set forth herein and the advice of its own counsel and/or
22 representative. Each of the parties further represents, warrants, and agrees that in executing this
23 Stipulation it has placed no reliance on any statement, representation, or promise of any other party,
24 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
25 other person or entity to make any statement, representation or disclosure of anything whatsoever.
26 The parties have included this clause: (1) to preclude any claim that any party was in any way
27 fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol
28 evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

7. This Stipulation is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties with respect to the subject matter hereof, and supercedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the parties, their respective representatives, and any other person or entity, with respect to the subject matter covered hereby.

8. In that the parties have had the opportunity to draft, review and edit the language of this Stipulation, no presumption for or against any party arising out of drafting all or any part of this Stipulation will be applied in any action relating to, connected, to, or involving this Stipulation. Accordingly, the parties waive the benefit of California Civil Code § 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

9. This Stipulation may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document.

10. Each signator hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Stipulation.

Dated: 8/10/07

PRESTON DUFAUCHARD
California Corporations Commissioner

By ALAN S. WEINGER
Lead Corporations Counsel

Dated: 8/7/07

By STANLEY BROOKS, President on behalf of
BROOKSTREET SECURITIES CORPORATION, a
corporation

Approved as to form on 8/6/07, 2007:

By JULIE MAINS
Attorney for Brookstreet Securities Corporation

EXHIBIT A

1 PRESTON DuFAUCHARD
 California Corporations Commissioner
 2 WAYNE STRUMPFER
 Deputy Commissioner
 3 ALAN S. WEINGER (CA BAR NO. 86717)
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17 BROOKSTREET SECURITIES
 18 CORPORATION,

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CASE NO.

FILE NO. CRD#14667

ORDER SUMMARILY SUSPENDING
 BROKER-DEALER CERTIFICATE
 PURSUANT TO CORPORATIONS CODE
 SECTION 25242

22 Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the
 23 Department of Corporations ("Department") finds:

- 24 1. On July 23, 2007, Brookstreet Securities Corporation ("Brookstreet") sent a letter to
 25 the Department indicating that as of June 20, 2007 Brookstreet has a net capital deficiency totaling
 26 \$4,464,137.65.
 27

