

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 MICHAEL PINKERTON
Deputy Commissioner
3 ALAN S. WEINGER
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
7 Facsimile: (213) 576-7181

8 Attorneys for Complainant

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

12	In the Matter of)	
)	FILE NO. CRD#14667
13	THE CALIFORNIA CORPORATIONS)	
14	COMMISSIONER,)	ORDER SUMMARILY REVOKING
)	BROKER-DEALER CERTIFICATE
15	Complainant,)	PURSUANT TO CORPORATIONS CODE
)	SECTION 25242(c)
16	v.)	
)	
17	BROOKSTREET SECURITIES)	
18	CORPORATION,)	
)	
19	Respondent.)	

20 Preston DuFauchard, California Corporations Commissioner (“Commissioner”) of the
21 Department of Corporations (“Department”) finds:

22 1. On July 23, 2007, Brookstreet Securities Corporation (“Brookstreet”) sent a letter to
23 the Department indicating that as of June 20, 2007 Brookstreet had a net capital deficiency totaling
24 \$4,464,137.65.

25
26 2. Brookstreet’s minimum dollar net capital requirement was \$250,000. However,
27 based on its aggregate indebtedness its net capital requirement was \$1,539,968.67. Brookstreet’s
28 net capital as of June 19, 2007 was negative \$2,924,169.

1 3. On August 10, 2007, the Commissioner issued an Order Summarily Suspending
2 Broker-Dealer Certificate Pursuant to Corporations Code section 25242 against Brookstreet. This
3 suspension precluded Brookstreet from engaging in normal broker-dealer activities that solicited or
4 facilitated new business, including for existing clients. This suspension did not preclude
5 Brookstreet from engaging in activities necessary to the winding down of the business prior to
6 filing its BD-W such as liquidating transactions, transferring accounts, forwarding any checks
7 received to the clearing firm, National Financial Services, responding to regulatory inquiries, filing
8 U-5s for registered representatives, and otherwise fielding client/customer phone calls for account
9 servicing or document requests, among other things. This suspension of the broker-dealer
10 certificate did not force the filing of Brookstreet’s BD-W prior to Brookstreet’s completion of its
11 wind down activities.

12 4. On December 10, 2007, the Commissioner sent a letter to Brookstreet asking for its
13 current net capital. Brookstreet never responded to the Commissioner’s follow-up letter.

14 5. California Corporations Code section 25242(c) provides:

15 The commissioner may summarily suspend or revoke the certificate
16 of a broker-dealer or investment adviser if he or she ... (5) fails to
17 maintain any capital required by subdivision (c) of section 25216 or
18 by section 25237...

19 6. In light of the foregoing, the Commissioner finds that Brookstreet fails to maintain
20 any capital required by subdivision (c) of section 25216 or by section 25237.

21 NOW, THEREFORE, GOOD CAUSE APPEARING, it is hereby ORDERED pursuant to
22 California Corporations Code section 25242(c) that the broker-dealer certificate of Brookstreet is
23 hereby revoked.

24 Dated: February 10, 2009
25 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

26 By _____
27 ALAN S. WEINGER
28 Lead Corporations Counsel
 Enforcement Division