

State of Missouri
Office of Secretary of State

Case No. AP-06-22

IN THE MATTER OF:

NICHOLAS G. BROWN, CRD # 4802446
16149 Westwoods Business Park
St. Louis, Missouri 63021,

Respondent.

CONSENT ORDER

WHEREAS, the Enforcement Section of the Missouri Securities Division has alleged that Respondent offered investment advice for a fee in the State of Missouri without benefit of registration in violation of Section 409.4-404, RSMo Supp. 2005.

1. Respondent and the Enforcement Section of the Securities Division desire to settle the allegations and the matters raised by the staff of the Securities Division relating to the alleged activities of Respondent.
2. Respondent and the Enforcement Section of the Securities Division consent to the issuance of this Consent Order.
3. Respondent stipulates and agrees to the issuance of this Consent Order without further proceedings in this matter, agreeing to be bound by the terms and conditions specified herein.
4. Respondent waives his right to a hearing with respect to this matter.
5. Respondent stipulates and agrees that Respondent waives any rights Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of the Order and, further, Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities and their respective representatives and agents from any and all liability and claims arising out of, pertaining to or relating to this matter.
6. Respondent stipulates and agrees that, should the facts contained herein prove to be false or incomplete, the Missouri Division of Securities preserves the right to pursue any and all legal or administrative remedies at its disposal.

STIPULATIONS OF FACT

7. Nicholas G. Brown ("Brown") has been a Missouri registered representative with American Classic Securities, Inc., a Missouri registered broker-dealer, since August 27, 2004. Brown is registered with the Central Registration Depository ("CRD") with the agent number 4802446. Brown has a residential address of 410 Cedar Oak Court, St. Peters, Missouri 63376.
8. Brown does business as NGB Financial Solutions, Inc. ("NGB") and has an office located at 16149 Westwoods Business Park, St. Louis, Missouri 63021.
9. Brown has been a registered agent of American Classic Agency, an insurance marketing organization, since May 12, 2004. Brown is an insurance agent licensed in Missouri to sell life insurance, variable contracts, accident and health insurance coverage.
10. On December 5, 2005, the Missouri Securities Division received a complaint referral from the Missouri Department of Insurance. In this complaint a Missouri resident ("MR") alleged that Brown had asked about providing MR an insurance quote and going over a 529 college savings plan. MR stated that after meeting Brown that he repeatedly called MR and then sent MR a bill for Brown's services.
11. On November 14, 2005, MR alleged that Brown and NGB sent MR a letter on NGB letterhead. The letter stated, among other things:
 - a. "You recently met with one of our representatives, Nicholas Brown..."
 - b. Brown had "educated [MR] on 529 college savings programs for [MR's] children";
 - c. "Please pay the service fees listed below by Monday December 19, 2005 to compensate your representative for the time spent servicing you. Please be prompt with your payments, as we reserve the right to forward any uncollected fees to a collection agency as an uncollected debt, and this may adversely affect your consumer credit report.";
 - d. MR owed NGB a total of one hundred and five dollars (\$105) which included thirty five dollars (\$35) for "Licensed Rep face-time Q&A [Brown listed the securities and insurance exams he had taken]"; and

- e. "Thank you for your prompt attention in resolving this matter, NGB Financial Solutions, Inc."
12. Brown is not registered as an investment advisor in the State of Missouri.
 13. Brown is the only employee of NGB.
 14. In a written statement from Brown's employer to the Enforcement Section of the Securities Division dated December 20, 2005. Brown's employer indicated that Brown had sent similar letters to three other potential customers. None of these letters had resulted in any payments to Brown.
 15. Brown's broker-dealer supplied the Securities Division with a similar letter but not an exact copy of the letter that was sent to MR. This copy differed from the letter that MR had provided to the Division. Subsequently Brown stated that the letter the Division received from Brown's broker-dealer was a copy of the template of the letter and not meant to act as an original copy of the letter sent to MR.
 16. In a written statement from Brown to American Classic Securities, Inc., dated December 20, 2005, Brown stated: "I told [MR] the pros/cons of doing Missouri's 529 verses another state's program..."

JURISDICTIONAL BASIS

17. Respondent and the Enforcement Section of the Securities Division stipulate and agree that the Commissioner has jurisdiction over these matters pursuant to Section 409.6-601, RSMo Supp. 2005.
18. Respondent and the Enforcement Section of the Securities Division stipulate and agree that the Commissioner has authority to enter this Consent Order pursuant to Section 409.6-604(h), RSMo Supp. 2005, which provides:

The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.

ORDER

WHEREAS, the Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section of the Securities Division, finds the following Order to be in the public interest, necessary for the protection of public investors and consistent with the provision of Chapter 409, RSMo Supp. 2005.

NOW, THEREFORE, it is hereby Ordered that:

1. Respondent is CENSURED;
2. Respondent is Ordered to Cease and Desist from violating, or materially aiding others in the violation of the securities laws by offering investment advice in the State of Missouri without benefit of registration or filing false or misleading information under the act;
3. Respondent is ordered to write letters of apology to each potential customer that received a bill from Respondent and Respondent will include a copy of this Order with each letter. In addition, Respondent will send copies of these letters to the Division within 30 days of the effective date of this order with an affidavit signed by Respondent evidencing that these letters and this Order were sent to each customer;
4. Respondent is ordered to pay a civil penalty of five thousand dollars (\$5,000) made payable to the State of Missouri, and delivered to the Securities Division, and the Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent shall pay this penalty by paying \$400 a month beginning on June 1, 2006 and continuing until such amount is paid in full. If Respondent misses any payment, the full amount remaining shall be immediately due and payable after five days notice to cure;
5. Respondent is ordered to pay \$660 as the cost of this investigation. This amount shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. This amount shall be due and payable on June 1, 2006, and shall be submitted to the Securities Division; and
6. Respondent will pay his own costs and attorneys fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 5TH DAY OF JUNE, 2006.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

Consented to by:
Enforcement Section of the
Missouri Securities Division

Mary S. Hosmer
Assistant Commissioner of Securities

Nicholas Garrity Brown

Approved as to Form

Andrew D. Hale
Attorney for Respondent