

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

CARLEEN J. BRUBAKER,

Docket No. 10 E 002

KSC No. 2009-5581

Respondent.

_____/
Pursuant to K.S.A. 17-12a604

CEASE AND DESIST ORDER

COMES NOW the above-entitled matter for consideration by the Securities Commissioner of Kansas.

Pursuant to K.S.A. 17-12a602, staff for the Office of the Securities Commissioner has conducted an investigation to determine whether the Respondent has violated or is about to violate the Kansas Uniform Securities Act, K.S.A. 17-12a101, *et seq.* The Commissioner finds that sufficient evidence exists to provide cause under K.S.A. 17-12a604 to take administrative action against the Respondent.

Having been apprised of the facts revealed in that investigation, the Commissioner finds as follows:

Findings of Fact

1. Respondent Carleen J. Brubaker [hereinafter "Respondent"] is a Kansas resident with an address of [REDACTED].

A. [REDACTED]

2. On or about July 3, 2008, Respondent solicited a Kansas resident, [REDACTED] [hereinafter "[REDACTED]"], to invest \$25,000 with her. Respondent advised that she was

to receive a \$45.5 million inheritance from her godfather but that she needed to pay transfer fees in Scotland. Once this transfer fee was paid, Respondent would receive the money.

3. On or about July 3, 2008, [REDACTED] invested \$13,000 with Respondent and, again, on or about July 9, 2008, [REDACTED] invested an additional \$2,500. Respondent informed [REDACTED] that within a week of his investment, she would repay him a total of \$120,000.

B. [REDACTED]

4. On or about August 28, 2008, Respondent solicited a Kansas resident, [REDACTED] [hereinafter “[REDACTED]”], to invest \$15,000 with her. Respondent advised [REDACTED] that she was to receive an inheritance from her godfather, valued at over \$25 million, but she had to first pay \$65,651 in taxes. Respondent advised [REDACTED] that she had already collected \$50,000 of the money needed.

5. Respondent sent two (2) e-mails to [REDACTED] with the terms of the “business proposition” and also provided a receipt for his investment.

6. On or about August 28, 2008, [REDACTED] invested \$15,000 with Respondent. Respondent informed [REDACTED] that, within a week of his investment, she would repay him a total of \$200,000.

C. [REDACTED]

7. On or about September 14, 2008, Respondent solicited two (2) Kansas residents, [REDACTED] and [REDACTED] [hereinafter “[REDACTED]”], to invest \$15,000 with her so she could pay transfer fees on a \$45 million inheritance from her godfather.

8. On or about September 15, 2008, the Tinichs invested \$15,000 with Respondent. Respondent informed the [REDACTED] that within five (5) days of their investment, she would repay them a total of \$80,000.

9. Respondent and the [REDACTED] signed an "Agreement" with the terms of the investment.

D. [REDACTED]

10. On or about October 13, 2008, Respondent solicited a Kansas resident, [REDACTED] [hereinafter "[REDACTED]"], to invest \$15,000 with her so that she could receive a \$52 million settlement on a sexual harassment lawsuit. Respondent informed [REDACTED] that his \$15,000 investment would be given to her ex-husband so he would agree to sign the necessary paperwork allowing conclusion of the settlement.

11. On or about October 16, 2008, [REDACTED] invested \$15,000 with Respondent. Respondent informed [REDACTED] that within five days of his investment, she would repay him a total of \$85,000.

12. [REDACTED] received a handwritten receipt for the money and also signed an "Agreement" with the terms of the return of the money.

E. [REDACTED]

13. On or about November 5, 2008, Respondent solicited a Kansas resident, [REDACTED] [hereinafter "[REDACTED]"], to invest \$10,700 with her so she could receive a multi-million dollar settlement on a sexual harassment lawsuit.

14. Respondent informed [REDACTED] that her settlement was being held up until she paid back property tax on land near the golf course in Derby, Kansas. Respondent informed [REDACTED] that his \$10,700 would be used to pay the back property tax, so the

money from the settlement could be transferred to her account at the Boeing Credit Union.

15. On or about November 6, 2008, [REDACTED] invested \$10,700 with Respondent. Respondent Brubaker informed [REDACTED] that within a few days of his investment, she would repay him a total of \$80,000.

F. [REDACTED]

16. In early December 2008, Respondent solicited a Kansas resident, [REDACTED] [hereinafter “[REDACTED]”], to invest \$5,000 with her, so she could pay attorney fees and administrative expenses, in order to be able to receive a \$45.5 million inheritance from her stepfather in Canada.

17. On or about December 9, 2008, [REDACTED] invested \$5,000 with Respondent. Respondent informed [REDACTED] that by December 12, 2008, she would repay her a total of \$100,000.

18. [REDACTED] was given a “Promissory Note” and a handwritten note, both with the terms of the return on the money, signed by Respondent.

G. [REDACTED]

19. On or about March 14, 2009, Respondent solicited a Kansas resident, [REDACTED] [hereinafter “[REDACTED]”], to invest money with her so she could pay a tax lien on a \$45 million inheritance from her stepfather.

20. On or about March 20, 2009, [REDACTED] initially invested \$920 with Respondent; however, a few days later, Respondent returned \$400 to [REDACTED] because he needed the money. Respondent informed [REDACTED] that within a short period of time, she would repay him a total of \$75,000 for his \$520 investment.

H.

21. On or about March 18, 2009, Respondent sent an e-mail to a Kansas resident, [REDACTED] [hereinafter “[REDACTED]”], soliciting him to invest money with her, so she could pay the taxes on a large inheritance from her godfather in Canada.

22. On or about March 23, 2009, [REDACTED] met Respondent and she again explained this investment opportunity to him; subsequently, he invested \$5,000 with her. Respondent informed [REDACTED] that by March 27, 2009, she would repay him a total of \$50,000.

23. Respondent advised [REDACTED] that the money was in her credit union account but that she had to pay the IRS before the money could be released to her.

24. Both Respondent and [REDACTED] signed a “Promissory Note” with the terms of the investment.

25. Respondent informed [REDACTED] that he was the 33rd investor that had invested money with her.

26. None of the investors referenced above were required to perform any active role in the investments.

27. On or about July 17, 2008, Gary Fulton, an Investigator with the Office of the Kansas Securities Commissioner, interviewed [REDACTED] [hereinafter “[REDACTED]”], an employee of Spirit AeroSystems, Inc. Investigator Fulton learned that Respondent had unsuccessfully solicited him to invest \$7,000 with her, so she could receive a \$27.7 million inheritance from someone who had lived overseas. Respondent informed [REDACTED] that if he invested \$7,000, within a week, she would repay him a total of \$140,000.

28. After Investigator Fulton interviewed ██████, Investigators Fulton and David Kennedy contacted Respondent and informed her of the following:

- a. they were investigators with the Office of the Kansas Securities Commissioner;
- b. they were aware that she was offering large profits to employees at Spirit if they would invest money with her;
- c. they knew she was offering to pay investors large sums of money when an inheritance or settlement was received;
- d. the Office of the Kansas Securities Commissioner regulated the offer and sale of securities in Kansas;
- e. she was soliciting for an investment in a security;
- f. if she continued, the Office of the Kansas Securities Commissioner would investigate her for securities fraud; and
- g. that this inheritance sounded like a Nigerian inheritance scam.

29. After Investigator Fulton warned Respondent that she was possibly violating the Kansas Uniform Securities Act, she continued to solicit investments from Kansas residents and evidence indicates that she is still soliciting money from Kansas residents.

Conclusions of Law

30. The investments for which Respondent solicited the Kansas residents are securities as defined by K.S.A. 17-12a102(28).

31. Respondent engaged in a general solicitation, as defined by K.A.R. 81-1-1(n), by offering the above-described securities to the Kansas residents. Respondent did not have a substantial preexisting business or family relationship with the Kansas residents.

32. The investments offered by Respondent were not registered with the Office of the Kansas Securities Commissioner, in violation of K.S.A. 17-12a301.

33. Respondent is not registered with the Office of the Kansas Securities Commissioner as a broker-dealer or agent, in violation of K.S.A. 17-12a401 and K.S.A. 17-12a402.

34. Adequate grounds exist under K.S.A. 17-12a604, to invoke administrative sanctions against Respondent and such an order is in the public interest.

Cease and Desist Order

IT IS, THEREFORE, ORDERED by the Commissioner that the Respondent and her officers, agents, servants, employees, and any person in concert or participation with her who receives actual notice of this Order, shall immediately **CEASE AND DESIST** in the State of Kansas from soliciting offers to buy or making offers to sell, or effecting or transacting sales of securities, or the securities of any other person or issuer, or directly or indirectly aiding and assisting in the same or attempting to do the same, unless and until (1) such securities have been registered for offer and sale pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such securities are specifically exempt from the registration requirements of the Kansas Uniform Securities Act; (2) the Respondent and all other affiliates, employees or contractors of the Respondent who are to be engaged in such solicitations, offers and sales first become registered as broker-dealers or agents pursuant to the provisions of the Kansas Uniform Securities Act, or unless and until such persons are specifically exempt from such registration requirements of the Kansas Uniform Securities Act; and (3) the Respondent refrain from all acts and practices which constitute violations or are about to constitute violations of the Kansas Uniform Securities Act.

Opportunity for Hearing

If the Respondent wishes to contest the facts alleged above, the Respondent must file a request for hearing within thirty (30) days after service of this Order. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 618 S. Kansas Ave., Topeka, Kansas, 66603-3804. The request for hearing must be verified under oath by the Respondent and, if the Respondent disputes any of the allegations of fact or law set forth above, the Respondent shall specifically deny the allegations or they will be deemed admitted. In addition, the Respondent may offer evidence and argument to mitigate the alleged facts. If the allegations are properly disputed, a hearing officer will be appointed and the matter will be set for hearing. If no request for hearing is filed within thirty-three (33) days after the date of mailing shown on the Certificate of Service for this Order, the Commissioner will issue a final Order without further proceedings.

The Office of the Securities Commissioner shall be represented in this matter by Gail E. Bright, Associate General Counsel, 618 S. Kansas Ave., Topeka, Kansas, 66603, (785) 296-5215.

IT IS SO ORDERED BY THE COMMISSIONER this 6th day of August, 2009.

/s/ Chris Biggs
CHRIS BIGGS
Securities Commissioner

NOTICE:

(1) Pursuant to K.S.A. 17-12a508(a), any intentional violation of an order issued under the Kansas Uniform Securities Act is a felony criminal offense.

(2) This decision may constitute final agency action that is subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Kansas Securities Commissioner is Chris Biggs, Securities Commissioner, at 618 South Kansas Avenue, Topeka, Kansas, 66603.