STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of ADAM J. BROOKS, Respondent.	Case No. INS-20-0059 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTIES, FINAL ORDER PROHIBITING USE OF CLEAR SHIELD POLICY TERMINOLOGY AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of Adam J. Brooks ("Respondent"). The Division determined that Respondent violated provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748, and 750 ("Insurance Code") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

Respondent, without either admitting or denying the following Findings of Fact or Conclusions of Law, wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed herein, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Since August 1997, Respondent has been a licensed insurance producer with National Producer License ("NPN") number 1360569.[1]

[1] Respondent also holds individual Central Registration Depository ("CRD") number 2936398 and is the sole owner and manager of Brooks Financial Advisors LLC, d/b/a Brooks Capital Strategies (CRD number 152645), a domestic limited liability company. Respondent's investment advisor license expired on December 31, 2019.

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2. At all relevant times, Respondent was an agent of and associated with North American Company For Health And Life Insurance ("NAC") (National Association of Insurance Commissioners number 66974).

3. In or around 2014, two Oregon consumers (the "Clients") hired Respondent to perform financial planning work.

4. Respondent subsequently informed the Clients that he had created a product called Clear Shield, an equity indexed universal life insurance policy (the "Clear Shield policy").

5. Respondent explained and the Clients understood that Respondent had designed the Clear Shield product specifically for them. He had informed them that he had "created" the product, "optimized" it for them, and at various times he referred to it as the "Clear Shield policy," "Clear Shield plan," or "Clear Shield product."

6. In fact, "Clear Shield" was simply a marketing term that Respondent used to sell indexed universal life insurance policies on behalf of NAC. In other words, the Clear Shield policy that Respondent sold to the Clients was a NAC policy that Respondent had selected to suit the Clients' needs.

7. In June 2014, based at least in part on Respondent's representations to the Clients about his selection and design of the Clear Shield policy specifically for them, the Clients each purchased one of those policies and each paid premiums and fees.

8. The Clients became dissatisfied with Respondent and the Clear Shield policies they had purchased. They filed a complaint with NAC and with the Division alleging in part that they did not fully understand the policies that they purchased from Respondent.

9. On March 29, 2017, following an internal investigation, NAC terminated its contract with Respondent for cause.

10. NAC fully refunded the Clients the premiums they paid to NAC and rescinded the policies they purchased. Additionally, Respondent fully refunded the Clients the total

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fees they had paid to Respondent as related to the Clear Shield policies.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

11. Under ORS 746.110, no person shall make a statement containing any assertion, representation, or statement with respect to the business of insurance which is untrue, deceptive, or misleading.

12. Respondent's claims that he created, designed, or otherwise wrote individualized policies for the Clients by way of the Clear Shield policies constitutes an assertion, representation, or statement with respect to the business of insurance that is misleading under ORS 746.110.

13. Under ORS 731.988(1), a person that violates any provision of the Insurance Code shall forfeit and pay to the General Fund of the State Treasury a civil penalty in an amount determined by the Director that does not exceed $10,000 for each offense. The civil penalty for individual insurance producers, adjusters, or insurance consultants may not exceed $1,000 for each offense. Each violation is a separate offense.

14. Respondent is subject to civil penalties under ORS 731.988(1) for violating ORS 746.110 as to each of the Clients.

15. Under ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

16. Because the Director has reason to believe that Respondent has violated ORS 746.110, the Director may issue an order to discontinue or desist from such violation.

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ORDERS

The Director issues the following orders:

Order to Cease and Desist

17. Pursuant to ORS 731.252(1), the Director hereby orders Respondent, and all entities owned or controlled by Respondent, his successors and assignees, to CEASE AND DESIST from violating ORS 746.110.

Order Prohibiting Use of Clear Shield Policy Terminology

18. Respondent is permanently prohibited from using Clear Shield or any other terminology that has the potential to mislead clients or potential clients as to the nature of the products and services that Respondent may provide, whether as a marketing term or otherwise.

Order Assessing Civil Penalties

19. Pursuant to the authority of ORS 731.988(1), the Director hereby assesses two thousand dollars ($2,000) in CIVIL PENALTIES against Respondent for violating ORS 746.110 as to each of the Clients.

20. The Director SUSPENDS the foregoing two thousand dollar ($2,000) civil penalty for a period of three (3) years, provided that Respondent complies with all provisions of the Insurance Code and this Consent Order during such time period.

21. If Respondent commits any violation of the Insurance Code or fails to abide by any terms of this Consent Order, then the entire two thousand dollars ($2,000) of civil penalties will become immediately due and payable. If Respondent does not commit any violation of the Insurance Code and otherwise abides by all of the terms of this Consent Order during the three-year suspension of the civil penalties, then the two thousand dollars ($2,000) of civil penalties will be considered satisfied.

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NONDISCHARGEABILITY

22. Respondent agrees the facts and violations set forth in paragraphs 19, 20 and 21 above in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to, any nondischargeablity complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

FINAL ORDER

23. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 24th day of August, 2020.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Adam J. Brooks, have read the foregoing Order and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter, and I have been represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. I understand that the Director reserves the right to take further action against me to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Insurance Code. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Signature: /s/ Adam Brooks

State of Oregon

County of Deschutes

Signed or attested before me on this 18th day of August, 2020

by Adam J. Brooks.

/s/ Jennifer Steward

Notary Public

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