

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

<b>IN THE MATTER OF:</b>	*	
<b>CHARLES M. MARTIN,</b>	*	<b>Case No. 2006-0705</b>
<b>BROOKS MARTIN INVESTMENTS, LLC,</b>	*	
	*	
<b>MY1STHOUSE.COM, LLC</b>	*	
	*	
<b>Respondents.</b>	*	
*                    *		*                    *

**CONSENT ORDER**

WHEREAS, the Maryland Securities Division (the “Division”), pursuant to the authority granted by section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, MD CORPS & ASS’NS CODE ANN. (2007 Repl. Vol.) (the “Securities Act”) instituted an investigation with regard to alleged violations of the Securities Act by Charles M. Martin (“Martin”), Brooks Martin Investments, LLC (“BMI”), and My1sthouse.com, LLC (“My1st”) (collectively “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (“Commissioner”) found that grounds exist to conclude that Respondents may have violated the Act by engaging in acts or practices constituting violations of Sections 11-501, 11-401 and 11-301 of the Securities Act; and

WHEREAS, on January 12, 2009, the Commissioner issued an Order to Show Cause alleging that Respondents violated the anti-fraud, securities and agent registration provisions of the Securities Act; and

WHEREAS, on about January 27, 2009, Respondent Martin answered the Order to Show Cause *pro se* on behalf of himself and the two companies, denying some factual allegations, denying the alleged violations, and requesting a hearing; and

WHEREAS, on January 30, 2009, this matter was referred to the Office of Administrative Hearings for a hearing and proposed decision; and

WHEREAS, Respondents have provided the Maryland Securities Division (“Division”) a list of existing investors, the amounts of their investments, and the amounts of their outstanding principal, and documentation to support the information on the list; and

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, the Commissioner and Respondents have reached an agreement to resolve this matter; and

WHEREAS, Respondents waive the right to a hearing and appeal under the Securities Act and the rules and regulations promulgated thereunder with respect to this Consent Order; and

WHEREAS, Respondents, without admitting or denying any finding of fact or conclusion of law, except that Respondents expressly consent to the Commissioner’s jurisdiction over the subject matter and personal jurisdiction over them in this proceeding, and consent and agree to the terms of this Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, pursuant to 11-701.1 of the Securities Act, it is hereby ordered:

**THE COMMISSIONER FINDS:**

**I. JURISDICTION**

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Securities Act.

**II. RESPONDENTS**

2. Martin resides in Prince George's County, Maryland.

3. BMI is a Maryland limited liability company formed on November 4, 2004, with a principal place of business in Prince George's County, Maryland. Martin is the managing member and sole owner of BMI. It is currently forfeited.

4. My1st is a Maryland limited liability company formed on January 14, 2005, with a principal place of business in Prince George's County, Maryland. Martin is the managing member and sole owner of My1st.

**III. FINDINGS OF FACT**

The Commissioner finds, but Respondents neither admit nor deny, that:

5. Martin is an active real estate investor. Over the years, he has made dozens of real estate investments through various entities, including through BMI and My1st.

6. Martin also purchased real estate for investment purposes in his own name.

7. Martin funded the purchase of the real estate in part with funds from at least eighteen investors. He entered into what he termed a "Capital Investment Agreement" in which he or one of his companies promised to repay the investor's principal plus, for example, 50% return within 45 days. The investment funds were to be used for the purchase, renovation and resale of a particular property. Martin's companies remained the sole owner of the properties.

He and his companies secured first trust financing for the properties.

8. The properties were to be owned or controlled by Martin or his companies. Martin was responsible for the property acquisition, renovation and resale activities, and investors played no role in the management.

9. In some cases, neither Martin nor his companies acquired the designated properties. When Respondents did not acquire the designated properties, they told investors that the investors' money would be used for a different property, and the investors agreed. In other cases, Martin or his company sold the property, but some investors whose Capital Investment Agreements identified the property, did not receive the promised return.

10. Martin and his companies currently own real estate that they plan to renovate and sell in order to repay investors. Martin expects to recover sufficient funds to repay investors as described below.

11. Martin and his companies omitted material information regarding, among other things, management compensation and potential conflicts of interest, the financial position and financial statements of the companies, the organization, operation and management of the companies, use of the offering proceeds, and Respondents' interest in real property. Martin states that he was unaware that the securities laws might apply to these transactions or that the Securities Act requires this disclosure.

12. The Division has no record that the Capital Investment Agreements were registered as securities, filed a claim of exemption from such registration, or filed a notice of preemption as a federal covered security. Martin states that he was unaware that the Securities Act requires securities to be registered or exempt from registration.

13. Martin has never been registered in Maryland as a broker-dealer or securities agent. Martin states that he was unaware that the Securities Act requires a person who offers or sells securities to be registered.

#### **IV. CONCLUSIONS OF LAW**

The Commissioner concludes, but Respondents neither admit nor deny, that:

14. The Capital Investment Agreements and other evidence of indebtedness offered and sold by Respondents are securities.

15. Respondents violated sections 11-501, 11-401 and 11-301 of the Securities Act.

#### **V. ORDER**

NOW, THEREFORE, IT IS HEREBY ORDERED, and Respondents expressly consent and agree:

16. Respondents shall permanently cease and desist violating Sections 11-501, 11-401 and 11-301 of the Securities Act.

17. Respondents are barred from engaging in the securities or investment advisory business in Maryland for or on behalf of others or from acting as a principal or consultant in any entity so engaged.

18. Before Respondent engages in any future financial transactions for others, including offering seminars relating to investments in real estate or engaging in real estate transactions that involve any pooling of funds such as by tenants-in-common, but excluding transactions in which he acts solely as a real estate broker representing one buyer and/or one seller in a transaction involving the purchase or sale of real estate, he will consult independent securities counsel or obtain a no-action letter from the Commissioner.

19. Respondents shall pay to the Office of the Attorney General a fine that shall be

reduced dollar for dollar by the amount of principal repaid to investors in a two-stage process. In the first stage, any repayment of principal between the date of this Consent Order and September 1, 2009, including any settlement of the amount of principal due, as proved to the Commissioner's satisfaction, shall reduce a fine of \$358,432 by the amount of those investors' principal. In the second stage, to the extent that some investors have not been repaid their principal before September 1, 2009, the remaining fine shall be increased by 5%. This latter fine shall be reduced dollar for dollar by the amount paid to the Office of the Attorney General between September 1, 2009 and December 15, 2009, for further distribution *pro rata* to the investors who were not paid in the first stage. The *pro rata* distribution shall be made using the list provided by Respondents to the Division.

20. Respondents shall comply fully with the Securities Act and the regulations promulgated thereunder.

#### **VI. MOTION TO VACATE THIS ORDER**

21. If Respondents have paid the fine or restitution described in paragraph 19 above by repaying all investors the amounts of principal they are due by December 15, 2009, Respondents may make a motion to vacate this order, and the Commissioner may exercise her discretion in ruling on the motion.

#### **VII. JURISDICTION RETAINED**

22. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

#### **VIII. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER**

23. If any Respondent fails to comply with any term of this Consent Order or if it

appears that Respondents have materially misrepresented the list of investors and the amounts of outstanding principal discussed above, the Division may bring administrative or judicial proceedings against the Respondent to enforce this Consent Order, to modify the amount of fines due to reflect the corrected principal amount due to investors, or to sanction the Respondent for violating an order of the Commissioner, and may take any other action authorized under the Securities Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or a court finds that the Respondent has violated this Consent Order, the Findings of Fact and the violations of the Securities Act alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent.

**IX. MODIFICATION OF CONSENT ORDER**

24. The terms of this Consent Order may be modified only by a subsequent order issued by the Commissioner.

**DATE OF THIS ORDER:**

June 4, 2009

**SO ORDERED:**

**Commissioner's Signature is  
on File with Original Document**

Melanie Senter Lubin  
Securities Commissioner

**BY CONSENT:**

\_\_\_\_\_/S/  
Charles M. Martin

On this \_\_\_\_\_ day of \_\_\_\_\_, 2009, personally appeared Charles M. Martin, signer of the foregoing Consent Order, who did duly acknowledge his signature to be his free act and deed.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_  
Seal:

\_\_\_\_\_/S/  
\_\_\_\_\_  
Brooks Martin Investments, LLC  
By: Charles M. Martin, Managing Member

On this \_\_\_\_ day of \_\_\_\_\_, 2009, personally appeared Charles M. Martin  
Managing Member of Brooks Martin Investments, LLC and signer of the foregoing Consent  
Order, who did duly acknowledge his signature to be his free act and deed.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Seal:

\_\_\_\_\_/S/  
\_\_\_\_\_  
Mylsthouse.com, LLC  
By: Charles M. Martin

On this \_\_\_\_ day of \_\_\_\_\_, 2009, personally appeared Charles M. Martin,  
Managing Member of Mylsthouse.com, LLC and signer of the foregoing Consent Order, who  
did duly acknowledge his signature to be his free act and deed.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Seal: