

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
CASE NO.

FILED BY \_\_\_\_\_

2007 OCT 25 AM 10:59

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

DAVID H. BROOKS,

Defendant.

CLARENCE HANCOCK  
CLERK U.S. DIST. CT.  
S.D. OF FL. - MIAMI

**07-61526**

**CIV-ALTONAGA**  
MAGISTRATE JUDGE  
TURNOFF

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

**I. INTRODUCTION**

1. DHB Industries, Inc., a/k/a Point Blank Solutions, Inc. ("DHB"), is a major supplier of body armor to the U.S. military and law enforcement agencies. From at least 2003 through 2005, Defendant David H. Brooks, DHB's founder, former Chief Executive Officer and Chairman of the Board, engaged in a pervasive accounting fraud, systematically looted company coffers, and took advantage of DHB's artificially inflated stock price to dump millions of his shares on the market for proceeds of approximately \$186 million. This conduct resulted in DHB filing materially false and misleading periodic reports and proxy statements from at least 2003 through 2005, which presented a substantially more robust picture of DHB's actual results and profitability.

2. Brooks, with the assistance of the company's former Chief Financial Officer, Dawn Schlegel, and DHB's former Chief Operating Officer, Sandra Hatfield, used DHB's lack of internal accounting and financial reporting controls to manipulate the company's gross profit margins and net income by overstating DHB's inventory values and falsifying journal entries.

3. In addition, Brooks funneled millions of dollars out of DHB through fraudulent transactions with a related entity he controlled, and used DHB funds to pay for millions of dollars of personal expenses, including luxury cars, jewelry, horse racing, extravagant vacations, and \$122,000 worth of iPods given as favors to guests at a multi-million bat mitzvah party for his daughter in late 2005.

4. Continuing to abuse his position at DHB for outlandish personal gain, in late 2004, Brooks sold the majority of his DHB stock for approximately \$186 million as the company's share price reached its all-time high. Brooks sold his shares while possessing material, non-public information concerning the pervasive fraud at DHB.

5. Through his conduct, Brooks violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b), 13(b)(5), and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 13a-14, 13b2-1, 13b2-2, and 14a-9 thereunder. He also aided and abetted DHB's violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder. Due to the extended and serious nature of Brooks' violations, as well as the scienter he demonstrated through his willful and wanton disregard for the federal securities laws, Brooks has made it clear he will continue to violate the law unless the Court enjoins him from further violations.

## **II. JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A(a)(1), and 27 of the Exchange Act, 15 U.S.C. §§78u(d), 78u(e), 78u-1(a), and 78aa.

7. The Court has personal jurisdiction over Brooks and venue is proper in the Southern District of Florida because many of the acts and transactions constituting the violations alleged in this Complaint occurred in the Southern District of Florida. In addition, Brooks has a

