

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 9253 / August 26, 2011

SECURITIES EXCHANGE ACT OF 1934

Release No. 65208 / August 26, 2011

INVESTMENT ADVISERS ACT OF 1940

Release No. 3265 / August 26, 2011

INVESTMENT COMPANY ACT OF 1940

Release No. 29771 / August 26, 2011

ADMINISTRATIVE PROCEEDING

File No. 3-14516

In the Matter of

DAVID G. BROUWER,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against David G. Brouwer (“Respondent” or “Brouwer”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Section 203(f) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

Summary

Respondent made material misrepresentations about and failed to disclose certain material risks associated with equity-linked notes that he recommended as investments to certain customers in 2007 and 2008 while Respondent was a registered representative associated with broker-dealer and investment adviser Great American Advisors, Inc. (“Great American”). Additionally, Respondent’s recommendation of equity-linked notes to at least two of his customers was unsuitable based on their investment objectives, stated risk tolerance, and other factors.

Respondent

1. **Brouwer** was a registered representative with Great American from May 2002 until September 2009, when he was permitted to resign. Brouwer holds Series 7 and 63 licenses. Respondent, 58 years old, is a resident of Homestead, Florida.

Other Relevant Entity

2. **Great American** is registered with the Commission as a broker-dealer and investment adviser. Great American is incorporated in Ohio, with its principal place of business in

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Cincinnati, Ohio. On July 12, 2010, Great American ceased its retail brokerage business. It continues to operate as a broker-dealer and investment adviser to service its other businesses.

Background

3. Great American hired Brouwer in 2002 to work as a registered representative at its Homestead, Florida branch office. The branch was located at a local bank branch. The bank referred numerous customers to Brouwer.

4. A portion of Brouwer's customers, including some of the bank referred customers, sought a higher yielding alternative to the relatively low yields offered at the time through bank products.

5. During 2007 and 2008, Brouwer recommended equity-linked notes to many of his customers. The equity-linked notes Brouwer recommended are known as structured notes in which there is a derivatives exposure to the holder of the note due to the reverse convertible nature of the terms of the note. The equity-linked notes offered investors high yields, monthly income, and short-term maturities (often less than one year). The security either matured at par, in which case the investor recouped his principal investment in a cash payment and periodic interest payments, or did not mature at par, in which case the investor received shares of the underlying security valued at the lower price -- less than the investment principal. Whether the security matured at par was dependent on a predetermined price floor for the underlying equity. If the trading price of the underlying shares falls below that predetermined price floor, the investor will receive shares in the referenced company rather than a cash payment.

6. Brouwer recommended equity-linked notes that presented a risk of loss of principal. If the security ultimately did not mature at par, and was therefore redeemed for stock, an investor could lose some or all of his principal. Brouwer told customers that the equity-linked notes were safe when in fact they were not and failed to disclose certain of the investment's material risks. Brouwer failed to adequately disclose that there was a possibility that the equity-linked notes would convert into the underlying securities at a value less than the invested principal.

7. Brouwer's recommendations of equity-linked notes were unsuitable for at least two customers, based on their stated risk tolerance, investment objectives and other factors. Those customers stated their risk tolerance as "low," and listed "income" as their investment objective on their new account forms.

Violations

8. As a result of the conduct described above, Brouwer willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Brouwer's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Brouwer cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Brouwer be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal adviser, transfer agent, or nationally recognized statistical rating organization, and prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. Respondent be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

D. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

E. Respondent shall, within ten (10) days of the entry of this Order, pay disgorgement of \$33,000 and prejudgment interest of \$6,137.25 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Respondent shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$33,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, 100 F St., NE, Stop 6042,

Washington, DC 20549; and (D) submitted under cover letter that identifies David G. Brouwer as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Glenn S. Gordon, Associate Director, Division of Enforcement, Securities and Exchange Commission, 801 Brickell Ave., Suite 1800, Miami, FL 33131.

By the Commission.

Elizabeth M. Murphy
Secretary