

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 59930 / May 15, 2009**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-11538**

**In the Matter of**

**J. MICHAEL SCARBOROUGH and**  
**ROYAL ALLIANCE ASSOCIATES, INC.,**

**Respondents.**

**ORDER APPROVING**  
**PLAN OF DISTRIBUTION**

On July 8, 2004, the Securities and Exchange Commission (“Commission”) issued a settled Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934 (the “Order”) against J. Michael Scarborough (“Scarborough”) and Royal Alliance Associates, Inc. (“Royal Alliance”) (collectively, “Respondents”) (See Securities Act Release No. 8438). Pursuant to the Order, Scarborough and Royal Alliance paid a total of \$2,311,085 in disgorgement, prejudgment interest, and civil monetary penalties to the Commission, and a Fair Fund was established for subsequent distribution of these funds to eligible investors.

On February 6, 2009, the Commission published a “Notice of Proposed Plan of Distribution and Opportunity for Comment” (“Notice”) in connection with this proceeding pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103 (See Exchange Act Release No. 59368). This Notice advised interested parties that they could obtain a copy of the proposed plan of distribution of monies placed into the Fair Fund (“Distribution Plan”) by printing a copy from the Commission’s public website or by submitting a written request to David S. Horowitz, Assistant Regional Director, United States Securities and Exchange Commission, 701 Market Street, Suite 2000, Philadelphia, PA 19106.

The Notice also advised that all persons desiring to comment on the Distribution Plan could submit their views, in writing, no later than March 9, 2009, to the Office of the Secretary, United

States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-2090; by using the Commission's Internet comment form; or by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). The Commission received no comments on the Distribution Plan.

The Distribution Plan states that monies from the Fair Fund will be distributed to approximately 400 Royal Alliance customers ("Eligible Customers") who were harmed by the Respondents' conduct, utilizing a methodology delineated in the Distribution Plan. The Eligible Customers will not be required to make a claim or submit documentation to establish their eligibility. The Distribution Plan further describes the procedures that will be used to calculate and distribute the total amounts to be paid to Eligible Customers from the Fair Fund.

The Division of Enforcement requests that the Commission approve the Distribution Plan as written. The Division also requests that the Commission approve the appointment of David S. Horowitz, a Commission employee, as the Fund Administrator, as proposed in the Distribution Plan.

The Commission finds that the Distribution Plan provides for an appropriate distribution of the monies paid by Scarborough and Royal Alliance pursuant to the Order.

Accordingly, IT IS HEREBY ORDERED, pursuant to Rule 1104 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1104, that the Distribution Plan is approved.

IT IS FURTHER ORDERED, pursuant to Rule 1105 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1105, that David S. Horowitz is appointed as the Fund Administrator in accordance with the terms of the Distribution Plan and that, in accordance with Rule 1105(c), 17 C.F.R. § 201.1105(c), no bond is required since the Fund Administrator is a Commission employee.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary