

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 63882 / February 9, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14248

In the Matter of

SCOTT D. FARAH,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Scott Farah (“Farah” or “Respondent”).

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, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that

1. Farah, age 47, was the president and founder of Financial Resources Mortgage, Inc. ("FRM"), a New Hampshire based mortgage brokerage company. His primary duties at FRM involved soliciting investor lenders and borrowers for construction and other loans. From March 1999 through October 2002, Farah was a registered representative of Franklin Financial Services Corporation (now known as American General Equity Services Corporation), a registered broker-dealer. From October 2002 through December 2002, Farah was a registered representative of American General Securities, Inc., a registered broker-dealer and investment adviser. Farah is a resident of Meredith, NH.

2. On October 4, 2010, Farah pled guilty to one count of mail fraud in violation of Title 18, United States Code, Section 1341 and one count of wire fraud in violation of Title 18, United States Code, Section 1343 before the United States District Court for the District of New Hampshire, in United States v. Scott Farah, Crim. Indictment No. 1:10-CR-44-01. Farah was sentenced on January 19, 2011 to fifteen years in prison.

3. The counts of the criminal indictment to which Farah pled guilty alleged, inter alia, that Farah defrauded investors and obtained money and property by means of materially false and misleading statements and that he used the United States mails and the wires to solicit investments of money from investors by falsely representing that the money would be used for the exclusive purpose of funding specific private mortgages while instead using that money for numerous other undisclosed purposes. On April 9, 2010, the Commission filed a civil injunctive action in the United States District Court for the District of New Hampshire based on the same underlying facts as alleged in the criminal indictment.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, PL 111-203, July 21, 2010, 124 Stat. 1376, Respondent Farah be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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.

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.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings, Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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