

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70716 / October 18, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15575**

**In the Matter of**

**JAMES A. PHILBROOK,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
AND NOTICE OF HEARING**

**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 James A. Philbrook (“Respondent” or “Philbrook”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Philbrook, 63 years old, is a resident of Manchester, New Hampshire.
2. From October 2002 through December 2006, Philbrook was a registered representative of The O.N. Equity Sales Company, a broker-dealer registered with the Commission. From May 1988 through June 2002, Philbrook was associated, consecutively, with four other firms registered with the Commission as broker-dealers or dually registered with the Commission as broker-dealers and investment advisers.

B. ENTRY OF THE RESPONDENT'S CRIMINAL CONVICTION

3. On November 2, 2012, Philbrook was convicted in Maine Superior Court of one count of theft by misapplication of property, in violation of Title 17-A M.R.S.A. § 358(1)(B)(1), and one count of violating the Maine Uniform Securities Act, in violation of 32 M.R.S.A. §16508, in State of Maine v. James Philbrook, Docket No. HOUSC-CR-2011-00010. The order of judgment and commitment entered against Philbrook sentenced him to a prison term of eight years with all but three years suspended and credit for time served. In addition, the judgment and commitment ordered, among other things, that Philbrook be placed on probation for three years upon completion of the unsuspended term of imprisonment and make restitution in the amount of \$195,000.

4. The counts of the criminal indictment pursuant to which Philbrook was convicted alleged, inter alia, that from on or about June 7, 2005 to on or about July 20, 2006, Philbrook, acting intentionally or knowingly and in connection with the offer and sale of a security, obtained money from two individuals. Philbrook misrepresented to the individuals that he intended to make investments on their behalf in a pay-per-view television event and a college-funding business venture, but in fact did not invest their money and instead diverted their money for his own personal use.

5. Philbrook's conviction was for a felony or misdemeanor involving (i) the purchase or sale of a security and (ii) the theft or misappropriation of funds or securities. His misconduct occurred while he was associated with a broker-dealer registered with the Commission.

**III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

**IV.**

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy  
Secretary