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MANCHESTER MAN FOUND TO HAVE COMMITTED SECURITIES FRAUD

ORDERED TO RETURN \$237,000 TO VICTIMS

Concord, NH (September 10, 2012) - The Bureau of Securities Regulation announced today that an order has been issued against Manchester resident James A. Philbrook for fraud and other violations of the securities laws. The order requires Philbrook to return \$237,000 he wrongfully obtained from investors in Maine and New Hampshire. In addition, he was fined \$12,500, required to pay Bureau expenses in the amount of \$10,000, and ordered to cease and desist from any further violations of the securities laws.

According to the order, Philbrook contacted a couple in Maine in May 2005 soliciting them to invest money with him related to a proposed pay-per-view program starring celebrity Carmen Electra. In June 2005, the Maine couple wired \$71,505.86 to Philbrook's bank account. In exchange, Philbrook gave the couple a promissory note. As it turned out, the funds wired into Philbrook's account were almost immediately used to pay off restitution to a former employer of Philbrook's son. Philbrook's son was found guilty of theft by deception against his employer in a case prosecuted by the New Hampshire Attorney General's office.

In July 2005, Philbrook persuaded the Maine couple to invest an additional \$73,494.16, offering a "Triple Bonus" as an inducement to invest. In addition, he persuaded a Nashua couple to invest \$20,000 in the same scheme. Another victim in Enfield was persuaded to invest \$22,000 with Philbrook in December 2005. In July 2006, Philbrook was given another \$50,000 to invest by the couple in Maine. In all instances, Philbrook treated the money as personal loans despite his representations that the money was to be used for investment. In many cases the money was used to pay Philbrook's personal bills.

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Philbrook attempted to characterize these investments as personal loans that he could use in any way he saw fit. However, Barry Glennon, Director of the Bureau, who acted as hearing officer in this case, rejected this contention in his order, stating, “Although Philbrook contends that these transactions were merely loans, that was not the understanding of those who turned over tens of thousands of dollars at a time to Philbrook with the hope of significant investment returns.” The order also noted that Philbrook had some investors sign confidentiality agreements related to the investments with serious penalties for disclosure of the information.