

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 53033 / December 28, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12137

In the Matter of

PHILIP D. PHILLIPS,

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 Philip D. Phillips (“Respondent” or “Phillips”).

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. Phillips, age 61, is a resident of Amarillo, Texas. Phillips has been a registered representative with Iron Street Securities Inc. ("Iron Street"), a Commission-registered broker-dealer since January 2000. Prior to his association with Iron Street, Phillips was associated with various other registered broker dealers from 1985 to 2000. Phillips operated his scheme through American Heartland Sagebrush Securities Investments Inc. and Sagebrush Securities, American Heartland, Inc., entities that are mere d/b/as created and controlled by Phillips, who fraudulently depicts them as registered broker-dealers. In April 1985, Phillips pled guilty to a misdemeanor criminal charge of making a false statement in connection with a bank fraud.

2. On September 15, 2005, a final judgment was entered against Phillips, individually and doing business as American Heartland Sagebrush Securities Investments, Inc., and Sagebrush Securities, American Heartland, Inc. ("Sagebrush") permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action captioned *Securities and Exchange Commission v. Philip D. Phillips, et al.*, Civil Action Number: 2:05CV-107-J (USDC/NDTX- Amarillo Division).

3. The Commission's *Complaint* alleged that Phillips had induced at least 39 investors, including certain of his long-time Iron Street brokerage customers, to invest as much as \$2.5 million with Sagebrush, which he falsely portrayed as a registered broker dealer with accounts insured by the Securities Investor Protection Corporation ("SIPC"). In fact, Phillips sent the investors sham Sagebrush account statements bearing the SIPC logo and setting forth the purported investments that Phillips had supposedly purchased with their funds. These account statements falsely affirmed that customer accounts were "protected up to \$3,000,000." During the course of his fraudulent scheme, Phillips periodically made small payments to investors—in apparent *Ponzi* style—satisfying investors' liquidation requests with the recent deposits of new investors. Bank records revealed that Phillips treated the Sagebrush bank account as his personal account.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act that Respondent Phillips be, and hereby is barred from association with any broker or dealer.

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 disengagement 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.

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

Nancy M. Morris
Secretary