

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934  
Release No. 55601 / April 9, 2007

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In the Matter of the Application of	:	
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National Association of Securities Dealers, Inc.	:	
	:	
For an Order Granting the Approval of	:	ORDER APPROVING
	:	APPLICATION FOR
Harry M. Richardson	:	RELIEF FROM A
	:	STATUTORY
As a	:	DISQUALIFICATION
	:	
General Securities Representative	:	
	:	
With	:	
	:	
Emmett A. Larkin, Inc.	:	
	:	
Securities Exchange Act of 1934	:	
Section 15A(g)(2)	:	
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The National Association of Securities Dealers, Inc. (“NASD”) has filed an application (“Application”) pursuant to Rule 19h-1 under the Securities Exchange Act of 1934 (“Exchange Act”), on behalf of Emmett A. Larkin, Inc. (“Larkin” or “Firm”), seeking Commission consent for Harry M. Richardson (“Richardson”), a person subject to a statutory disqualification, to associate as a general securities representative with Larkin, subject to the terms and conditions set forth in the Application.

Mr. Richardson is subject to a statutory disqualification as a result of two regulatory actions. First, on April 7, 1999, the U.S. District Court for the Northern District of California, San Francisco Division, entered an Order of Permanent Injunction (“Permanent Injunction”) against Mr. Richardson and First California Capital Markets

Group, Inc. (“First California”), a registered broker-dealer.<sup>1</sup> The court permanently enjoined Mr. Richardson from further violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 15B(c) of the Exchange Act, Exchange Act Rule 10b-5, and Municipal Securities Rulemaking Board (“MSRB”) rules G-17 and G-19. The court also ordered Mr. Richardson and First California jointly to disgorge \$600,000 in profits and pay \$100,000 in civil penalties. This disciplinary event causes Mr. Richardson to be subject to a statutory disqualification pursuant to Section 3(a)(39)(F) of the Exchange Act.

Second, based on the same misconduct, Mr. Richardson consented to, and the Commission entered, an Order Instituting Public Administrative Proceedings, Making Findings, and Imposing Remedial Sanctions (“Commission Bar Order”) barring Mr. Richardson from association with any broker-dealer, municipal securities dealer, investment adviser or investment company, with a right to reapply for association after three years.<sup>2</sup> This disciplinary event causes Mr. Richardson to be subject to a statutory disqualification pursuant to Section 3(a)(39)(B)(i)(II) of the Exchange Act.

The Permanent Injunction and Commission Bar Order were based on a complaint issued by the Commission alleging that, while he was chairman of First California, Mr. Richardson caused material misrepresentations and omissions in disclosure documents in connection with two “pool” municipal bond offerings and three land development municipal bond offerings, and that Mr. Richardson sold securities in contravention of MSRB rules.

Mr. Richardson was employed in the securities industry from 1967 to 1999. He qualified as an investment company products/variable contracts representative and a general securities representative in August 1967, a municipal securities principal in January 1981, and a general securities principal in April 1985.

In the Application, NASD and Larkin represent that Larkin proposes to employ Mr. Richardson as a general securities representative, with the title of vice president and director of product development, at the Firm’s headquarters in San Francisco. As a general securities representative, Mr. Richardson would be permitted to recommend securities transactions to retail investors. However, the Firm states that Mr. Richardson’s primary job duties will focus on assessing “the strengths of the [Firm] and its core competencies and look[ing] beyond the traditional lines of business to evaluate business opportunities in new products” in order to diversify the Firm’s business plan. The Firm states that these new business opportunities can include, but are not limited to, strategic alliances and joint ventures with trading partners. Mr. Richardson will conduct meetings with business prospects outside the San Francisco office.

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<sup>1</sup> SEC v. First California Capital Markets Group, Inc., C 97-02761 CRB (N.D. Cal. Apr. 5, 1999); Litigation Release No. 16107 (Apr. 7, 1999).

<sup>2</sup> In the Matter of H. Michael Richardson, Exchange Act Release No. 41448 (May 25, 1999).

In the Application, NASD and Larkin represent, among other things, that:

1. The Firm became a member of NASD in May 1967. It engages in a general securities business, has 31 branch offices, and employs 108 registered representatives, 46 principals, and 23 other employees. Its home office is in San Francisco, California.
2. George Montes (“Montes”) will serve as Mr. Richardson’s responsible supervisor. Mr. Montes is the Firm’s chief financial officer and chief compliance officer. He has been in the securities industry since 1970, and he registered with the Firm in January 1990. He qualified as a registered securities principal in 1970, a financial and operations principal in 1978, a registered options principal in 1979, and an equity trader in 2000.
3. Mr. Richardson will work out of the Firm’s corporate headquarters located in San Francisco, California, at a desk near Mr. Montes, and will report to this office at least once per week. Mr. Richardson will not maintain any office other than at the Firm’s home office in San Francisco.
4. Mr. Richardson will work to develop a new business plan and explore new business ventures for the Firm. Mr. Richardson will propose any new business opportunities to Mr. Montes. If Mr. Montes determines that any of these opportunities are attractive for the Firm, he will present them to the Firm’s executive management for consideration. The executive management will submit any business opportunities it approves to the Firm’s Board of Directors. The Firm’s Board of Directors will vote on a proposal before it is finally adopted by the Firm. If any of the new proposals involve drafting disclosure documents, Mr. Richardson will not have any role in writing, reviewing, or editing such documents.
5. Mr. Richardson will maintain a daily activity log that will be reviewed by Mr. Montes on a monthly basis. The log will include the following information:
  - a. Names of the people with whom Mr. Richardson has spoken;
  - b. Names of the companies for which the people work;
  - c. Types of business discussed at the meetings;
  - d. Any follow-up information for Mr. Richardson to act on; and
  - e. All other information the Firm and Mr. Richardson reasonably believe is necessary to disclose in the interest of ensuring compliance with the securities laws.
6. Mr. Richardson will not have the authority to approve or commit the Firm’s capital or resources in any municipal bond activities.
7. Mr. Richardson may maintain and solicit retail clients but will not be permitted to conduct any retail business while not physically located in Larkin’s San Francisco

office. Mr. Montes will review and pre-approve all of Mr. Richardson's new account forms for suitability, prior to accepting the new accounts for the Firm.

8. Mr. Montes will review and approve all of Mr. Richardson's order tickets and blotters.
9. Mr. Montes will review all incoming correspondence to Mr. Richardson on a daily basis, and will review all of Mr. Richardson's outgoing correspondence prior to use.
10. Mr. Montes will maintain a written record evidencing review and approval of transactions, the opening of new accounts, and all correspondence generated by Mr. Richardson.
11. Mr. Richardson will not have discretionary accounts.
12. Mr. Montes will conduct a compliance meeting with Mr. Richardson at least once per month to discuss these terms and conditions, and review of all of Mr. Richardson's account files. Mr. Montes will maintain a record of these meetings in Mr. Richardson's file where it can be easily accessed by examiners.
13. Mr. Montes will conduct random oral customer contacts on a reasonable basis to discuss activities in accounts and to determine customer satisfaction. Mr. Montes will maintain a record of these customer contacts in Mr. Richardson's file where it can be easily accessed by examiners.
14. The Firm must obtain prior approval from NASD's Member Regulation if it wishes to change Mr. Richardson's responsible supervisor from Mr. Montes to another person.
15. Mr. Richardson meets all applicable requirements for the proposed association.

In the Application, NASD seeks an order declaring that, notwithstanding the statutory disqualification, the Commission:

- (1) Will not institute proceedings pursuant to Sections 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act solely on the basis of Mr. Richardson's association as a general securities representative with Larkin pursuant to the representations contained in the Application; and
- (2) Will not direct NASD to bar the proposed association, as provided in Section 15A(g)(2) of the Exchange Act.

The Division of Market Regulation, pursuant to delegated authority, has reviewed the instant application and the record before NASD. Relying on the representations made

by NASD and Larkin concerning the proposed association of Mr. Richardson,<sup>4</sup> the Division of Market Regulation has concluded that it is appropriate for the Commission to approve the application for Mr. Richardson to associate as a general securities representative with Larkin.

Accordingly, IT IS ORDERED that said application of NASD on behalf of Larkin and Mr. Richardson be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Nancy M. Morris  
Secretary

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<sup>4</sup> All representations, terms, and conditions of employment not specifically listed are incorporated herein by reference. This Order is further conditioned on NASD's Rule 19h-1 notice filing, which includes Larkin's MC-400 application to NASD. This application details more specific terms and conditions related to Mr. Richardson's heightened supervision to which he is also subject at Larkin.

<sup>5</sup> 17 CFR 200.30-3(a)(4).