

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75906 / September 11, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31821 / September 11, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16543

In the Matter of

Richard Krill,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTIONS 21B AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934 AND SECTION 9(d) OF THE
INVESTMENT COMPANY ACT OF 1940**

I.

On May 19, 2015, the Securities and Exchange Commission (“Commission”), deeming it appropriate and in the public interest, instituted these public administrative proceedings pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”).

II.

Respondent has submitted an Offer of Settlement (“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, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions pursuant to Sections 21B and 21C of the Securities Exchange Act of 1934 and Section 9(d) of the Investment Company Act of 1940 (“Order”), as set forth below.

III.

The Commission's public official files disclose that, at all relevant times, Lighthouse Financial Group, LLC ("Lighthouse" or "the firm") was registered with the Commission as a broker-dealer.

IV.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

1. Richard Krill, age 57, of Whitehouse Station, New Jersey, was the Financial and Operations Principal ("FinOp") and Chief Financial Officer of Lighthouse from November 2007 to August 2010. At all relevant times, and currently, Krill has held a Series 27 license.

2. Lighthouse was registered with the Commission as a broker-dealer from August 2, 2000 until October 23, 2010. In December 2010, Lighthouse filed a petition for liquidation under the U.S. Bankruptcy Code. At all relevant times, Lighthouse's principal place of business was New York, New York. During the relevant period Lighthouse acted as an introducing broker for retail and institutional customers, engaged in proprietary trading and market-making, and acted as an underwriter or placement agent for equity and bond issuances.

3. On May 19, 2015, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange of 1934 and Section 9(b) of the Investment Company Act of 1940, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order, and Notice of Hearing (*In the Matter of Richard Krill*, Exchange Act Rel. No. 74994 (May 19, 2015) (AP File No. 3-16543), or the "May 19, 2015 Order").

4. The May 19, 2015 Order alleged that Lighthouse failed to make and keep certain accurate records pertaining to its net capital computations and failed to file accurate financial and operational information on Form X-17A-5 (Financial and Operational Combined Uniform Single Reports ("FOCUS reports")) for the months of December 2009 and January, February, and May 2010, and also failed to file an accurate annual audited report for the year ended December 31, 2009. The May 19, 2015 Order further alleged that Respondent, as Lighthouse's FinOp, failed to meet his responsibility for the accuracy of Lighthouse's FOCUS reports and annual audited report. The May 19, 2015 Order alleged that, in preparing Lighthouse's financial statements for the year ended December 31, 2009 and calculating Lighthouse's net capital as of that date, Respondent made several errors in calculating the firm's securities inventory – as a result of failing to exercise due care – that caused the firm's reported net capital to be overstated by nearly \$5 million, or approximately 350%. The May 19, 2015 Order also alleged that Respondent was

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

negligent in his calculation of percentage deductions from the firm's net capital, based on classes of securities held in Lighthouse's inventory and the deductions from their market value required by Exchange Act Rule 15c3-1 [17 CFR 24015c3-1], or financial "haircut" deductions. The May 19, 2015 Order alleged that Respondent was negligent in calculating the firm's required haircut deductions for foreign currency holdings and positions in foreign-denominated securities, which resulted in Lighthouse filing materially inaccurate FOCUS reports for the months of January, February, and May 2010.

5. As a result of the conduct alleged above, the May 19, 2015 Order alleged that Respondent caused Lighthouse's violations of Section 17 of the Exchange Act and Rules 17a-3(a) and 17a-5(a) thereunder because he willfully made, or caused Lighthouse to make, material misstatements in reports required to be filed with the Commission and thus committed acts enumerated in Exchange Act Section 15(b)(4)(A).

6. Pursuant to the May 19, 2015 Order, and Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act, Respondent was ordered to cease and desist from committing or causing any violations and any future violations of Section 17 of the Exchange Act and Rules 17a-3(a) and 17a-5(a) thereunder and was suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter for a period of 12 months, effective on the second Monday following the entry of the May 19, 2015 Order.

V.

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

Accordingly, pursuant to Sections 21B and 21C of the Exchange Act and Section 9(d) of the Investment Company Act, it is hereby ORDERED that:

Respondent shall pay disgorgement of \$20,833, prejudgment interest of \$3,783, and civil penalties of \$25,384 to the Commission. Payment shall be made in the following installments: (1) \$25,000 within 10 days of the entry of this Order and (2) the balance of \$25,000, and therefore the full \$50,000, within twelve months of the entry of this Order. If timely payment is not made, additional interest shall accrue pursuant to Commission's Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Richard Krill as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Andrew M. Calamari, Regional Director, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281.

By the Commission.

Brent J. Fields
Secretary