

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 59124 / December 19, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13314**

**In the Matter of**

**JOHN M. LUCARELLI,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against John M. Lucarelli ("Respondent").

**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, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

1. Respondent participated in transactions involving the illegal purchase of stock in the April 2004 initial public offering ("IPO") of NewAlliance Bancshares, Inc. ("NewAlliance" or the "bank"). This IPO was the result of the conversion of New Haven, Connecticut-based New Haven Savings Bank ("NHSB") from mutual to stock form of organization. In accordance with Connecticut state banking regulations, NewAlliance gave priority in the IPO to NHSB depositors as of June 30, 2002, who were prohibited from entering into any agreements regarding the sale or transfer of NewAlliance stock. The participants in the transactions were not entitled to receive any stock in the IPO. Nonetheless, using nominees who were eligible NHSB depositors to conceal their participation, certain individuals secretly funded seven NHSB depositors' IPO stock purchases totaling \$4.9 million in violation of Connecticut state banking regulations and the federal securities laws. Respondent participated in the transactions by identifying certain of these nominee depositors, arranging meetings between the depositors and one of the individuals who funded the stock purchases (the "funding source"), and participating in certain of those meetings. As a result of his participation, the funding source provided funds to Respondent. In August 2004, Respondent returned \$88,000 to the funding source.

#### **Respondent**

2. From September 2002 through December 2004, Respondent was a vice president of Bank of New York Company, Inc. From August 1998 through August 2002, and again from June 2004 through December 2004, Respondent was a registered representative associated with broker-dealers registered with the Commission. For a portion of the time in which he engaged in the conduct described below, Respondent was seeking to become associated with a broker-dealer registered with the Commission. Respondent (CRD # 3123248), 36 years old, is a resident of Greenwich, Connecticut.

#### **Background**

3. During February-March 2004, Respondent located three NHSB depositors who were willing to meet with the funding source to discuss a potential agreement regarding the purchase of NewAlliance stock in the IPO on behalf of or for the benefit of the funding source, who otherwise would have been unable to receive any stock in the IPO. In late February-early March 2004, prior to arranging a meeting between the depositors and the funding source,

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<sup>1</sup> 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.

Respondent spoke with each depositor or a relative thereof about, among other things, introducing them to the funding source for the purpose of discussing a possible purchase of NewAlliance stock. Respondent also attended meetings in late February-early March 2004 between the funding source and two of the depositors.

4. After meeting with the funding source, six depositors (the three located by Respondent and relatives thereof) entered into agreements with the funding source pursuant to which the funding source provided each depositor with \$700,000 to purchase NewAlliance stock in the IPO, the depositors agreed to transfer all NewAlliance stock they received in the IPO to the funding source or his designees, and the depositors would receive 20% of the profits from the sale of the NewAlliance stock as determined by the funding source. By entering into these agreements, the funding source violated the federal securities laws. As a result of this conduct, other eligible NHSB depositors who were entitled to receive stock in the IPO were deprived of at least some NewAlliance stock to which they otherwise would have been entitled.

5. Each of the six depositors received 70,000 shares of NewAlliance stock in the IPO. Each of them signed their stock certificates to transfer them to the funding source or his designees. Respondent facilitated the transfer of stock ownership by picking up the stock certificates from the depositors after they had each signed their respective certificates.

6. In connection with the activities described in this Order, Respondent was neither a broker or dealer registered with the Commission nor associated with a broker or dealer registered with the Commission, and his activities were performed away from his employer and its affiliates.

7. As a result of the conduct described above, Respondent aided and abetted and caused the funding source's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

8. As a result of the conduct described above, Respondent violated Section 15(a) of the Exchange Act, which prohibits any natural person not associated with a broker or dealer registered in accordance with Section 15(b) of the Exchange Act from using the mails or any other means or instrumentality of interstate commerce to effect a transaction in, or to induce or attempt to induce the purchase or sale of, a security.

9. Respondent's violations set forth in paragraphs 7 and 8 above were willful.

### **Undertakings**

Respondent shall provide to the Commission, within 10 days after the end of the twelve-month suspension period described above, an affidavit that he has complied fully with the sanctions described in Section IV below.

#### IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(a) of the Exchange Act.

B. Respondent be, and hereby is, suspended from association with any broker or dealer for a period of twelve months, effective on the second Monday following the entry of this Order.

By the Commission.

Florence E. Harmon  
Acting Secretary