

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74722 / April 13, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4059 / April 13, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16489

In the Matter of

LARRY DEARMAN SR.,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934, AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), against Larry Dearman, Sr., (“Respondent” or “Dearman”).

II.

After an investigation, the Division of Enforcement alleges that:

A. Respondent

1. **Larry J. Dearman, Sr.**, of Bartlesville, Oklahoma, was an investment-adviser representative, partner, and partial owner of Commission-registered investment adviser The Focus Group from November 1, 2003, until August 24, 2012, when each of these roles were terminated by The Focus Group. From February 2010 to May 2012, Dearman, who held Series 7

and 66 licenses, was associated with then SEC-registered broker-dealer, Cambridge Legacy Securities, L.L.C., which was expelled from FINRA and had its SEC registration terminated in June 2012. From January 2009 to February 2010, Dearman was associated with SEC-registered broker-dealer Securities America, Inc., and prior to that, from February 2005 to January 2009, with SEC-registered broker-dealer Brecek & Young Advisors, Inc., which was subsequently acquired by Securities America. From February 2002 through February 2005, Dearman was associated with AXA Advisors. Dearman has no prior disciplinary history.

B. Entry of civil injunction and Respondent's criminal conviction

2. On January 28, 2015, a final judgment was entered against Dearman, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Larry J. Dearman, Sr., et al., Civil Action Number 4:13-CV-00553, in the United States District Court for the Northern District of Oklahoma. The Final Judgment ordered that Dearman is jointly and severally liable with Gray for disgorgement of \$4,261,449.40, plus \$311,328.90 in prejudgment interest, and ordered Dearman individually to pay a civil penalty of \$100,000.

3. The complaint alleged that, from approximately December 2008 through August 2012, Tulsa-resident Dearman, an investment adviser then working in Bartlesville, Oklahoma, at the direction of his friend Gray, raised at least \$4.7 million through various illegal schemes from more than 30 of Dearman's advisory clients. Dearman promised his clients that he would invest their money in entities owned or controlled by Gray, including Bartnet Wireless Internet, Inc., The Property Shoppe, Inc., and Quench Buds Holding Company, LLC. Instead, Dearman and Gray squandered the vast majority of those funds in gambling, personal expenses, and Ponzi payments. In addition, Dearman also stole roughly \$700,000 from some of his clients through various ruses.

4. In 2013, Dearman was charged in a criminal information by the Washington County District Attorney, in Bartlesville, Oklahoma, with 10 counts of embezzlement, obtaining money by false pretense, and conspiracy, based on the same or similar actions as alleged in the civil complaint and covering substantially the same time period. Dearman pleaded guilty to the criminal information, and on August 12, 2014, was sentenced to ten years in Oklahoma Department of Corrections.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Brent J. Fields
Secretary