

**STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102**

In The Matter Of:

**Richard O'Quin
15 Churchill St.
Purcell, OK 73080**

Respondent.

ODS File No. 99-115

**ORDER BARRING RICHARD O'QUIN FROM ASSOCIATION WITH A
BROKER-DEALER OR INVESTMENT ADVISER**

The Administrator ("Administrator") of the Oklahoma Department of Securities ("Department") pursuant to his authority under Section 405 of the Oklahoma Securities Act (the "Act"), Okla. Stat. tit. 71, §§ 1-17, 101, 102, 201-204, 301-307, 401-413, 501, 701-703 (1991 & Supp. 1998), designated the Enforcement Division of the Department to conduct an investigation into the activities of Richard O'Quin ("Respondent").

Findings of Fact

1. Harbor Securities, L.L.C. (the "L.L.C. or Harbor Securities") is a New York limited liability company based in New York and is a member of the Philadelphia Stock Exchange. Individuals desiring to trade securities on their own behalf may do so by becoming a member of the L.L.C. and by assenting to and signing the operating agreement ("Agreement") of the L.L.C. A member must also sign an "Acknowledgment of Membership and Risk" ("Acknowledgement") in which the member acknowledges that he or she is the "sole owner of the funds contributed" and that he or she has "not entered into any profit or loss arrangement regarding the proposed securities trading with any person."
2. In or around November, 1997, a resident of Purcell, Oklahoma, became a member of the L.L.C. (the "L.L.C. Member") and authorized Richard O'Quin ("Respondent") to make securities trades on her behalf through her L.L.C. account, subject to the same terms and limitations as set forth in the Agreement and the Acknowledgment.
3. Respondent held himself out to numerous Oklahoma investors (the "Investors") as being affiliated with Harbor Securities. Respondent's representations of such

affiliation were made through the use of oral communications, business cards showing a business address for Harbor Securities in Norman, Oklahoma, and a telephone directory listing in Norman, Oklahoma for "Harbor Securities."

4. Respondent required that Investors sign a "trading agreement" or "account agreement" prepared by Respondent stating that the Investors were placing their funds in an investment account to be traded by Respondent. The trading or account agreement between Respondent and the Investor stated that the Investor would receive monthly checks for any gains up to 10% of their account balance or 10% of their initial capital, with any excess going to Respondent.
5. From at least May, 1998, until March 1999, Respondent received substantial sums of money from the Investors for the purported purpose of effecting transactions in securities for the Investors. Respondent purported to trade securities for and on behalf of the Investors, or for his own account, in accounts held at various firms, including, but not limited to, Harbor Securities.
6. Respondent, in connection with the offer, sale or purchase of securities, directly and indirectly, omitted to state the following:
 - a. that he was not registered under the Act as an agent or broker-dealer;
 - b. that when an Investor placed funds with Respondent and signed a trading or account agreement, the Investor would not have an account in his or her name with Harbor Securities;
 - c. that Respondent was not a member of the L.L.C.;
 - d. that any securities transactions effected by Respondent on behalf of Investors would be made in the account of the L.L.C. Member;
 - e. that any funds to be deposited into the account of a member of the L.L.C. were restricted by the Agreement and Acknowledgment to those funds solely owned by the member of the L.L.C.;
 - f. that a member of the L.L.C. was prohibited by the Acknowledgment from entering into any profit or loss sharing agreement with any other person;
 - g. that Respondent was not in fact purchasing or selling securities using the funds provided to him by Investors;
 - h. that Respondent was using the money provided to him by Investors for his personal benefit including, but not limited to, withdrawing substantial sums of investor funds in cash; payment of personal expenses relating to travel, credit card payments, utility bills, medical expenses, household items and taxes; purchases of and payments toward personal

vehicles; and purchases of equipment and payment of rent for unrelated businesses; and

- i. that any payments to Investors for trading profits would be made using Investors' own contributed principal amount or the principal amount contributed by other Investors.

7. At no time was Respondent registered as a broker-dealer under the Act.

Authorities

1. Section 2(e) of the Act defines "broker-dealer" as "any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account."

2. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly

- (1) to employ any device, scheme or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading,
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

3. Section 201 of the Act provides in pertinent part:

(a)(1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is so registered under this act unless the person is exempt from registration as provided in paragraph (2) or (3) of this subsection.

4. Section 406(a) of the Act provides in pertinent part:

If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other

section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

* * *

(3) bar or suspend the person from association with a broker-dealer or investment adviser subject to the provisions of the Oklahoma Securities Act.

Conclusions of Law

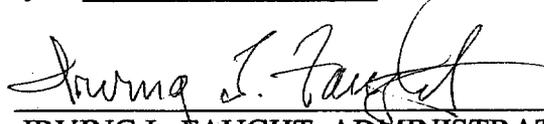
1. Respondent, by virtue of his efforts and activities in effecting transactions in securities for the account of others or for his own account, is a broker-dealer as defined in Section 2 of the Act.
2. Respondent violated Section 101(2) of the Act by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer, sale, or purchase of securities in this state.
3. Respondent violated Section 101(3) of the Act by engaging in acts, practices and a course of business which operated as a fraud or deceit upon investors, in connection with the offer, sale or purchase of securities in this state.
4. Respondent violated Section 201 of the Act by transacting business in this state as a broker-dealer without first being registered under the Act.

ORDER

The Administrator, after review of the foregoing and having found it in the public interest, **ORDERS** that Respondents be, and hereby is barred from association with a broker-dealer or investment adviser subject to the provisions of the Oklahoma Securities Act.

Dated this 5th day of November, 1999.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES