

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75292 / June 24, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4128 / June 24, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16489

In the Matter of

LARRY DEARMAN SR.,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b)(6) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940**

I.

On April 13, 2015, the Securities and Exchange Commission (“Commission”) instituted proceedings pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 against Respondent Larry Dearman, Sr. (“Respondent” or “Dearman”).

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, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

A. **Respondent**

1. **Larry 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 was 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.

Respondent participated in an offering of The Property Shoppe, Inc. stock, which was a penny stock.

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 his co-Defendant Marya 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 Marya 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.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"), that Respondent Dearman be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Dearman be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

By the Commission.

Brent J. Fields
Secretary