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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation of the
Securities Act of Washington by:

Steven Richardson,

Respondent.

Order Number S-05-092-05-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER ORDER TO DENY
SECURITIES SALESPERSON
REGISTRATION AND IMPOSE FINES AND
COSTS

THE STATE OF WASHINGTON TO: Steven Richardson, CRD #2219221

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent, Steven Richardson, has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the revocation of Steven Richardson's securities salesperson's registration pursuant to RCW 21.20.110(1). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Steven Richardson ("Richardson") is an individual residing in Thurston County, Washington.

Nature of the Conduct

2. Richardson was registered in the State of Washington as a securities salesperson from 1992 until 1994 with Intersecurities, Inc. and from 1994 until 2001 with WMA Securities, Inc. His securities salesperson identification number (CRD #) is 2219221.

3. In 2000, Richardson told an investor residing in Thurston County, Washington (“Investor A”), that he would invest her money in mutual funds.

4. Investor A was 75 years old and worried about her financial future.

5. On February 22, 2000, Investor A gave Richardson \$30,000 with the understanding that Richardson would invest the money in a mutual fund in her name. The money Investor A gave Richardson came from the sale of her residence.

6. On March 27, 2000, Investor A gave Richardson \$10,000 with the understanding that Richardson would invest the money in a mutual fund in her name. Investor A had the money because one of her certificates of deposit had matured.

7. On June 12, 2000, Investor A gave Richardson \$10,000 with the understanding that Richardson would invest the money in a mutual fund in her name. Investor A had the money because another certificate of deposit had matured.

8. Richardson deposited Investor A’s moneys into his own brokerage account and commingled Investor A’s funds with his own money. The brokerage account contained \$50,000 of Investor A’s funds and approximately \$9,000 of Richardson’s own funds. Richardson used \$50,316 of the funds in the brokerage account to buy shares of start-up and other high risk companies. Richardson spent the rest of the money on personal items.

1 9. Richardson created monthly account statements representing that Investor A's funds had
2 been placed in a mutual fund at American Skandia. Richardson delivered the account statements to
3 Investor A from at least February 2000 until March 2002.

4 10. In 2000, the value of the shares held in Richardson's brokerage account declined. In
5 approximately October 2000, Richardson began selling these shares. By January 2001, Richardson had
6 sold off all the shares and spent all the money on personal items. Richardson continued to deliver to
7 Investor A account statements until at least March 2002 representing that her money had been invested in
8 mutual funds.

9
10 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

12 1. Engaging in the practice of lending or borrowing money or securities from a customer, or
13 acting as a custodian for money, securities or an executed stock power of a customer, as described above
14 in paragraph 8, is a violation of RCW 21.20.110(1)(g) and WAC 460-22B-090(1).

15 2. Effecting securities transactions not recorded on the regular books or records of the broker-
16 dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer
17 prior to the execution of the transaction, as described above in paragraph 9, is a violation of RCW
18 21.20.110(1)(g) and WAC 460-22B-090(2).

19 3. Effecting any transaction in, or inducing the purchase or sale of, any security by means of any
20 manipulative, deceptive or fraudulent device, practice, plan, program, design or contrivance, as described
21 above in paragraphs 3 through 9, is a violation of RCW 21.20.110(1)(g) and WAC 460-22B-090(3).

1 4. Respondent, Steven Richardson, in connection with the offer, sale, or purchase of securities,
2 made untrue statements of material fact or omitted to state material facts necessary in order to make the
3 statements made, in light of the circumstances under which they were made, not misleading, in violation of
4 RCW 21.20.010. Such practice is grounds for the revocation of his salesperson registration pursuant to RCW
5 21.20.110(1)(b).

6
7 **NOTICE OF INTENT TO DENY REGISTRATION**

8 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
9 Conclusions of Law, the Securities Administrator intends to order that Respondent, Steven Richardson, be
10 denied registration as a securities salesperson, broker-dealer, investment adviser, or investment adviser
11 representative in the State of Washington for a period of ten (10) years from the date of entry of the final
12 order in this matter.

13
14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.110(1) and RCW 21.20.395, and based upon the Tentative Findings of Fact
16 and Conclusions of Law, the Securities Administrator intends to order that Respondent, Steven Richardson,
17 shall be liable to pay a fine of \$5,000 and costs of \$2,700.

18
19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.110 and RCW
21 21.20.390, and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. The Respondent
22

1 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
2 AND OPPORTUNITY FOR HEARING accompanying this Order. If the Respondent does not request a
3 hearing, the Securities Administrator intends to adopt the foregoing Tentative Findings of Fact and
4 Conclusions of Law as final, and enter a permanent order against that Respondent denying the
5 Respondent's securities salesperson registration and imposing the fines and costs sought.

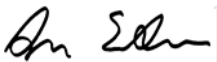
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7 DATED and ENTERED this 24th day of October, 2005.

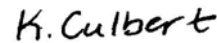
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10 _____
11 MICHAEL E. STEVENSON
12 Securities Administrator

13 Approved by:

14 Presented by:

15 

16 

17 _____
18 Suzanne Sarason
19 Chief of Compliance

20 _____
21 Kristen Culbert
22 Financial Legal Examiner