STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

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

Richard Douglas Wright,

Respondent.

SDO - 99 - 71

STATEMENT OF CHARGES AND NOTICE OF INTENT TO REVOKE SECURITIES SALESPERSON REGISTRATION AND ORDER DENIAL OF FUTURE REGISTRATION

Case No. 98-05-137

THE STATE OF WASHINGTON TO: RICHARD DOUGLAS WRIGHT

P.O. BOX 210385

BEDFORD, TX 76095-7385

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Richard Douglas Wright, has engaged in dishonest and unethical practices in the securities business while acting as a registered securities salesperson, and that those practices justify the entry of an order of the Securities Administrator under RCW 21.20.110(1)(g), revoking Respondent's right to renew his securities salesperson registration and denying future registration of Respondent as a securities salesperson.

The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

RESPONDENT

1. Richard Douglas Wright ("Wright") was registered with the State of Washington as a securities salesperson for Linsco/Private Ledger, Corp. ("LPL") from May 1993 through April 1997. LPL is a broker/dealer of securities and has its principal place of business at 155 Federal Street 14th Floor, Boston, MA 02110.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO REVOKE SECURITIES SALESPERSON REGISTRATION AND TO DENY FUTURE REGISTRATION

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760 2. Wright was registered with the State of Washington as a securities salesperson for Shearson Lehman Brothers, Inc. ("Shearson") from August 1987 through May 1993. Shearson is a broker/dealer of securities and has its principal place of business at 200 Vesey Street, 3 World Financial Center, New York NY 10285-1900.

NATURE OF WRIGHT'S CONDUCT

- 10. During the mid to late 1980's, Wright convinced an elderly, retired Washington couple to loan him \$40,000 to invest in second mortgages on four different houses in exchange for an annual yield of 10%. This investment was not an approved investment product of Shearson. This loan was repaid in full in 1992.
- 11. On or about August 20, 1992, Wright convinced the same elderly, retired couple to make him a second loan. This loan was in the amount of \$17,500 with an annual yield of 9%, coming due March 1, 1993. The loan was evidenced by promissory note dated September 25, 1992, and stated that it was secured by real estate. On or about May 26,1993 Wright signed a new note stating that the \$17,500 loan would come due on September 25, 1993. On November 5, 1993 Wright again extended the due date of the note, this time until January 1, 1994. On or about May 5, 1994 Wright repaid \$15,500 on the loan via check, which the bank dishonored. Wright then replaced the check with a cashier's check for \$15,500 on May 16,1994. The remaining \$2,000 on the principal plus interest has not been repaid.
- 12. During 1994 Wright convinced a woman and her aunt to loan him \$22,000 and \$36,000, respectively. These funds were partially repaid by Wright.
- 13. During August of 1996 Wright convinced another Washington couple to loan him \$60,000 and also convinced a male Washington resident to loan him \$50,000. Wright did not repay these loans.
- 14. Throughout the terms of these loans Wright convinced his clients that they would eventually be repaid, making partial payments to convince the clients that their money would be returned. In 1997, the clients finally realized that Wright's promises to repay them were empty.

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

STATEMENT OF CHARGES AND NOTICE OF 2 INTENT TO REVOKE SECURITIES SALESPERSON REGISTRATION AND TO DENY FUTURE REGISTRATION

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CONCLUSIONS OF LAW

Wright, as described above, engaged in one or more dishonest or unethical practices in the securities business as defined by WAC 460-22B-090(1), by engaging in the practice of borrowing money from customers. Such practice is grounds to deny future registration of Wright as a securities salesperson registration pursuant to RCW 21.20.110(g).

NOTICE OF INTENTION TO DENY FUTURE REGISTRATION AS SECURITIES SALESPERSON

Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondent's right to renew his securities salesperson registration be revoked and that any future registration of Respondent as a Securities Salesperson be denied.

AUTHORITY AND PROCEDURE

This STATEMENT OF CHARGES AND NOTICE OF INTETION TO DENY FUTURE REGISTRATION AS SECURITIES SALESPERSON is entered pursuant to the provisions of RCW 21.20.110 and is subject to the provisions of RCW 21.20.120, and is subject to the provisions of ch. 34.05 RCW. The respondent, Richard Douglas Wright may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If Mr. Wright does not request a hearing in this matter, the Securities Administrator will, based on the foregoing Findings of Fact and Conclusions of Law, enter an order denying future registration of Mr. Wright as a securities salesperson.

DATED this _____ day of November 1999.

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DEBORAH R. BORTNER Securities Administrator

STATEMENT OF CHARGES AND NOTICE OF INTENT TO REVOKE SECURITIES SALESPERSON REGISTRATION AND TO DENY FUTURE REGISTRATION

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| 2 | | Presented by: |
| 3 | | Kristina L. Kneip |
| 4 | Approved by: | Securities Examiner |
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| 6 | Michael E. Stevenson | |
| 7 | Chief of Compliance | |
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