

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 53682 / April 19, 2006

Investment Advisers Act of 1940
Release No. 2510 / April 19, 2006

Administrative Release No. 3-12267

IN THE MATTER OF BRADLEY T. SMITH

On April 19, 2006, the Securities and Exchange Commission issued an Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Adviser Act of 1940 and Section 15(b)(6) of the Securities Exchange Act of 1934 and Notice of Hearing (the Order) against Bradley T. Smith (Smith), based upon the entry of a permanent injunction against him. The Order is based on the permanent injunction against Smith and others in a related action in the U.S. District Court for the South District of Ohio, captioned SEC v. Bradley T. Smith, et al., Case No. C2 04 0739.

In the Order, the Division of Enforcement alleges that in the Final Judgment, which was entered by the Honorable Gregory L. Frost on December 6, 2005, the Court set the monetary and injunctive relief to be imposed against Smith, holding him responsible for raising approximately \$2.1 million in fraudulent securities offerings for Continental Midwest Financial, Inc. (Continental) and Scioto National, Inc. (Scioto). The Court permanently enjoined Smith from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, and held Smith jointly and severally liable with Continental for \$1,409,149 in disgorgement and pre-judgment interest, and with Scioto for \$885,048 in disgorgement and pre-judgment interest. The Court also ordered Smith to pay a civil penalty in the amount of \$120,000.

The Final Judgment followed the Court's September 27, 2005 order granting summary judgment in favor of the Commission and against Smith on the fraud claims, and also on the Commission's claims that Smith was liable for violations of the Exchange Act by Continental and Scioto as a control person under Section 20(a) of the Exchange Act.

The Complaint alleges that from July 2002 until August 2004, Smith raised approximately \$2.1 million through private securities offerings for Continental and Scioto. Smith and the companies told investors, both orally and in offering and marketing materials provided to investors, that most of the money raised would be used to buy stock in small community banks. Instead, most of the money was spent for other purposes, including to pay expenses for Smith's other businesses and to pay Smith's own personal expenses, including his personal credit card charges, house payments and a car purchase.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Smith an opportunity to dispute these allegations, and to determine what, if any, remedial sanctions are appropriate and in the public interest. The Order requires the Administrative Law Judge to 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.

