SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Rel. No. 55771 / May 16, 2007

INVESTMENT ADVISERS ACT OF 1940
Rel. No.2604 / May 16, 2007

Admin. Proc. File No. 3-12267

In the Matter of

BRADLEY T. SMITH

c/o Karl E. May, Esq.
Cowden, Humphrey, Nagorney & Lovett
1414 Terminal Tower
50 Public Square
Cleveland, OH 44113-2204

OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDING
INVESTMENT ADVISER PROCEEDING

Ground for Remedial Action

Injunction

Former president of investment advisory firm and of broker-dealer was enjoined from violating the antifraud provisions of the securities laws in connection with misrepresentations that he made to investors concerning his use of offering proceeds and his diversion of the proceeds to pay expenses of his other businesses and for his personal use. Held, it is in the public interest to bar respondent from associating with any broker or dealer or investment adviser.

APPEARANCES:

Karl E. May, of Cowden, Humphrey, Nagorney & Lovett, for Bradley T. Smith.

Steven J. Levine, Andrea R. Wood, and Erik J. Lillya, for the Division of Enforcement.

Appeal filed: October 17, 2006
Last brief received: December 26, 2006

I.

Bradley T. Smith, the former president of Bancshareholders of America, Inc. ("BSA"), a firm registered as an investment adviser with the state of Ohio, and of BancShares First, Inc. ("BancShares First"), a former broker-dealer, appeals from the decision of an administrative law judge. 1/ The law judge found that Smith had been enjoined from violating the antifraud provisions of the securities laws. The law judge found further that it was in the public interest to bar Smith from associating with any broker or dealer or investment adviser. We base our findings on an independent review of the record, except with respect to those findings of the law judge not challenged on appeal.

II.

On September 27, 2005, the United States District Court for the Southern District of Ohio granted partial summary judgment to the Commission in an injunctive action against Smith, his co-defendants, Continental Midwest Financial, Inc. ("Continental") and Scioto National, Inc. ("Scioto"), and relief defendants BSA and Bancshare Investors Brokerage, Inc. ("BSIB"). 2/ The district court found that Smith, Continental, and Scioto violated Sections 17(a)(1), (2), and (3) of the Securities Act of 1933, 3/ Section 10(b) of the Securities Exchange Act of 1934, and Exchange Act Rule 10b-5 4/ in connection with the private offerings of securities of Continental and Scioto. The district court also found Smith liable as a control person under Exchange Act Section 20(a) for Continental's and Scioto's Exchange Act violations. 5/

1/ According to Smith, BancShares First ceased operations in 2004, a few months after the Commission filed its action against him. Smith was licensed with the state of Ohio as a securities salesperson and an investment adviser representative when we commenced this action in August 2004. Smith withdrew his licenses in November 2004.

2/ SEC v. Bradley T. Smith, 2005 U.S. Dist. LEXIS 21427 (S.D. Ohio Sept. 27, 2005), aff'd per curiam, 2006 U.S. App. LEXIS 30976 (6th Cir. 2006). The district court denied the Commission's motion for summary judgment against Smith regarding an aiding and abetting claim. The Commission subsequently dismissed that claim.

3/ 15 U.S.C. §§ 77q(a)(1), (2), and (3).

4/ 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

5/ 15 U.S.C. § 78t(a).

On December 6, 2005, the district court permanently enjoined Smith, Continental, and Scioto from violating Securities Act Section 17(a), Exchange Act Section 10(b), and Exchange Act Rule 10b-5. The district court imposed a civil money penalty of $120,000 on Smith. The district court ordered Continental to disgorge $1,272,665.93, plus prejudgment interest, for a total of $1,409,149.35, and ordered Scioto to disgorge $822,852, plus prejudgment interest, for a total of $885,048.37. The district court held Smith jointly and severally liable with Continental and Scioto for their respective disgorgement amounts and prejudgment interest. 6/ On December 14, 2006, the United States Court of Appeals for the Sixth Circuit affirmed the district court's decision. 7/

On April 20, 2006, we instituted administrative proceedings against Smith. In July 2006, the law judge held a three-day hearing at which twenty-one witnesses testified and numerous exhibits were admitted into evidence.

III.

A. Background

Smith held himself out to the public as an expert in small community bank stocks. The district court found that Smith's business consisted primarily of establishing and operating private companies whose stated purpose was "to serve as vehicles for investors to buy small community bank stocks." Before the law judge, Smith testified that he was the primary decisionmaker for each of his companies and was responsible for deciding how they would spend their money and whether or not they would invest in bank stocks.

B. The Offerings

Between 1999 and 2004, five of Smith's companies conducted private offerings of securities that raised a total of approximately $3.7 million. One offering followed another almost immediately once the proceeds from the previous offering had been depleted by transfers to affiliated companies and by business and personal expenses. The Continental and Scioto offerings were the last two in a series of five similar offerings conducted by Smith's companies, and these two offerings were the subject of the injunctive proceeding before the district court. In addition, the record contains evidence regarding the three offerings conducted by Smith that

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6/ The district court ordered relief defendant BSA to disgorge $631,292, plus prejudgment interest, for a total of $679,009, and ordered relief defendant BSIB to disgorge $313,012, plus prejudgment interest, for a total of $336,581. The district court did not hold Smith jointly and severally liable for these amounts.

7/ SEC v. Bradley T. Smith, 2006 U.S. App. LEXIS 30976 (6th Cir. 2006) (per curiam). The record does not indicate whether or not Smith has paid the penalty and disgorgement amounts for which he is liable.

preceded the Continental and Scioto offerings. Accordingly, we summarize the relevant facts from those offerings here.

The Continental Offering. Smith was the chairman, president, treasurer, and sole director of Continental from approximately July 2002 until September 2004. Continental conducted a private offering of its common stock between July 2002 and September 2003. The district court found that Smith prepared and distributed copies of a private offering memorandum (the "Continental POM") to potential investors in connection with that offering. The Continental POM stated that the purpose of the offering was to raise a maximum of $2.27 million to invest in financial services companies and small Midwestern banks. The Continental POM represented that 80% of the offering proceeds would be invested in small bank stocks. Before the law judge, several Continental investors testified that they understood that their investments in Continental would be used to purchase bank stocks. For example, one witness testified that the "money that was collected from investors was, we were told over and over again, to be invested in small community bank stocks . . . ."

The district court found that Smith and his employees also provided copies of Continental's Business Plan to prospective investors before they invested in Continental. Continental's Business Plan represented that 81% of the anticipated offering proceeds of $2.27 million would be used to "build a community bank stock portfolio." The remainder was to be used for working capital. The district court noted that Smith in his deposition had stated that the term "working capital" referred to general administrative and operating expenses generated solely by Continental.

The Continental offering raised $1,272,665 from forty-nine investors. 8/ Only $125,532, or 9%, of the offering proceeds were invested in bank or financial services company stocks. Before the district court, Smith admitted that he used the offering proceeds "in a manner contrary to the Continental POM's representations." The district court found, for example, that "Smith used some of the proceeds to pay his credit card bill, which included charges for men's clothing, nutritional supplements, and a dating/escort service." The district court found further that Smith spent $133,532 of the Continental offering proceeds to pay BSA's bills, including payments to "himself and his employees, and to pay taxes and rent for Smith's offices." The district court found, however, that Smith and his employees did not inform Continental investors that their investments would be used to pay the expenses of Smith's other businesses and to cover his personal expenses. The district court determined that "only 9% of the proceeds [contributed by investors] were used to purchase small bank stocks, in contrast to the 80% represented in the Continental POM." The district court found that, in reality, "85% of the proceeds [contributed by investors] were used to cover other expenses of Smith's businesses." The district court found that, by June 30, 2004, Continental had only $10,000 worth of investments. The district court found that ultimately Continental liquidated all of its investments.

8/ Continental also received funds from Smith-affiliated companies, liquidated investments, and other sources that were not identified in the record.

Smith admitted before the law judge that he had prepared the Continental POM himself. Smith conceded that he did not expect Continental to use the majority of the offering proceeds to invest in bank stocks. Under cross-examination, Smith conceded that he should have prepared an accurate POM for Continental.

The Scioto Offering. Smith was the chairman, president, treasurer, and sole director of Scioto from approximately January 2004 to September 2004. Scioto initiated a private offering of its common stock in January 2004. The district court found that Smith drafted and provided each potential Scioto investor with a private offering memorandum (the "Scioto POM") and other marketing materials. The Scioto POM stated that the purpose of the offering was to invest in financial services companies and small Midwestern banks. The Scioto POM anticipated that the offering would raise a maximum of $1,008,000, and that approximately 70% of the proceeds would be invested in small bank stocks. Several of the Scioto investors confirmed at the hearing that they understood that their investments would be used to purchase bank stocks.

The Scioto offering raised $822,852 from twenty-nine investors. The district court found that, of that amount, approximately $170,000, or 21%, was transferred into an investment account. The district court also determined that Smith spent $503,208 of the investor funds on the expenses of his other businesses, and that Scioto spent $86,092 for Smith's salary and for his personal use. By August 17, 2004, Scioto's bank account had dwindled to approximately $3,392.

The district court found further that Smith did not reimburse Continental and Scioto for the personal expenses that were charged to his companies' credit cards. Continental and Scioto investors lost over $2 million in the aggregate. 9/

The district court found that Smith engaged in misrepresentations or omissions of material facts in connection with the offer, sale, or purchase of securities with scienter. The district court noted that the Continental and Scioto POMs each contained a separate section setting forth the estimated use of proceeds that represented that "the bulk of the proceeds would be used primarily to buy stock in small Midwestern banks." The district court found that Smith was responsible for both Continental's and Scioto's financial decisions. Smith admitted that he used the offering proceeds for personal and unrelated business expenses. The district court noted that, although Smith knew that neither Continental nor Scioto would be using the proceeds in the manner set forth in the POMs, he nonetheless distributed the erroneous POMs and marketing materials to investors. He used the Continental POM as a template for the Scioto POM, but did not correct the misrepresentations before distributing the Scioto POM to investors. Nor did he issue amended POMs containing the correct information.

9/ Although several Continental and Scioto investors testified against Smith at the hearing, some other investors who had accounts at BSA and who had invested in Continental or Scioto testified in support of Smith's continuing to provide research to BSA.

In addition to the Continental and Scioto offerings, which were the subject of the injunctive action before the district court, the law judge also considered evidence concerning the three earlier offerings conducted by Smith.

The BIG Offering. Smith was the president, treasurer, and sole director of BancInvestment Group, Inc. ("BIG"). BIG conducted a private securities offering from 1998 to 1999. BIG's private placement memorandum represented that the company sought to raise a maximum of $1,002,000 and that $912,000 of the anticipated offering proceeds would be invested in bank stocks, with the remainder allocated to offering and operating expenses. The BIG offering eventually raised only $171,425 from investors. 10/ None of those funds were invested in bank stocks. Instead, BIG's funds were used to make payments to Smith or for his benefit, and for his personal credit card expenses, business credit card expenses, payments to BIG staff, and other unspecified expenditures. Before the law judge, Smith conceded that he "believe[d] that [it was] the case" that funds raised from the BIG offering ultimately were spent on items other than investments in bank stocks. All of BIG's funds were expended by January 2000.

The BSA Offering. Smith was the president, treasurer, and sole director of BSA from January 2000 until September 2004. BSA conducted a private securities offering beginning in January 2000. BSA's private placement memorandum stated that the company sought to raise a maximum of $2 million, and that up to $1.4 million of the anticipated offering proceeds would be invested in bank stocks and a lesser amount in the shares of an investment company, with the rest of the proceeds allocated to general and administrative expenses and start-up costs. The offering raised approximately $797,750 from investors. 11/ Although $209,104 of the offering proceeds initially was invested in bank stocks, those investments were subsequently liquidated. Smith testified at the hearing that the proceeds from the sale of those bank stocks were spent on "[e]xpenses of the company." Smith spent BSA's funds on payments to himself or for his benefit, and on his personal credit card expenses, business credit card expenses, payments to BSA staff, transfers to affiliated companies, and other unspecified expenditures. By May 14, 2001, BSA's bank accounts contained less than $5,000.

The BSIB Offering. Smith was the chairman, president, treasurer, and sole director of BSIB from approximately April 2001 until September 2004. As set forth in an offering memorandum dated April 15, 2001, BSIB sought to raise a maximum of $1,050,000, with $445,000 of the offering proceeds to be used to purchase stock in small banks. The BSIB offering eventually raised only $698,700 from investors, and in reality, only $4,022 of the offering proceeds was invested in bank stocks, which were subsequently liquidated. BSIB's

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10/ BIG also received funds from Smith-affiliated companies and other sources that were not identified in the record. None of these funds were invested in bank stocks.

11/ BSA also received funds from Smith-affiliated companies, liquidated investments, and other sources that were not identified in the record.

funds, including the liquidated bank stock proceeds, were spent on what Smith characterized as "company expenses." 12/ Smith spent BSIB's funds on payments to himself or for his benefit, and on his personal credit card expenses, business credit card expenses, payments to BSIB staff, transfers to affiliated companies, and other unspecified expenditures. Smith conceded that, as of the time of the hearing, BSIB did not have a significant portfolio of bank stocks. By July 2002, the BSIB account had less than $600 in it.

C. Recent Activities

Smith relinquished his positions as an officer and director of his various companies in 2004, following the filing of the injunctive action against him. He thereafter appointed new directors to the boards of BSA, Continental, and Scioto. Smith testified at the hearing that he wished to remain in the securities industry. He also testified that, at the time of the hearing, he was a "consultant" to BSA. In that capacity, Smith makes recommendations regarding the types of bank stocks that BSA should purchase for its clients' accounts. Smith received compensation for a time for his consulting work for BSA. He was compensated through funds raised from a second private offering of BSIB common stock in December 2004. 13/ Before the law judge, BSA's chief operating officer testified that BSA had approximately $4 million in assets under management and was operating at a loss. He estimated that the company would need approximately $15 million in assets under management to break even.

IV.

Under Sections 203(e) and (f) of the Investment Advisers Act of 1940 and Exchange Act Section 15(b)(6), we may bar a person associated with an investment adviser or a broker-dealer if the associated person is enjoined from, among other things, engaging in any conduct or practice in connection with the purchase or sale of a security. 14/ Smith was the president, treasurer, and sole director of investment adviser BSA and the president of broker-dealer BancShares First during the relevant period. Smith does not dispute that the district court granted summary judgment against him, based on findings that he had violated the antifraud provisions of the securities laws in connection with the purchase or sale of a security. Nor does he dispute the factual bases for the injunction.

12/ BSIB also received funds from Smith-affiliated companies and liquidated investments that were not identified in the record.

13/ This offering occurred after the injunctive action had been filed and was not addressed by the district court or the law judge. The December 2004 BSIB confidential private offering summary represented that a trust that controlled BSIB was selling shares of BSIB "to fund or pay the expenses of" BancShares First, BSA, BSIB and/or their affiliates. At the time of the offering, Smith was a beneficiary of the trust.

14/ 15 U.S.C. §§ 80b-3(e)(4), 80b-3(f), 78*o*(b)(6).

However, Smith objects to the law judge's "principle [sic] conclusions" regarding the sanctions imposed. He challenges the law judge's determinations that Smith's "expressions of remorse were 'tempered' by blaming others, that his assurances against future misconduct, when placed beside the fact that he is not in a controlling position of the companies and has no access to funds, are not sincere, and that, having been statutorily disqualified and enjoined by the [d]istrict [c]ourt, he would still somehow be in a position to have the 'opportunity' to violate the law in the future."

In evaluating whether an administrative sanction serves the public interest, we consider, among other things, the egregiousness of a respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his or her conduct, and the likelihood that the respondent's occupation will present opportunities for future violations. 15/ We also consider the extent to which the sanction will have a deterrent effect. 16/ The appropriate sanction depends on the facts and circumstances of each case. 17/ Taken as a whole, these factors support the imposition of a bar against Smith from associating with any broker or dealer or investment adviser.

Smith's conduct was egregious and involved scienter. Smith prepared and distributed the Continental and Scioto POMs that contained material misrepresentations concerning the proposed use of offering proceeds. 18/ Forty-nine investors invested $1,272,665 in Continental. Twenty-nine investors invested $822,852 in Scioto. Contrary to the representations in the Continental and Scioto POMs, Smith diverted the bulk of both offerings' proceeds away from the

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15/ See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).

16/ See, e.g., Ahmed Mohamed Soliman, 52 S.E.C. 227, 231 n.12 (1995) (stating that the selection of an appropriate sanction involves consideration of several elements, including deterrence); Lester Kuznetz, 48 S.E.C. 551, 554 (1986) (noting that the sanction of a bar "serves the purpose of general deterrence"); see also McCarthy v. SEC, 406 F.3d 179, 190 (2d Cir. 2005) (noting that deterrent value is a relevant factor to consider in deciding sanctions).

17/ See Butz v. Glover Livestock Comm'n Co., 411 U.S. 182, 187 (1973); Michael Batterman, Investment Advisers Act Rel. No. 2334 (Dec. 3, 2004), 84 SEC Docket 1349, 1358, aff'd, No. 05-0404 (2d Cir. 2005) (unpublished).

18/ When asked at the hearing whether she would want to continue doing business with Smith, one witness who had invested in both Continental and Scioto responded "Absolutely not. I've lost my trust." Another witness who had lost his $70,000 investment in Scioto testified at the hearing that he had no interest in continuing to do business with Smith because he "[v]iolated my trust."

offerings' stated purpose of investing in bank stocks or financial services companies, and toward his personal and other business expenses. The Continental and Scioto investors lost a combined $2 million.

Smith drafted the representations with respect to how the Continental and Scioto offering proceeds would be spent. Despite his awareness that neither Continental nor Scioto would be using the proceeds in the manner described in their respective POMs, he nonetheless distributed those erroneous POMs and related marketing materials to investors. Nor did he make any attempt to cure those misrepresentations by issuing amended POMs.

Smith claims that the district court's "decision was based on a finding of recklessness and not actual scienter." However, the district court found scienter. As the district court stated, "Sixth Circuit precedent establishes that the [Commission] may establish scienter by producing proof of recklessness – 'highly unreasonable conduct which is an extreme departure from the standards of ordinary care.'" 19/ The district court concluded that "Smith's admissions coupled with vast evidence of reckless conduct" supported a finding of scienter. 20/

Smith's misconduct was not an isolated occurrence. The record shows that the Continental and Scioto offerings were two of the more recent in a history of successive private securities offerings initiated by Smith's various companies. This pattern began in 1998, when Smith launched the BIG offering. In what would become his modus operandi, after the proceeds from that offering had been exhausted by business and personal expenses, Smith initiated the BSA offering in 2000, and when the proceeds of that offering had been similarly depleted, he commenced the BSIB offering in 2001. These offerings were succeeded by the Continental offering from 2002 to 2003, and by the Scioto offering in 2004. By arranging these transactions into a sequence of consecutive offerings over time, Smith arrogated the proceeds of one company to cover the expenses of his other companies and his personal expenditures, instead of investing the proceeds as stated in each company's private placement memorandum or POM.

While Smith has expressed remorse at his misconduct, he characterized his conduct as "cutting corners" and neglecting matters that he should have "paid more attention to." As discussed above, we believe his conduct was more serious. 21/ Indeed, as the law judge

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19/ 2005 U.S. Dist. LEXIS 21427, at *21 (quoting Mansbach v. Prescott, Ball & Turben, 598 F.2d 1017, 1025 (6th Cir. 1979)).

20/ Under the doctrine of collateral estoppel, the district court's findings cannot be challenged in a "follow-on" administrative proceeding. See, e.g., Batterman, 84 SEC Docket at 1356 & n.18 (stating that collateral attacks on district court decisions are not permitted in follow-on proceedings).

21/ See Christopher Lowry, 55 S.E.C. 1133, 1145 (2002) (barring president of investment adviser for violating antifraud provisions of the securities laws in connection with

determined, Smith's showing of remorse was tempered by his blaming of others or his "incredible excuses for specific shortfalls." 22/

Smith also states that he has "separat[ed] himself completely from daily operations and from access to funds and financial matters, as well as stepping down as officer and director." He asserts that BSA has implemented safeguards which would be overseen by directors who would understand their fiduciary duties.

We have stated previously that, even if we accepted a respondent's assertions that he is voluntarily isolated from a company's management, actions to limit a respondent's involvement are not irrevocable and can be reversed at the company's option. 23/ The new BSA board of directors was selected by Smith after we commenced the injunctive action against him. In contrast to the hearing testimony of the Continental and Scioto witnesses who had been injured by Smith's misconduct, the BSA directors' testimony was deferential toward Smith. One BSA board member acknowledged that nothing would prevent the board from giving Smith management responsibilities at BSA. Moreover, Smith's description of the services he provides to BSA strongly suggests that he considers himself indispensable to BSA and anticipates a larger role at the company. 24/

In any event, even if BSA's measures reduced the likelihood that Smith would play a significant role at BSA, they would have no effect on any position that Smith might assume at another company. 25/ Absent a bar, there would be no obstacle to Smith's associating with

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misrepresentations that he made to investors regarding use of offering proceeds and diversion of proceeds to his personal use), aff'd, 340 F.3d 501 (8th Cir. 2003).

22/ The credibility determination of an initial fact finder is entitled to considerable weight and deference because it is based on hearing the witnesses' testimony and observing their demeanor. See Rita J. McConville, Securities Exchange Act Rel. No. 51950 (June 30, 2005), 85 SEC Docket 3127, 3136 n.21, petition denied, 465 F.3d 780 (7th Cir. 2006), reh'g denied, 2007 U.S. App. LEXIS 926 (7th Cir. 2007); Daniel Joseph Alderman, 52 S.E.C. 366, 368 n.6 (1995), aff'd, 104 F.3d 285 (9th Cir. 1997); Jonathan Garrett Ornstein, 51 S.E.C. 135, 137 (1992).

23/ Schield Mgmt. Co., Exchange Act Rel. No. 53201 (Jan. 31, 2006), 87 SEC Docket 848, 865 (barring president of investment adviser based on his injunction against future violations of the antifraud and investment adviser provisions of the Advisers Act).

24/ Id. at 864.

25/ Id.

another investment adviser or broker-dealer that would neither restrict his conduct nor his access to funds. 26/

Smith's primary argument appears to be that the imposition of a bar is not in the public interest because of "important mitigating factors" and the harm that such a bar would cause to existing BSA shareholders. Specifically, Smith states that he continues to provide "critical research" to BSA, which remains an operating entity, "for virtually no compensation." 27/ He contends further that "there is no one but Mr. Smith who can provide the expertise in community bank stocks needed for the survival of the business of BSA, and to therefore prevent the collapse of BSA and injure its shareholders." He relies on the hearing testimony of the BSA, Continental, and Scioto directors and the Continental and Scioto investors who continue to support him. He argues that BSA's "innocent shareholders" will be harmed if he is not permitted to provide services to BSA and to his related companies. Smith contends further that the sanctions will deter others from admitting their wrongdoing, taking responsibility for their actions, and implementing remedial steps to help investors. We are not persuaded by these arguments.

Smith's actions harmed many of his existing shareholders, in serial securities offerings, misstating the use of those offerings' proceeds and using them instead for his personal and unrelated business expenses. Indeed, even if we were to accept Smith's testimony and arguments about harm to existing shareholders, we have long held that the "public interest determination extends beyond the consideration of particular investors to the public-at-large." 28/ Given that Smith conducted five separate offerings in which most of the funds raised were not invested as represented in the various offering documents, we believe that the sanction of a bar would protect the general public.

Moreover, we are skeptical of Smith's claims that the existing BSA shareholders will be harmed if he is barred. 29/ Nothing precludes BSA's current board and management from finding another investment adviser or broker-dealer or associated individual with similar

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26/ See id.

27/ It appears that Smith in fact was compensated for some of his BSA consulting work through a second private offering of BSIB stock.

28/ Lowry, 55 S.E.C. at 1145 (citing Steadman, 603 F.2d 1126).

29/ We note that BSA's chief operating officer admitted before the law judge that BSA was operating at a loss and that its funds under management were well below the amount needed to break even. The district court reported that BSA had sought bankruptcy protection. See SEC v. Smith, 2005 U.S. Dist. LEXIS 26421 (S.D. Ohio Nov. 2, 2005).

expertise. Further, BSA's clients are free to move their investment accounts elsewhere without losing their assets. 30/

Finally, we do not accept Smith's argument that the sanction will deter others from admitting their wrongdoing, taking responsibility for their actions, and implementing remedial steps. As discussed above, Smith has failed to admit fully his wrongdoing and continues to minimize his conduct. It appears that he failed to disclose the nature and result of the injunctive action to at least some of the investors. We do not believe that the record substantiates his claims of remediation.

Taken as a whole, the district court's findings and the record evidence before the law judge warrant Smith's exclusion from the securities industry. Accordingly, we find that it is in the public interest to bar Smith from associating with any broker or dealer or investment adviser.

An appropriate order will issue. 31/

By the Commission (Chairman COX and Commissioners ATKINS, CAMPOS, and CASEY); Commissioner NAZARETH not participating.

Nancy M. Morris
Secretary

30/ See Lowry, 55 S.E.C. at 1145.

31/ We have considered all of the contentions advanced by the parties. We have rejected or sustained these contentions to the extent that they are inconsistent or in accord with the views expressed in this opinion.

UNITED STATES OF AMERICA
before the
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ORDER IMPOSING REMEDIAL SANCTIONS

On the basis of the Commission's opinion issued this day, it is

ORDERED that Bradley T. Smith, be, and he hereby is, barred from association with any broker or dealer or investment adviser.

By the Commission.

Nancy M. Morris
Secretary