



**The Commonwealth of Massachusetts**  
William Francis Galvin, Secretary of the Commonwealth  
Securities Division

March 28, 2012

VIA HAND DELIVERY

Hearing Officer Clerk  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108

**RE: In the Matter of William Bruce Smith, Docket No. E-2012-008**

Dear Sir/Madam:

Enclosed for filing please find the following submissions in connection with the above referenced matter:

1. Administrative Complaint (with Exhibits);
2. Notice of Adjudicatory Proceeding;
3. Certificate of Service; and
4. Ex Parte Motion for a Cease and Desist Order
5. Draft Cease and Desist Order

Thank you for your attention to this matter.

Respectfully,

Gregory R. Abram, Esq.  
Staff Attorney

Enclosures.

cc: Per accompanying Certificate of Service

2012 MAR 28 AM 9:25  
SECURITIES DIVISION

SECRETARY OF  
THE COMMONWEALTH

COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108

2012 MAR 28 AM 9:25  
SECURITIES DIVISION

\_\_\_\_\_) )  
IN THE MATTER OF: ) )  
\_\_\_\_\_) )  
WILLIAM BRUCE SMITH ) )  
\_\_\_\_\_) )

ADMINISTRATIVE  
COMPLAINT

Docket No. E-2012-0008

**I. PRELIMINARY STATEMENT**

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (respectively, the "Enforcement Section" and the "Division") files this administrative complaint (the "Complaint") in order to commence an adjudicatory proceeding against William Bruce Smith ("Smith") for violations of M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the "Act"), and 950 CMR 10.00 *et seq.* (the "Regulations"). This Complaint focuses upon Smith's unregistered investment adviser representative activity while associated with Smith WB Financial Group ("Smith WB"), a federally-registered investment adviser based in Massachusetts. The Complaint also notes ongoing state, federal and self-regulatory organization investigations into Smith's potentially dishonest and unethical conduct.

The Enforcement Section seeks an order: 1) requiring the Respondent to cease and desist from further violations of the Act; 2) imposing an administrative fine on the Respondent in such amount and upon such terms and conditions as the Director or Hearing Officer may determine; and 3) requesting the Director or Hearing Officer to take any other

appropriate actions against the Respondent which may be in the public interest and necessary for the protection of Massachusetts investors.

## II. SUMMARY

This Complaint relates to the Respondent's unregistered investment adviser representative activity while associated with Smith WB Financial Group, a federally registered investment adviser located in Massachusetts. The Complaint also notes ongoing state, federal and self-regulatory organization investigations into Smith's potentially dishonest and unethical conduct.

Smith is the primary owner and founder of Smith WB Financial Group, part of WB Smith Companies. From January 1, 2004 to present, Smith, for compensation, has been operating as the investment adviser representative for several hundred clients of Smith WB. Although required to be registered under the Act and Regulations, Smith has neglected to do so. Smith was, until recently, registered as a broker-dealer agent of Triad Advisors, Inc. ("Triad"). Smith was terminated by Triad in August 2011, for violating the firm's procedures with respect to customer signatures.

In September 2003, Smith approached one of his advisory clients at Smith WB ("Investor 1") to procure \$100,000.00 to place the funds into a CD. Those funds were eventually transferred to bank accounts controlled or maintained by Smith or Smith's spouse. Over the course of many years, Smith created "Asset Review" statements showing that Investor 1 had \$100,000.00 in "Bank CD's". As recently as August 8, 2011, Smith prepared a "Retirement Income Evaluation" indicating that Investor 1 maintained a \$100,000.00 CD. In reality, no CD was ever purchased; Smith used the money for his own purposes and never invested the money for Investor 1's benefit.

In January 2012, Investor 1 called Smith requesting liquidation of the CD. Shortly thereafter, Smith sent the investor a check for \$25,000.00 with a letter for her to "attest" that the \$100,000.00 was in fact a "loan by us with full knowledge" and to accept of a one year repayment schedule. According to Smith, Investor 1's \$100,000.00 was borrowed for nearly a decade, interest-free, and with no repayment schedule. Borrowing funds from customers is generally deemed dishonest and unethical conduct.

Smith engaged in additional dishonest and unethical practices when he signed Investor 2's name to an IRA distribution form to facilitate the premature distribution to the investor's bank account, in order to later borrow \$25,000.00 from Investor 2. As a result of the premature distribution, Investor 2's account needed to be paid back the funds within sixty days so that Investor 2 did not incur any tax penalties.

Smith did not have the funds available to pay back Investor 2 as the sixty day period was coming to a close. Smith then forged the signatures of two other clients in order to attempt to transfer \$25,000.00 from their account to Investor 2's IRA and cover the \$25,000.00 he borrowed, thereby avoiding any tax penalties. One of Smith's employees suspected that the signatures on the transfer form were not genuine and refused to assist in processing the transaction. After realizing the transaction could not be processed, Smith ordered the employee to destroy the incriminating paperwork. Smith was shortly thereafter terminated from his broker-dealer agent registration with Triad. Based upon Smith's dishonest and unethical conduct while acting as an unregistered investment adviser representative of Smith WB, the Division seeks to ban Smith from registration as an investment adviser representative and filed an ex-parte motion for a cease and desist order contemporaneously with this Complaint.

### **III. JURISDICTION AND AUTHORITY**

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases of securities; 2) those individuals offering and/or selling securities; 3) those individuals providing investment advice to others for compensation; and 4) individuals transacting business as investment adviser representatives within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by §§ 204 and 407A of the Act and M.G.L. c. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with §§ 201, 204, and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

4. The Division specifically reserves the right to amend this Complaint and/or bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

### **IV. RELEVANT TIME PERIOD**

5. Except where explicitly stated otherwise, the conduct described herein occurred during the time period of September 27, 2003 and the present day.

## V. RESPONDENT

6. William Bruce Smith (“Smith”) is a natural person with a last known permanent address of 315 Williams Street, Uxbridge, Massachusetts. Smith is the founder of Smith WB Financial Group. Smith is currently assigned Central Registration Depository (“CRD”) number 1335193. Smith ceased being registered in Massachusetts as an investment adviser representative of Smith WB Financial Group on December 31, 2003. Smith was registered as a broker-dealer registered representative of Triad Advisors from June 2003 through August 2011. Smith is not currently registered as a representative of any broker-dealer or investment adviser. [See Exhibit 1].

## VI. OTHER INVOLVED AND RELATED PARTIES

7. Smith WB Financial Group (“Smith WB”) is a sole proprietorship located in Massachusetts with a last known place of business<sup>1</sup> at 2 South Street, Grafton, Massachusetts. Smith WB is assigned Investment Adviser Registration Depository (“IARD”) number 107543. Smith WB is currently registered as an investment adviser with the Securities and Exchange Commission (“SEC”) and notice filed in Massachusetts. [See Exhibit 2]. Smith WB is also known as WB Smith Financial Group or WB Smith Companies.

8. Triad Advisors, Inc. (“Triad”) is a Florida corporation with a principal place of business at 5185 Peachtree Parkway, Suite 280, Norcross, Georgia. Triad is assigned CRD number 25803, is registered as a broker-dealer in Massachusetts, and is a member of the Financial Industry Regulatory Authority (“FINRA”).

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<sup>1</sup> “Place of business” is defined in Rule 203A-3b under the Investment Advisers Act of 1940.

## VII. ALLEGATIONS OF FACT

### Smith's Activity as an Investment Adviser Representative

9. Smith became a registered broker-dealer representative of Triad on June 16, 2003.
10. Smith was terminated for cause as a registered representative of Triad on August 16, 2011. [See Exhibit 1].
11. As a registered broker-dealer agent of Triad, Smith received commissions on the purchase of various investments for broker-dealer clients.
12. In addition to any broker-dealer business, Smith, through Smith WB, used Triad's institutional platform for investment advisory clients. In this capacity, Triad executed trades entered by investment adviser representatives of Smith WB.
13. Smith had a three letter code designating Smith as the advisory representative assigned to certain Smith WB clients. There have been at least 100 investment advisory client accounts assigned to Smith's code.
14. Smith had the primary responsibility for recommending and executing transactions for over 100 Smith WB advisory clients.
15. Smith had discretion to determine what assets should be purchased or sold within Smith WB advisory client accounts.
16. Smith has been responsible for supervising independent contractors who were registered investment advisers of Smith WB.
17. Smith met with or attempted to meet with his own advisory clients at least annually.
18. Smith acted as the investment adviser representative for many Smith WB clients.

19. Smith provided financial planning services to some Smith WB clients and asset management services to other Smith WB clients.
20. Smith WB received advisory fees from clients for advisory services rendered by Smith.
21. Smith WB clients were automatically charged through their Triad accounts on a periodic basis for asset management and other investment advisory services provided by Smith. These fees were determined as a percentage of the assets in the account.
22. Smith WB received on average \$455,366.03 in advisory fees each year. These fees were directly deducted from client's Triad advisory accounts as compensation for advisory services rendered.
23. Smith was compensated through the advisory fees that were deducted from advisory client accounts held at Triad.
24. Smith had approximately 220 advisory fee-paying accounts.
25. Smith WB also charged "planning fee" charges while also receiving quarterly advisory fees on these accounts.
26. Smith WB currently has approximately fifty to sixty clients that are being billed for financial planning or other advisory services, including residents of Massachusetts.
27. On information and belief, Smith is currently the only individual working for Triad that provides advisory services.

Smith Misappropriated Client Funds by Claiming to Invest those Funds in a CD. Years Later He Characterized the Misappropriated Funds as a "Loan."

28. Investor 1 was a broker-dealer client of Smith since at least September 2003.
29. Investor 1 was also an advisory client of Smith WB. Smith provided investment advice, for compensation, to Investor 1.



30. On or about September 2003, Smith approached Investor 1 requesting \$100,000.00.

31. Smith maintains that this was an interest-free loan with no repayment schedule.

32. Investor 1 maintains that Smith suggested giving him the \$100,000.00 so he could place these funds in a bank certificate of deposit ("CD") for Investor 1's benefit.

33. Investor 1 stated the funds were the proceeds of an insurance policy she received after her husband's death earlier in 2003.

34. Smith forwarded two separate letters to Triad, dated September 29, 2003 and October 21, 2003, respectively, to move funds from Investor 1's brokerage account to her checking account. Two checks would then be written from Investor 1's account and deposited into accounts held or controlled by Smith. [See Exhibits 3 through 6].

#### The First \$50,000.00 Transaction

35. On or about September 29, 2003, Smith caused a document [Exhibit 3] to be submitted to Triad in order to move \$50,000.00 from Investor 1's brokerage account to Investor 1's checking account.<sup>2</sup>

36. Exhibit 3 instructed Smith to withdraw \$50,000.00 from Investor 1's Triad account and deposit the funds into Investor 1's bank account.

37. A "signature guarantee" is an attestation to a document being actively signed in the presence of the person guaranteeing the signature and genuine.

38. Smith "signature guaranteed" that the signature contained on Exhibit 3 was actively signed in front of Smith and genuine.

39. Investor 1 disputes the authenticity of the signature contained in Exhibit 3.

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<sup>2</sup> Names and other private information with respect to investors have been redacted in order to preserve confidentiality.

40. In connection with this transaction, Smith suggested Investor 1 to write a blank check to him to make the CD investment.

41. Instead, Investor 1 wrote a check dated September 27, 2012, to the order of "Unibank." [Exhibit 4].

42. Investor 1 did not write the check payable to "Unibank – [Smith's spouse]".

43. The check identified as Exhibit 4 was endorsed in the name of Smith's spouse and deposited at Unibank on October 1, 2003.

44. On March 8, 2012, Smith testified under oath before Division staff members ("Smith's Testimony"). During Smith's Testimony he testified that his wife maintained a bank account at Unibank, and the check identified as Exhibit 4 was deposited into that account.

45. Smith's spouse does maintain an account at Unibank and the check identified as Exhibit 4 was deposited into that account.

46. Smith testified that he had "no clue" why the check identified as Exhibit 4 was deposited in his wife's account if it represented, as he maintained, a loan to his company.

#### The Second \$50,000.00 Transaction

47. On or about October 21, 2003, Smith WB caused a second document [Exhibit 5] to be submitted to Triad in order to move \$50,000.00 from Investor 1's brokerage account to Investor 1's checking account.

48. Exhibit 5 instructed Triad to withdraw \$50,000.00 from Investor 1's Triad account and deposit the funds into Investor 1's bank account.

49. Smith "signature guaranteed" that the signature contained on Exhibit 5 was actively signed in front of Smith and genuine.

50. Investor 1 disputes the authenticity of the signature contained in Exhibit 5.

51. In connection with this second \$50,000.00 transaction, Investor 1 wrote a second check dated October 21, 2003, payable to the order of Commonwealth National. [Exhibit 6].

52. The check identified as Exhibit 6 was endorsed by Smith and deposited into Smith's personal Commonwealth National account on October 22, 2003.

53. The check identified as Exhibit 6 has an entry on the memo line stating "CD".

54. Smith could not explain why the check identified as Exhibit 6 indicates "CD" on the memo line.

55. Smith has stated that the funds from these checks identified as Exhibits 4 and 6 were given to Smith as a \$100,000.00 loan with no interest rate or repayment schedule.

Further Attempts to Hide that No CD was Purchased

56. Smith would periodically instruct support staff to create an "Asset Review" and Smith would sometimes review them.

57. Despite maintaining that Investor 1 made an interest-free \$100,000.00 loan to him, Investor 1 received multiple "Asset Reviews" from 2005 to 2011 that included a \$100,000.00 entry for "Bank CD's." [Exhibit 7].

58. Smith also prepared a "Retirement Income Evaluation" for Investor 1 on August 8, 2011. [Exhibit 8]. Investor 1's balance sheet contained in the Retirement Income Evaluation indicated that she owned a \$100,000.00 "Bank CD".

59. Investor 1 never received any documentation from any financial institution confirming her purchase of a \$100,000.00 CD.

60. In February 2011, Investor 1 indicated to Smith that she needed access to some of her money to pay expenses.

61. Smith recommended partially liquidating an annuity rather than taking the funds from the \$100,000.00 Smith received from Investor 1 in 2003.

62. As a consequence of Smith's advice, Investor 1 lost access to certain riders of the annuity and diminished other benefits, such as the death benefit that would otherwise not have been suffered had Investor 1's \$100,000.00 been returned to her.

63. At some time after Smith was fired from Triad on August 8, 2011, Investor 1 chose to terminate her relationship with Smith WB and Smith.

64. On or after January 2012, Investor 1 requested Smith return the funds she gave to him in 2003 for the bank CD.

65. On or after January 2012, Smith forwarded a check to Investor 1 for \$25,000.00 payable from his personal bank account, and required a written attestation that the funds were given to Smith as a "loan." [Exhibit 9].

66. On knowledge and belief, as of March 28, 2012, Investor 1 has refused to sign to the attestation contained in Exhibit 9.

Smith Forged Other Investor Signatures to Borrow Money from Other Advisory Clients

67. Investor 2 is an investment advisory client of Smith WB and Smith.

68. Smith provided investment advice, for compensation, to Investor 2.

69. In June 2011, Smith needed funds in order to attempt to settle ongoing civil litigation.

70. On June 7, 2011, Smith signed Investor 2's name to an IRA distribution form to withdraw funds from Investor 2's IRA. Smith caused to be submitted the IRA distribution form to Triad for processing. **[Exhibit 10]**.

71. Smith thereafter used the funds withdrawn from Investor 2's IRA to attempt settlement of the ongoing civil litigation referenced in paragraph 69 above.

72. The IRA distribution from Investor 2's account was coded as a "premature distribution." As a result of this coding, tax penalties would apply if the funds were not properly "rolled over" to another IRA account for Investor 2 within sixty days.

73. Smith testified before Division Staff that he anticipated being able to pay back Investor 2's IRA account before the end of the sixty day period based upon investment advisory fees he anticipated receiving from clients.

74. However, as the end of the sixty day period approached in August 2011, Smith had not been paid investment advisory fees and did not have sufficient funds available to pay back Investor 2's IRA.

75. Smith then approached Investors 3 and 4, a husband and wife, to seek a loan to pay back Investor 2. Investors 3 and 4 were clients of Smith WB with an advisory account at Triad.

76. Smith provided investment advice, for compensation, to Investors 3 and 4.

77. Smith forged Investor 3 and 4's signatures to a letter of instruction in an effort to transfer funds from Investor 3 and 4's advisory account to Investor 2's account.

**[Exhibit 11]**.

78. Smith "signature guaranteed" that the signature contained on Exhibit 11 was actively signed in front of Smith and genuine.

79. Smith then instructed a staff member to submit the paperwork to Triad for processing.

80. Subsequently, the Smith WB staff member then sent the following e-mail to Smith:

Are you nuts?! I am not doing this transfer to [Investor 2's] account without knowing [Investor 3 and 4] give their permission. If they were here and signed these documents, they would have come in to see us. These are not their signatures! Why would you put me in that position? And on top of that you Sig Guar'd it! At any rate, Triad is not going to process it without [Investor 2's] signature as well. What the hell are you doing????????????? You can fire me if you want to but I am bonded and that means I have to protect the clients!

81. Through a subsequent discussion via e-mail between Smith and Smith's staff member, Smith discovered that Triad would not process the above transaction for reasons related to the fact that the transfer request did not involve like-titled accounts.

82. Smith then instructed his employee via e-mail to "Destroy [Investor 3 & 4's] paperwork."

#### The Current State of Smith's Practice

83. Smith's website [www.wbsmithcompanies.com](http://www.wbsmithcompanies.com) advertises that Smith is a "CFP".<sup>3</sup>

84. Smith is not currently certified as a CFP by the Certified Financial Planner Board of Standards.

85. All employees of Smith WB, other than Smith, have left the firm.

86. Currently, there are no persons employed or affiliated with Smith WB that are registered as an investment adviser representative. Currently, there are no persons employed or affiliated with Smith WB that are registered as an agent of a broker-dealer.

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<sup>3</sup> "CFP" is a trademarked term that cannot be used by those not certified as a CFP and in good standing with the Certified Financial Planner Board of Standards.

On knowledge and belief, Smith is continuing to perform investment adviser representative functions requiring registration.

87. Smith is currently under investigation by state and federal regulators and the Financial Industry Regulatory Authority for potential violations of various securities laws and regulations.

### VIII. VIOLATIONS OF LAW

#### **Count I – Violation of M.G.L. c. 110A § 201(d)**

88. Section 201 of the Act provides in pertinent part:

(d) It is unlawful for:

(ii) any investment adviser representative, as defined in Rule 203A-3(a) under the Investment Adviser Act of 1940, with a place of business, as defined in Rule 203A-3(b) under the Investment Adviser Act of 1940, in the Commonwealth, who is employed by a federal covered adviser to conduct business in the Commonwealth, unless registered under this chapter.

89. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 87 above.

90. The conduct of the Respondent, as described above, constitute violations of M.G.L. c. 110A § 201(d).

### IX. STATUTORY BASIS FOR RELIEF

91. Section 204(a) of the Act provides in pertinent part:

#### Denial, Revocation, Suspension, Cancellation, and Withdrawal of Registration

(a) The secretary may by order impose an administrative fine or . . . revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

B. has willfully violated or willfully failed to comply with any provision of this chapter or a predecessor chapter or any rule or order under this chapter or a predecessor chapter.

92. Section 407(A) of the Act provides in pertinent part:

Violations, Cease and Desist Orders and Costs

(a) If the secretary determines, after notice and opportunity for a hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take affirmative action, including the imposition of an administrative fine, the issuance of an order for accounting, disgorgement or rescission or any other relief as in his judgment may be necessary to carry out the purposes of [the Act].

93. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 87 above.

94. The Respondent directly and indirectly engaged in the acts, practices, and courses of business as set forth in this Complaint above and it is the Enforcement Section's belief that the Respondent will continue to engage in acts and practices similar in subject and purpose that constitute violations if not ordered to cease and desist.

**X. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to: 1) order the Respondent to cease and desist from further violations of the Act; 2) impose an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Hearing Officer may determine; and 3) to take any other appropriate actions against the Respondent which may be in the public interest and necessary for the protection of Massachusetts investors.



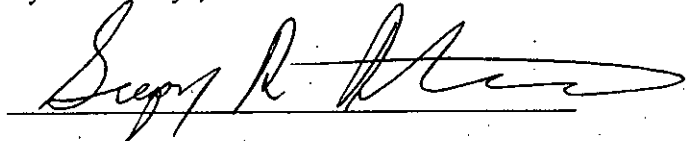
**XI. RELIEF REQUESTED**

Wherefore, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following actions:

- A) Find that all the sanctions and remedies as detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- B) Find as fact the allegations set forth in paragraphs 1 through 87, inclusive, of the Complaint;
- C) Order the Respondent to cease and desist from further violations of the Act;
- D) Impose an administrative fine on the Respondent in such amount and upon such terms and conditions as the Director or Hearing Officer may determine;
- E) To take any other appropriate actions against the Respondent which may be in the public interest and necessary for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION**

By its attorneys,



Gregory R. Abram, Esq., Enforcement  
Carol Anne Foehl, Esq., Enforcement  
Patrick Ahearn, Esq., Chief of Enforcement  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108  
(617) 727-3548

Dated: March 28, 2012



default, and the allegations of the Administrative Complaint may thereupon be accepted as true and the proceedings determined against the defaulting party by issuance of a final order.

**WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH**

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Diane Young-Spitzer  
Associate Director & General Counsel  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108

Dated: March \_\_, 2012



**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

\_\_\_\_\_  
IN THE MATTER OF: )

WILLIAM BRUCE SMITH )

) EX PARTE MOTION FOR  
) ISSUANCE OF A CEASE  
) AND DESIST ORDER

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)  
) Docket No. E-2012-0008

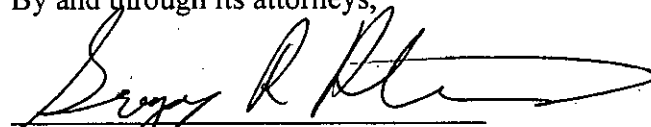
1. Section 407A of the Massachusetts Uniform Securities Act (the "Act") entitled "Violations, Ceases and Desist Orders; Costs" provides in pertinent part:
  - (a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement, or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of this chapter. . . .
  - (b) If the secretary makes written findings of fact that the public interest will be irreparably harmed by delay in issuing an order under subsection (a), the secretary may issue a temporary cease and desist order. . . .
2. The Division herein re-alleges and expressly incorporates and restates the allegations and facts set forth in paragraphs 1 through 87 of the Administrative Complaint filed contemporaneously with this present motion in the above-captioned matter.
3. For any and all of the reasons set forth in paragraphs 1 through 87 of the Administrative Complaint filed contemporaneously with this present motion in the above-captioned matter, it is in the public interest and will protect Massachusetts investors to enter an

Order requiring William Bruce Smith to summarily cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth of Massachusetts.

4. An ex parte temporary cease and desist Order issued pursuant to Section 407A of the Act is necessary in view of the following facts, which establish that any delay in issuing such an order will likely result in irreparable harm to both the public interest and Massachusetts investors: 1) the serious nature of the Respondent William Bruce Smith's misconduct; 2) the significant number of Massachusetts residents presently impacted by Respondent William Bruce Smith's alleged misconduct; 3) the likelihood that Respondent William Bruce Smith will continue to engage in acts and practices in violation of the Act and the Regulations; 4) the likelihood that the Respondent William Bruce Smith's continuing conduct in violation of the Act and the Regulations will result in irreparable harm to the public interest if such an order was not issued, and; 5) the likelihood that the Enforcement Section will prevail on the merits of the Administrative Complaint.

**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By and through its attorneys,



Gregory R. Abram, Esq.  
Carol Anne Foehl, Esq.  
Patrick Ahearn, Chief of Enforcement  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108  
(617) 727-3548 (ph.)  
(617) 248-0177 (fax)

Dated: March 28, 2012

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:	)	
WILLIAM BRUCE SMITH	)	<u>EX-PARTE</u> ORDER TO CEASE AND DESIST ( <i>draft</i> )
	)	Docket No. E-2012-0008

1. William Francis Galvin, Secretary of the Commonwealth, by his Securities Division (the "Division") commences this adjudicatory proceeding against Respondent William Bruce Smith.
  
2. This proceeding is commenced pursuant to the provisions of Mass Gen. Laws. ch. 30A, the Massachusetts Uniform Securities Act ch. 110A (the "Act") and 950 Mass. Code Regs. 10.00 et seq. (the "Regulations").
  
3. Section 407A of the Massachusetts Uniform Securities Act (the "Act") entitled "Violations, Ceases and Desist Orders; Costs" provides in pertinent part:
  - (a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement, or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of this chapter. . . .
  
  - (b) If the secretary makes written findings of fact that the public interest will be irreparably harmed by delay in issuing an order under subsection (a), the secretary may issue a temporary cease and desist order. . . .

4. The Enforcement Section of the Division (the "Enforcement Section") has filed an Administrative Complaint, and an Ex Parte Motion for Issuance of a Cease and Desist Order (respectively, the "Complaint" and the "Motion").
5. Solely for the purposes of reaching a determination whether to allow the Division's Motion, I have accepted the allegations and statements of fact set forth in their Complaint as true.
6. Accepting these facts as true, I find that it is likely that the Division's Enforcement Section will prevail at a subsequent hearing on the merits of this matter.
7. Again, accepting these facts as true, I find that based on the allegations set forth in the Complaint, the entry of an order for Respondent William Bruce Smith to cease and desist from further violations of the Act is in the public interest and is necessary to protect investors in the Commonwealth from financial harm, and that any delay in issuing such order will likely result in irreparable harm to Massachusetts investors.
8. Again, accepting these facts as true for this limited purpose, I make this finding because of the on-going nature of Respondent William Bruce Smith's alleged unregistered activity as an investment adviser representative in the Commonwealth.
9. Again, accepting these facts as true for this limited purpose, I make this finding because of the on-going investigations by state, federal, and self-regulatory organizations into the alleged dishonest and unethical actions of Respondent.
10. Further, in its Complaint, the Division's Enforcement Section has set forth sufficient facts to establish a prima facie case that Respondent William Bruce Smith violated the Act by engaging in unregistered activity as an investment adviser representative in Massachusetts.



11: Wherefore: having made the above findings of fact and determining that it is in the public interest and necessary for the protection of investors and consistent with the purposes of the Act,

**IT IS HEREBY ORDERED:** Respondent William Bruce Smith is hereby summarily ordered to cease and desist from further violations of the Act and Regulations.

1. The above Order is hereby issued ex parte and is effective immediately upon signing of this Order.
2. A copy of the Enforcement Section's Complaint and this Order shall be served via certified mail, return receipt requested, or in a manner permissible under the laws of the state in which they reside, on the Respondents as provided for by these Rules.
3. Respondent William Bruce Smith is hereby notified that pursuant to Section 407A of the Act and Section 10.06(c) of the Regulations, that Respondents have a right to request an administrative hearing and that such hearing must be set down within twenty (20) days after receipt by the Division of the Respondent's written request for such hearing. Said hearing will be held to determine if this Order shall be modified, vacated or extended until final determination.

**WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH**

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Diane Young-Spitzer  
Associate Director & General Counsel  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108  
(617)727-3548

Issued this \_\_\_\_\_ day of March, 2012