

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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IN THE MATTER OF: MICHAEL R. SMITH )  
\_\_\_\_\_) )

FILE NO. 0500366

**ORDER OF REVOCATION**

**TO THE RESPONDENT:** Michael R. Smith  
(CRD#: 1041552)  
1120 N. Stratford Road  
Arlington Heights, Illinois 60004

WHEREAS, the above-captioned matter came on to be heard on October 6, 2005, pursuant to the Notice of Hearing dated August 24, 2005, Filed by Petitioner Secretary of State. And the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq. in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with a Notice of Hearing on August 24, 2005.
2. The Respondent failed to timely answer, appear, or submit a response of Pleading.
3. The Respondent exercised his right to, and did, appear at the hearing.

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4. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson and as an investment advisor representative in the State of Illinois pursuant to Section 8 of the Act until April 20, 2004.
5. That on May 24, 2005, NASD entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent File No. C8A050044 which imposed the following sanctions:
  - a. \$7,500.00 fine; and
  - b. six-month suspension from association in any capacity with any member of the NASD.
6. That the AWC found that in August 2003, the Respondent affixed the signature of JB, who is a member of the public, to a letter that requested American Funds to liquidate an account within a profit sharing plan, of which JB was the trustee, without JB's knowledge or consent, and submitted the letters to American Funds, in violation of NASD Conduct Rule 2110. He submitted the letters so the attorney for JB's father's estate could use the redemption proceeds to pay estate taxes owed.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The Department properly served the Notice of Hearing on Respondent on August 24, 2005.
2. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
3. Because of Respondent's failure to timely file an answer, a special appearance or other responsive pleading in accordance with Section 130.1104:
  - (a) The allegations contained in the Notice of Hearing are deemed admitted;
  - (b) Respondent waived his right to a hearing;
  - (c) Respondent is subject to an order of default.

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4. Respondent appeared at the Hearing and, therefore, is not subject to a finding of default and recommendation that an order of default be entered pursuant to Section 130.1109.
5. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson and investment advisor representative may be denied, suspended, or revoked if the Secretary of State finds that such salesperson or investment advisor representative has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
6. No showing of scienter or willful conduct is required to impose the requested sanctions under Section 8.E(1)(j) of the Act.
7. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
8. That by virtue of the foregoing, the Respondent's registration as a salesperson and as an investment advisor representative in the State of Illinois is subject to revocation or suspension pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, the Secretary of State makes the following additional Conclusion of Law:

That Section 8.E(3) of the Act provides inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson or investment advisor representative, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.

WHEREAS, the Hearing Officer recommended that the Secretary of State should suspend the Respondent's registrations as salesperson and investment advisor representative in the State of Illinois for a period of ten (10) years, the Secretary of State rejects the Recommendation of suspension made by the Hearing Officer in its entirety. The Respondent has acted in the capacity of a salesperson and investment advisor representative on April 20, 2004 when his then employing firm "terminated" his services.

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Since then, the Respondent has been unable to act in such capacities due to non-affiliation with an Illinois registered entity.

The purpose of imposing sanctions under the Act is to provide meaningful remedies for proscribed circumstances. Section 8.E(3) of the Act, provides that the Secretary of State may revoke or suspend an individual's registration as a salesperson or investment advisor representative. By its very nature, a suspension implies that once the relevant period has expired, the individual may continue in his suspended capacity. The Respondent, however, would not be capable of acting in either capacity. Respondent would then have to seek a new affiliation with an Illinois registered entity. Respondent not only has no current registrations in either capacity, he also has no pending applications for registration.

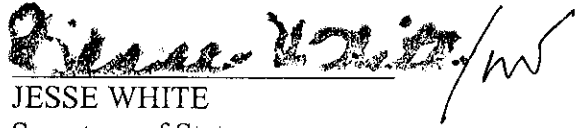
In this case, the imposition of any suspension of the Respondent's registration would be meaningless. It is appropriate and consistent with the purpose of the Act to enter an order of revocation.

Therefore, the Secretary of State will revoke the Respondent's registration as a salesperson and investment advisor representative in the State of Illinois.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. Michael R. Smith's registration as a salesperson in the State of Illinois is **REVOKED** pursuant to the authority provided under Sections 8.E(1)(j) and 8.E(3) of the Act.
2. Michael R. Smith's registration as an investment advisor representative in the State of Illinois is **REVOKED** pursuant to the authority provided under Sections 8.E(1)(j) and 8.E(3) of the Act.
3. This matter is concluded without further proceedings.

DATED: This 9<sup>th</sup> day of January 2006.

  
JESSE WHITE  
Secretary of State  
State of Illinois

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This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.