

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

GLEN EDWARD SMITH, JR.,
(CRD No. 1023145)

Respondent.

Disciplinary Proceeding
No. 2011028081101

Hearing Officer: RLP

ORDER ACCEPTING OFFER OF SETTLEMENT

INTRODUCTION

Disciplinary Proceeding No. 2011028081101 was filed on November 15, 2012, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Smith submitted an Offer of Settlement (Offer) to Complainant on January 23, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent Smith has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings, as modified in the Offer, and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this

Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Smith was first employed by a FINRA member firm in 1981, and in December 1981, became registered with FINRA as a general securities representative. Smith was later registered as a general securities principal in May 1998, and as an introducing broker-dealer/financial and operations principal in April 1999. Smith was registered with FINRA and associated with former member Capstone Partners, L.C. (Capstone), in April 1999, as a general securities representative and principal and as an introducing broker-dealer/financial and operations principal. Smith remained registered with FINRA and associated with Capstone until March 28, 2011. Smith is not currently associated with a FINRA member firm, but remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. In 2010, FINRA commenced an examination of Capstone. Smith was the financial and operations principal (FINOP) for Capstone. Smith was also involved with SLAC, a disclosed outside business activity.
2. SLAC was based out of Smithfield, N.C. and was involved in the origination and collection of used vehicle installment contracts targeted primarily at sub-prime credit customers. SLAC sold collateralized notes to investors that promised to pay interest in the amount of 1% per month.
3. On January 3, 2012, SLAC defaulted on its outstanding notes and was placed into receivership on January 25, 2012.

4. During the course of its investigation, FINRA determined that it needed information from Smith regarding, among other things, SLAC and his involvement in the sale of SLAC notes.
5. Therefore, on April 5, 2012, FINRA sent Smith a letter via first class and certified mail addressed to his residential address as listed in the Central Registration Depository (CRD). The April 5, 2012 letter requested that, pursuant to FINRA Rule 8210, Smith appear and testify at FINRA's Atlanta District Office on April 27, 2012. The April 5, 2012 letter sent by first class mail was not returned. A receipt for the April 5, 2012 letter sent by certified mail was returned to FINRA indicating that it was delivered to Smith and appears to include his signature.
6. On April 23, 2012, Smith contacted FINRA and indicated that it would be a financial hardship to travel to Atlanta for the scheduled OTR. FINRA agreed as an accommodation to reschedule the OTR and change the location of the OTR to Florida.
7. On May 16, 2012, FINRA forwarded Smith¹ another letter via first class and certified mail, addressed to his residential CRD address. The May 16, 2012 letter was sent pursuant to FINRA Rule 8210, and rescheduled Smith's appearance and testimony for May 25, 2012 to be held at FINRA's Dispute Resolution Office located in Boca Raton, Florida.
8. The May 16, 2012 letter sent by first class mail was not returned. A receipt for the May 16, 2012 letter sent by certified mail was returned to FINRA indicating that it was delivered and appears to include Smith's signature.
9. On May 21, 2012, Smith's legal counsel called FINRA and left a message indicating that Smith would not appear and testify as requested on May 25, 2012. Thereafter, on May 22, 2012, FINRA received a letter from Smith's legal counsel, reiterating that Smith would not appear and testify as scheduled on Friday, May 25, 2012 in Boca Raton.
10. Smith failed to appear and testify on May 25, 2012, as requested by FINRA.
11. On September 24, 2012, FINRA sent another letter² via first class and certified mail,

¹ A copy of the May 16, 2012 letter was forwarded to Smith's legal counsel.

² A copy of the September 24, 2012 letter was faxed to Smith's Counsel's office.

addressed to Smith's counsel. The September 24, 2012 letter was sent pursuant to FINRA Rule 8210, and requested Smith to appear and testify on October 3, 2012 at FINRA's Dispute Resolution Office located in Boca Raton, Florida.

12. The September 24, 2012 letter sent by first class mail was not returned. A receipt for the September 24, 2012 letter sent by certified mail was returned to FINRA indicating that it was delivered and was signed for by someone in Smith's counsel's office.
13. On October 1, 2012, Smith's counsel contacted FINRA and indicated, among other things, that Smith would not be appearing for the October 3rd OTR or any future OTRs.
14. Smith failed to appear and testify on October 3, 2012, as requested by FINRA.
15. Smith's failure to appear and testify as requested impeded FINRA's investigation, and prevented FINRA from completing its regulatory responsibility to fully investigate potential rule violations.
16. By failing to appear and testify as requested by FINRA on May 25, 2012 and October 3, 2012, Smith violated FINRA Rules 8210 and 2010.

Based upon these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent Smith from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

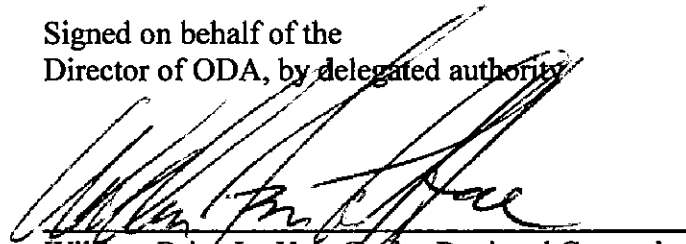
It is ordered that Respondent Smith be barred from association with any FINRA member firm in all capacities.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED

1/28/13
Date

Signed on behalf of the
Director of ODA, by delegated authority



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