

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033242001**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Jeffrey Carter Smith, Respondent
CRD No. 2199133

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Smith entered the securities industry in 1991 as a General Securities Representative of a FINRA registered firm. In January 1995, he became registered in this capacity with UBS Financial Services, Inc. On July 7, 2012, Smith's registration with UBS Financial Services was terminated and he is not currently registered with any FINRA registered firms.

RELEVANT DISCIPLINARY HISTORY

Smith does not have any disciplinary history.

OVERVIEW

Between 2009 and 2012, Smith executed hundreds of unauthorized transactions in three Uniform Gifts to Minors ("UGMA") accounts. These accounts were controlled by a single customer and held for the benefit of the customer's children. Smith's unauthorized transactions included the liquidation of certain

“blue chip” stocks, and the purchase of stocks, bonds, mutual funds and certificates of deposit. Smith’s conduct was a violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Smith serviced three separate UGMA accounts controlled by ER, which were held for the benefit of ER’s children. The UGMA accounts had been established by ER’s father, and initially held primarily “blue chip” stocks, such as General Electric, McDonald’s Corp. and Microsoft. ER and her family had been clients of Smith since the 1990s.

The UGMA accounts were not discretionary accounts, and Smith initially contacted ER to discuss his investment recommendations and obtain her approval prior to executing any trades in those accounts. While Smith and ER would continue to discuss certain recommendations between 2009 and 2012, Smith was unable to reach ER with any regularity beginning in 2009. At this time, Smith began to execute trades in the UGMA accounts without ER’s authorization. Smith executed hundreds of transactions in the three UGMA accounts between 2009 and 2012, purchasing and selling equities, bonds, mutual funds and certificates of deposit without authorization.

ER first complained of the unauthorized transactions in early 2012, when she noticed that the UGMA accounts no longer held McDonald’s Corp. or other “blue chip” investments.

By effecting hundreds of securities transactions in the UGMA accounts between 2009 and 2012 without ER’s authorization, Smith violated FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

A nine month suspension in all capacities from any FINRA registered firm and a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the nine month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

- * I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

2/27/14
Date

Jeffrey Carter Smith
Jeffrey Carter Smith

Accepted by FINRA:

3/27/14
Date

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

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