

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
REVISED LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016048922301**

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

RE: Adam C. Smith, Respondent
Registered Representative
CRD No. 4542903

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

Respondent Adam C. Smith entered the securities industry in 2002. He was registered with Merrill Lynch, Pierce, Fenner & Smith, Inc. from April 2002 until May 5, 2016, when his registration was terminated in connection with the matters described herein.

Although Smith is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws because (1) this AWC is being issued within two years after the date upon which he ceased to be associated with a FINRA member, namely May 5, 2016, and (2) this AWC charges him with violations committed while he was registered or associated with a FINRA member.

RELEVANT DISCIPLINARY HISTORY

Smith has no relevant disciplinary history.

OVERVIEW

During the period October 2010 through December 2013, Smith accepted gifts totaling \$105,000 from two customers in contravention of his firm's prohibition against accepting such gifts. In addition, Smith denied having received any gifts from clients in response to an inquiry from his firm.

FACTS AND VIOLATIVE CONDUCT

Beginning in or about 2006, Smith served as a registered representative for customers A.T. and E.T., a married couple. He continued to act as E.T.'s registered representative following A.T.'s death in 2011.

Between October 2010 and January 2011, A.T. and E.T. gave Smith and his wife checks totaling \$52,000 to be used for the education of the Smiths' children. Between January 2012 and December 2013, after A.T.'s death, E.T. gave Smith and his wife additional checks totaling \$53,000 for their children's education. Smith's firm prohibited its employees from accepting gifts in the form of checks or cash from customers. By violating this prohibition, Smith violated FINRA Rule 2010.

When asked by his firm's compliance personnel about allegations pertaining to the gifts, Smith denied that he received money from A.T. or E.T. By responding falsely to this inquiry, Smith violated FINRA Rule 2010.

* * *

By virtue of the foregoing, Smith failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

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

1. a suspension from association with any FINRA member in any capacity for a period of one year, and
2. a fine of \$10,000.

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

The fine shall be due and payable either immediately upon reassociation with a member firm, 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 imposed in this matter.

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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;
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.

Date

3/9/17

Adam C. Smith
Respondent

Reviewed by:



Debra A. Jenks, Esq.

Counsel for Respondent

Jenks & Harvey LLP

1555 Palm Beach Lakes Blvd., 16th Fl.

West Palm Beach, FL 33401

(561) 303-2919

Accepted by FINRA:

Mar. 21, 2012
Date

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


Jonathan Golomb
Senior Special Counsel
FINRA Department of Enforcement
15200 Omega Drive
Rockville, MD 20850