

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012032953901**

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

RE: John Conrad Smith
CRD No. 2536551

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

John Conrad Smith ("Smith") was registered with NYLife Securities, LLC. ("NYLife" or the "Firm") from August 1994 until his termination on July 27, 2010. While in the securities industry, Smith obtained his Series 63 license (October 21, 1997) and Series 6 license (July 13, 2000). On June 4, 2012, NYLife filed an amended Form U5 after receiving a written customer complaint against Smith in May 2012.

FINRA retains jurisdiction over Smith pursuant to Article V, Section 4(a)(i), of the FINRA By-Laws because (i) the conduct that serves as the basis for this action commenced prior to his termination of registration from a FINRA member, (ii) the Firm filed an amendment to its initial Form U5 notice of termination, dated July 29, 2010, disclosing that Smith was the subject of a customer complaint, and (iii) this AWC has been filed within two years after the Firm's filing of an amendment to Smith's last termination of registration from a FINRA member.

FACTS AND VIOLATIVE CONDUCT

At all relevant times, Smith was a registered representative and insurance agent with NYLife, a registered broker-dealer and licensed insurance agency. Between November 2009 and July 2010, Smith accepted cash gifts in the amount of \$18,500 from an insurance customer. The Firm's written procedures generally prohibited registered representatives from accepting any payment, gift, loan or other remuneration from any securities or insurance customer. The Firm's written procedures also prohibited registered representatives from commingling their funds with those of customers or acting in any manner that creates an appearance of impropriety.

Smith violated FINRA Rule 2010 by improperly accepting cash gifts in the amount of \$18,500 from an insurance customer in violation of the Firm's written policies.

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

1. A three-month suspension from association in any capacity with any FINRA member; and
2. A fine in the amount of \$5,000.

The fine shall be due and payable either immediately upon re-association with a FINRA member following the 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 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, as amended. 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.¹

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

¹ See FINRA Rules 8310 and 8311.

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

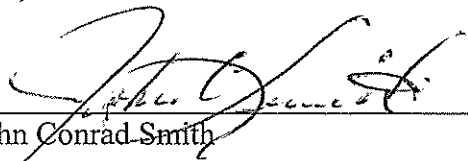
I understand that:

- 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.

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.

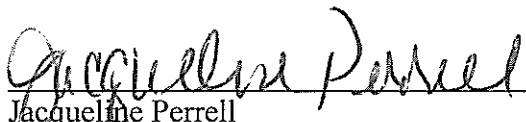
7/30/13
Date


John Conrad Smith

Accepted by FINRA:

8/22/13
Date

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


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