

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Administrative Proceedings Rulings  
Release No. 5523 / January 24, 2018

Administrative Proceeding  
File No. 3-18271

In the Matter of

**Jeffrey D. Smith,  
Joseph Carswell, and  
Michael W. Fullard**

**Order to Show Cause,  
Set Motion Deadline, and  
Schedule the Submission  
of New Evidence**

The Securities and Exchange Commission instituted this proceeding with an order instituting proceedings (OIP) on October 31, 2017. Michael W. Fullard was served with the OIP on November 26, 2017, and Joseph Carswell was served on December 13, 2017. *Jeffrey D. Smith*, Admin. Proc. Rulings Release No. 5462, 2018 SEC LEXIS 93, at \*1 & n.1 (ALJ Jan. 12, 2018). Each had twenty days to file an answer, but neither did. *See* OIP at 3; 17 C.F.R. §§ 201.160(a), .220(b). They also failed to contact my office by January 19, 2018, to provide their availability for a telephonic prehearing conference. *See Jeffrey D. Smith*, 2018 SEC LEXIS 93, at \*2.

Accordingly, I ORDER Carswell and Fullard to SHOW CAUSE by February 5, 2018, why they should not be found in default and this proceeding determined against them due to their failure to file answers or otherwise defend the proceeding. OIP at 3; 17 C.F.R. §§ 201.155(a)(2), .220(f).

If Carswell and Fullard do not respond to this order to show cause, the Division of Enforcement shall submit a motion for default and sanctions against them by February 26, 2018. The motion shall include legal analysis and evidentiary support for the allegations and requested sanctions in accordance with *Rapoport v. SEC*, 682 F.3d 98 (D.C. Cir. 2012), and *Ross Mandell*, Securities Exchange Act of 1934 Release No. 71668, 2014 SEC LEXIS 849, at \*7-9 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 SEC LEXIS 1886 (May 26, 2016). If Carswell and Fullard are found in default, I may deem the OIP's allegations

true and decide the proceeding against them. See OIP at 3; 17 C.F.R. § 201.155(a).

In addition, I previously informed Carswell, Fullard, and the Division of the Commission's order in *Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10440, 2017 SEC LEXIS 3724, at \*1-4 (Nov. 30, 2017), directing administrative law judges to reconsider the record, but stated I would set a procedural schedule for complying with the order following a prehearing conference. *Jeffrey D. Smith*, 2018 SEC LEXIS 93, at \*2. As no prehearing conference occurred, I FURTHER ORDER that each party may submit, by February 5, 2018, any new evidence it deems relevant to reexamination of the record. Each party may also submit a brief explaining the relevance of its new evidence and identifying any challenged rulings, findings, or conclusions. If any party chooses to submit a brief by February 5, all other parties will have until February 14, 2018, to file a responsive brief.

An electronic courtesy copy of the each filing should be emailed to ALJ@sec.gov in PDF text-searchable format. Exhibits should be emailed as separate attachments, not as a combined PDF file.

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Cameron Elliot  
Administrative Law Judge