UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79207 / November 1, 2016

INVESTMENT COMPANY ACT OF 1940
Release No. 32345 / November 1, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17657

In the Matter of **Gregory J. Smith,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Gregory J. Smith ("Smith" or "Respondent").

II.

After an investigation, the Division of Enforcement alleges that:

Summary

1. Smith provides insurance and retirement planning services to clients in numerous states. From approximately December 2008 through September 2013, Smith solicited and induced at least 31 investors in three states to purchase approximately $3,750,060 of promissory notes issued by the Rampart Fund LLP ("Rampart Fund Notes"). Among other things, Smith identified and solicited prospective investors, advised investors on the merits of the investment, took customer orders, collected investor paperwork, and received approximately $384,712 in transaction-based compensation from the Rampart Fund. Throughout his fund-raising efforts on behalf of the Rampart Fund, Smith was not registered as a broker-dealer or associated with a

registered broker-dealer. By virtue of this conduct, Smith willfully violated Section 15(a) of the Exchange Act.

Respondent

2. **Gregory J. Smith ("Smith")**, age 69, resides in Winchester, California. From approximately July 1987 through September 2002, Smith was a registered representative associated with broker-dealers registered with the Commission. However, during the relevant period of misconduct, Smith was not registered with the Commission as a broker-dealer or associated with a registered broker-dealer. In October 2000, the California Division of Corporations issued a Desist and Refrain Order against Smith, ordering him to desist and refrain from, among other things, offering or selling securities in California and acting as a broker-dealer in California unless and until he was licensed as such. Smith never became licensed as a broker-dealer in California.

Other Relevant Entity

3. **Rampart Fund LP ("Rampart Fund")** is a private fund organized as a Delaware limited partnership. Rampart Capital Management, LLC ("Rampart Capital") is the investment adviser and general partner to the Rampart Fund, which raised money by offering and selling to investors the Rampart Fund Notes. The Rampart Fund and the Rampart Fund Notes have never been registered with the Commission in any capacity. In October 2015, the Commission filed a settled civil injunctive action against Rampart Capital, its two principals, and three other entities in the Eastern District of Pennsylvania. (*SEC v. Summit Trust Company, et. al.*, Civil Action No. 15-cv-05843(E.D. Pa., October 27, 2015)). The Rampart Fund was named as a relief defendant in the Commission's settled civil injunctive action against Rampart Capital and consented to the appointment of a receiver in connection with that action.

Allegations

A. *The Rampart Fund Note Offering*

4. From approximately August 2008 through September 2013, the Rampart Fund raised approximately $7.9 million through the sale of Rampart Fund Notes with various fixed interest rates and maturity dates. The Rampart Fund used so-called "Independent Trust Consultants" ("Independent Consultants"), including Smith, to actively solicit and induce investors to purchase Rampart Fund Notes.

5. The Rampart Fund represented that the proceeds of the offering would be used to invest in debt securities used to fund a third party's mezzanine debt financing program. The third party began defaulting on its obligations to the Rampart Fund in November 2009. The Rampart Fund sued the third party in July 2010, and obtained a judgment on all claims and relief in March 2011, but was never able to collect on the judgment. However, Rampart Capital and its principals never disclosed the third party's defaults or the resulting lawsuit to existing or prospective noteholders or the Independent Consultants selling the Rampart Fund Notes.

6. The Rampart Fund remained current on its quarterly interest obligations by paying approximately $2.8 million to Rampart Fund Notes investors, until the Rampart Fund voluntarily halted the Rampart Fund Notes offering and quarterly payments in August 2014.

B. *Respondent Acted as an Unregistered Broker in Connection with the Rampart Fund Note Offering*

7. From December 2008 through September 2013, Respondent solicited approximately $3.7 million of the total $7.9 million raised in the Rampart Fund Note offering.

8. Respondent identified prospective investors, and then affirmatively solicited them to invest in the Rampart Fund Notes in face-to-face meetings, phone calls, and emails. Respondent also advised prospective investors as to the purported merits of the investment. For example, in a January 2012 letter to an existing Rampart Fund Note investor, Respondent encouraged the investor to "show your friends this note program that has been set up for you." He enclosed his business cards with the letter and noted that he could "come out and speak to them about this program that might help with making a good return with any monies [they] may have."

9. Respondent also engaged in other indicia of broker activity. It was Respondent's general practice to meet or speak with Rampart Fund Note investors and to handle the mechanics of their investments. For example, when one potential investor indicated that he was uncomfortable with email, Respondent traveled to Texas and assisted the investor in liquidating retirement funds and purchasing Rampart Fund Notes with the proceeds. During these meetings, Respondent typically provided potential investors with a written description and FAQ of the Rampart Fund Note program that contained his contact information.

10. Respondent also directed his wife to complete the necessary paperwork on behalf of potential Rampart Fund Note investors. Respondent then handled routing investors' funds to the Rampart Fund.

11. Following solicitation by Respondent, at least 31 investors from three states purchased a total of approximately $3,750,060 in Rampart Fund Notes, constituting 46% of the total amount raised in the offering. In exchange for Respondent's role in soliciting and inducing investors to purchase Rampart Fund Notes, Respondent received transaction-based compensation in the form of commissions of a percentage of the amounts invested. Respondent received commissions totaling approximately $384,712 from the Rampart Fund for his role in raising funds for the Rampart Fund Note offering.

Violations

12. As a result of the conduct described above, Respondent willfully violated Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security unless such broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act or associated with a registered broker or dealer.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

D. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and future violations of Section 15(a) of the Exchange Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act and Section 9(d) of the Investment Company Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) of the Exchange Act and Section 9(e) of the Investment Company Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 120 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary