

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81279 / August 1, 2017**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4737 / August 1, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18090**

**In the Matter of**

**BRADLEY T. SMEGAL,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Bradley T. Smegal (“Smegal” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2 below and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f)

of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From at least August 2007 through November 2011, Smegal was a registered representative and investment adviser representative with Wells Fargo Advisors LLC (formerly known as Wachovia Securities, LLC, hereinafter referred to as “Wells Fargo”) and held his brokerage license through Wells Fargo Clearing Securities, LLC. After being terminated by Wells Fargo, Smegal thereafter acted as an investment adviser until January 2013.

2. On August 11, 2016, Smegal pleaded guilty to two counts of securities fraud, in violation of Title 15, United States Code, Sections 77q(a) and 77x in the criminal case entitled U.S. v. Smegal, No. 16-cr-00192-DSD, in the United States District Court for the District of Minnesota. The court accepted Smegal’s guilty plea and, on April, 26, 2017, a judgment in the criminal case was entered against Smegal. He was sentenced to six years of prison and ordered to pay \$4,978,195.35 in restitution.

3. The counts of the criminal information to which Smegal pleaded guilty alleged, inter alia, that from at least August 2007 to January 2013 Smegal fraudulently induced several of his clients to make investments in entities in which he had an undisclosed ownership interest or otherwise controlled the investment vehicle. In addition, the criminal information further alleged that in almost every case, Smegal diverted a portion of each investment to his personal account and for his own personal use or would use those funds to make payments to earlier investors, without the investors’ knowledge or consent. The criminal information also alleged that upon being terminated from Wells Fargo in 2011, Smegal failed to inform some of his clients that he was no longer associated with Wells Fargo, and continued soliciting investments from those individuals, leading them to believe that they were investing through a Wells Fargo investment adviser representative.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a

broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent Fields  
Secretary