

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75565 / July 30, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16711

In the Matter of

Pamela S. Smith,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b)(6) OF THE SECURITIES EXCHANGE
ACT OF 1934, 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)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against Pamela S. Smith (“Respondent” or “Smith”).

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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, 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. Smith was licensed to sell life and health insurance, and annuities in Virginia by the Bureau of Insurance of the State Corporation Commission of the Commonwealth of Virginia ("Virginia Insurance Bureau") on February 1, 2001. Smith sold insurance products through Legacy Estate Planning, LLC, an insurance agency that she owned and operated. Legacy Estate Planning also became licensed by the Virginia Insurance Bureau to sell life insurance and annuities on May 7, 2007 and health insurance on June 7, 2007. From November 2009 through September 2011, Smith sold over \$1.6 million in charitable gift annuities issued by 54Freedom Foundation, Inc. to at least eleven of her clients, for which she received transaction based compensation. During this time, Smith was not registered with the Commission as a broker-dealer or associated with a registered broker-dealer.

2. On November 12, 2013, a final order was entered by consent against Smith, enjoining her from offering or selling insurance to existing or new clients for a period of three (3) years and from future violations of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia and § 38.2-1809 of Title 38.2 of the Code, in the civil action entitled Commonwealth of Virginia, ex rel. State Corporation Commission v. Legacy Estate Planning LLC, Pamela S. Smith and Timothy Patterson, Case No. SEC-2013-00025. In addition to surrendering her licenses to sell insurance, Smith was ordered to pay the Treasurer of the Commonwealth of Virginia \$10,000 in monetary penalties.

5. The civil order to which Smith consented alleged, *inter alia*, that Smith offered and sold unregistered securities to Virginia consumers in the form of charitable gift annuities and acted as an unregistered agent of the issuer, 54Freedom Foundation, Inc., when she offered and sold those charitable gift annuities. In addition, the order alleges that Smith made materially untrue statements of fact and omissions by improperly comparing charitable gift annuities to fixed income annuities sold by licensed insurance companies, mischaracterizing the investment risks associated with charitable gift annuities, and representing them to be low risk alternatives to fixed income annuities. Finally, the order alleges that Smith recommended to her clients the purchase of 54Freedom Foundation's charitable gift annuities without reasonable grounds to believe that the recommendation was suitable for her clients based upon reasonable inquiry concerning her client's investment objectives, financial situation, risk tolerance and needs, and any other relevant information.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Smith 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 J. Fields
Secretary