

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80390 / April 6, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17905

In the Matter of

DUSTIN S. SMITH,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) 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) of the Securities Exchange Act of 1934 (“Exchange Act”) against Dustin S. Smith (“Smith” 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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in paragraphs III.B.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) 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 acted as an unregistered broker from approximately January 2013 through February 2014. Smith, 36 years old, is a resident of Ladera Ranch, California.
2. On February 16, 2017, a judgment was entered by consent against Smith, permanently enjoining him from future violations of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act"), and Section 15(a) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Luna, et al., Civil Action Number CV-16-07333-BRO-SKx, in the United States District Court for the Central District of California.
3. The Commission's complaint alleged that Smith ran the Costa Mesa, California office of a boiler room as part of a penny stock pump-and-dump scheme that was run by Smith's co-defendants, which defrauded investors out of \$13.6 million. The complaint further alleges that telemarketers who worked at the boiler rooms, and who were hired and trained by Smith and others, touted a pair of companies that two of Smith's co-defendants controlled, and the sales staff cold-called potential investors to solicit their purchase of stock in those companies. The complaint alleges that, as the boiler rooms' efforts to inflate the stock prices of the two companies succeeded, Smith's co-defendants sold their shares at substantial profits. The complaint further alleges that an entity controlled by one of Smith's co-defendants paid undisclosed commissions ranging between 10% and 20% of the amounts investors invested in the stocks, and that Smith was paid over \$237,000 in commissions for soliciting investors to purchase the stock of the two companies.

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.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary