

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80527 / April 25, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17944

In the Matter of

HAROLD RAY SMITH,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

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”) against Harold Ray 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Instituting Administrative And Cease-And-Desist Proceedings, Pursuant To Sections 15(b) and 21C Of The Securities Exchange Act of 1934, Making Findings, And Imposing Remedial Sanctions And A Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of an offering fraud involving the securities of Trolice Consulting Services, LLC ("Trolice Consulting"), which purportedly held warrants to purchase the common stock of a technology start-up company called eAgency, Inc. ("eAgency" or the "Company").

2. From on or about May 2012 through July 2012, Smith participated in a scheme to defraud an investor in Trolice Consulting by means of untrue statements of material fact.

Respondent

3. During 2012, Smith was employed by a multinational corporation. Smith has never been registered with the Commission in any capacity or associated with any registered entity. Smith, age 61, is a resident of Fort Lee, New Jersey.

Other Relevant Individual and Entity

4. James R. Trolice ("Trolice") is the president and owner of Trolice Consulting. Trolice served as the President and Chief Marketing Officer of eAgency from May 2006 to February 2007. Between May 2006 and December 2013, Trolice also served as a consultant and finder for eAgency pursuant to various written agreements. Trolice has never been registered with the Commission in any capacity or associated with any registered entity. The Commission filed a civil injunctive action against Trolice in the DNJ on May 4, 2016, *SEC v. Trolice et al.*, 2:16-cv-02513-WJM-MJ. Trolice, age 63, is a resident of Fairfield, Connecticut.

5. Trolice Consulting is a New Jersey limited liability company with its principal place of business in Alpine, New Jersey. Trolice Consulting and its securities are not registered with the Commission in any capacity.

Background

6. In early 2012, Trolice enlisted Smith to assist in raising capital for Trolice Consulting. Trolice agreed to pay Smith commissions for bringing him investors.

7. Trolice represented to Smith that Trolice Consulting held warrants to purchase eAgency common stock and that when eAgency achieved a purported imminent liquidity event (*i.e.*, being acquired at a share price representing a high multiple over the exercise price of the warrants), the warrants to purchase eAgency's stock ostensibly owned by Trolice Consulting

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

could be exercised at a very profitable price, thereby generating a high return for investors in Trolice Consulting.

8. In or about May 2012, Smith solicited a co-worker (“Investor 1”) for an investment in Trolice Consulting by means of material misrepresentations. Smith told Investor 1 that he had previously invested with Trolice and that those investments had earned approximately \$1 million in profit. In fact, Smith’s prior investments with Trolice had lost money. Smith misrepresented the performance of his prior investments with Trolice in order to promote Trolice to Investor 1 and also to lend credibility to the investment opportunity with Trolice Consulting. Smith’s statement that he had made a large sum of money investing with Trolice was important to Investor 1’s decision to invest in Trolice Consulting.

9. Smith accompanied Investor 1 to a meeting at Trolice’s home, during which Trolice discussed the investment opportunity in Trolice Consulting. Smith also participated in email discussions between Trolice and Investor 1 concerning Investor 1’s prospective investment.

10. On or about July 16, 2012, Investor 1 invested \$124,000 in Trolice Consulting. A few weeks later, Trolice paid Smith \$7,500 in commissions.

11. As a result of the conduct described above, while acting as an unregistered broker, Smith willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of any security.

Plea Agreement

12. Respondent has pleaded guilty to criminal conduct relating to the findings in the Order. Specifically, in *United States v. Smith*, Crim. No. 16-422-01 (D.N.J.), Respondent pleaded guilty to one count of securities fraud in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and consented to a judgment of forfeiture in the sum of \$7,500. On February 16, 2017, Smith was sentenced to two years’ probation and ordered to pay restitution in the amount of \$124,000.

IV.

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

Accordingly, pursuant to Sections 15(b)(6) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Smith cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Disgorgement in the amount of \$7,500 is deemed satisfied by the criminal forfeiture order in *United States v. Smith*, Crim. No. 16-422-01 (D.N.J.).

C. The Commission will forgo seeking civil penalties against Respondent Smith in light of the sentence imposed in *United States v. Smith*, Crim. No. 16-422-01 (D.N.J.).

D. 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