UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 88057 / January 28, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19676

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 Gary R. Smith ("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 paragraph III.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, age 69, is a resident of West Palm Beach, Florida. Smith is the CEO of NIT Enterprises Inc. (a Delaware corporation) ("NIT Delaware"), NIT Enterprises Inc. (a Florida
corporation) ("NIT Florida"), NIT Enterprises Inc. FL. ("NIT Enterprises," and, collectively with NIT Delaware and NIT Florida, "NIT"), located in Palm Beach Gardens, Florida. Beginning in 2015, while NIT’s CEO, Smith acted as a broker and a person associated with a broker by (a) directly soliciting investors to purchase NIT securities, and (b) hiring unlicensed sales agents to solicit NIT investors, providing the sales agents with “cold call” scripts and other sales materials, and paying the sales agents commissions averaging 25%. During this time period, Smith was not registered with the Commission pursuant to Section 15(a) of the Exchange Act nor was he associated with any registered broker-dealer.

2. On January 22, 2020, a final judgment was entered by consent against Smith, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, and from aiding and abetting future violations of Section 15(b)(6)(B) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. NIT Enterprises, Inc., et al., Civil Action Number 1:19-cv-24822, in the United States District Court for the Southern District of Florida.

3. The Commission’s complaint alleged that starting in 2015 and continuing through 2019, Smith, both personally and through the use of unregistered and Commission-barred sales agents, raised approximately $4.9 million from investors through material misrepresentations and omissions. Smith represented to investors that their money would be used to further NIT’s business but failed to disclose that he was misappropriating a significant amount of investor funds and was paying large undisclosed commissions to the sales agents. Smith pressured prospective investors by making baseless oral and written representations regarding the value of NIT’s future business prospects, including that an NIT Initial Public Offering was coming soon; that the share price for NIT will “double or triple;” and that the investor was being offered shares at a “discount,” when in fact shares were sold at different times at varying prices that bore no relation to NIT’s value. Smith knew that he was using Commission-barred sales agents, and he assisted one agent in using false names to solicit investors.

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, 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
Pursuant to Section 15(b)(6) of the Exchange Act Respondent Smith be, and hereby is 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.

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

Vanessa A. Countryman
Secretary