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COMMONWEALTH OF PENNSYLVANIA 2022 AUG 15 AM 9: 04
DEPARTMENT OF BANKING AND SECURITIES PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No. : 220008 (SEC-OSC)

v.

J.H. SMITH PARTNERS & CO., LLC
JASON CHRISTOPHER SMITH

NOTICE OF RIGHT TO APPEAL

You have the right to appeal the attached Final Order issued by the Commonwealth of Pennsylvania, Banking and Securities Commission. ("Commission")

If you wish to appeal this Final Order, you may file a petition for review with the Commonwealth Court of Pennsylvania that complies with the format and timing requirements of Chapter 15 of the Pennsylvania Rules of Appellate Procedure. Pa.R.A.P. 1511-1561. Failure to file a petition for review within 30 days of the mailing date of this Order will result in this Final Order becoming final and unappealable. The telephone number for the Commonwealth Court is 717-255-1650.

All Commonwealth Court filings must be made in the Court's filing office in Harrisburg. Filing must be made in person, by mail as provided by general rules, or electronically via the PACFile appellate court electronic filing system. The address of the Court is as follows:

Pennsylvania Judicial Center
601 Commonwealth Ave.
Suite 2100
P.O. Box 69185
Harrisburg, PA 17106

A party may submit a request to the Commission for rehearing or reconsideration no later than fifteen (15) days after the decision mailing date in accordance with section 35.241 of the General Rules of Administrative Practice and Procedure, 1 Pa. Code § 35.241. However, submitting a reconsideration request does not extend the time limit for filing a petition for review with the Commonwealth Court.

You may wish to consult an attorney regarding your legal rights.

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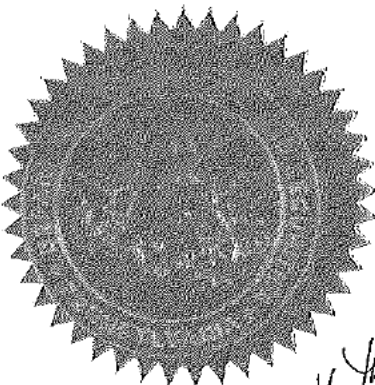
FINAL ORDER

AND NOW, upon review of the attached Consent Agreement and Order ("CAO") proposed by the parties in this matter as a final resolution of litigation, and pursuant to the final adjudication authority granted it under Section 1122-A of the Department of Banking and Securities Code, 71 P.S. § 733-1122-A, the Pennsylvania Banking and Securities Commission ("Commission") **APPROVES** the CAO as proposed. Among other things, the CAO calls for J.H. Smith Partners & Co., LLC, Jason Christopher Smith to pay an administrative assessment in the total amount of \$30,000, payable in eight (8) quarterly installments of \$3,750 each, with the initial installment being due on or before September 30, 2022.

BY ORDER OF THE COMMISSION:

Redacted

Richard Vague
Vice Chair
Pennsylvania Banking and Securities Commission



So ORDERED this 16th day of August 2022

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

**COMMONWEALTH OF PENNSYLVANIA
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v.

**J.H. SMITH PARTNERS & CO., LLC
JASON CHRISTOPHER SMITH**

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Compliance and Examinations ("Bureau"), has conducted an investigation of the business practices of J.H. Smith Partners & Co., LLC ("JHS") and Jason Christopher Smith ("Smith"). Based on the results of its investigation, the Bureau has concluded that JHS and Smith operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* ("1972 Act"). JHS and Smith, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. JHS (CRD # 300494) was, at all times material herein, a Delaware limited liability company with addresses at 3500 Brooktree Road, Suite 203, Wexford, Pennsylvania 15090 and 301 Grant Street, Suite 4300, Pittsburgh, Pennsylvania 15219.

4. From in or about March 2019 until the present, JHS was registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

5. From in or about March 2019 until the present, Smith (CRD # 6105398) was registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser representative of JHS.

6. From in or about March 2019 until the present, Smith was the president, chief compliance officer, and managing partner of JHS.

7. As the president, chief compliance officer, and managing partner of JHS, Smith acted as an "affiliate" of JHS within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused JHS to commit the herein stated acts which violated the 1972 Act.

8. Regulation 305.011(a), 10 Pa. Code § 305.011(a), requires registered investment advisers to exercise diligent supervision, and accept final responsibility for proper supervision, over the securities activities of their agents, investment adviser representatives, and employees by establishing and maintaining written procedures and a system for applying and enforcing those written procedures which are reasonably designed to achieve compliance with the 1972 Act and other securities laws and regulations.

9. From in or about March 2019 until September 2021, JHS did not exercise diligent supervision over the securities activities of its investment adviser representative by failing to establish and maintain written procedures and a system for applying and enforcing those written

procedures, pursuant to Regulation 305.011(a), 10 Pa. Code § 305.011(a), with respect to leveraged exchange-traded funds recommended by JHS to its clients.

VIOLATIONS

10. By engaging in the acts and conduct set forth in paragraphs 3 through 9 above, JHS and Smith failed to establish and maintain written procedures with respect to leveraged exchange-traded funds and a system for applying and enforcing those written procedures which are reasonably designed to achieve compliance with the 1972 Act, in violation of Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 305.011(a), 10 Pa. Code § 305.011(a).

RELIEF

11. JHS and Smith shall pay the Department an administrative assessment in the amount of \$30,000.00. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered in person to the Bureau of Securities Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

12. The administrative assessment shall be paid as follows:

- a. \$3,750.00 on or before September 30, 2022;
- b. \$3,750.00 on or before December 31, 2022;
- c. \$3,750.00 on or before March 31, 2023;
- d. \$3,750.00 on or before June 30, 2023;
- e. \$3,750.00 on or before September 30, 2023;
- f. \$3,750.00 on or before December 31, 2023;

g. \$3,750.00 on or before March 31, 2024; and

h. \$3,750.00 on or before June 30, 2024.

13. JHS and Smith are ORDERED to comply with the 1972 Act and Regulations adopted by the Department, and in particular Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 305.011(a), 10 Pa. Code § 305.011(a).

14. Should JHS and Smith fail to pay the assessment as set forth in paragraphs 11 and 12 above, the sanctions set forth elsewhere in this Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording JHS and Smith the option of either paying the assessment or being indefinitely subject to the sanctions.

15. Should JHS and Smith fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to JHS's and Smith's rights to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

16. Consent. JHS and Smith hereby knowingly, willingly, voluntarily, and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agree that they understand all of the terms and conditions contained herein. JHS and Smith, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions, and/or penalties set forth in this Order.

17. Entire Agreement. This Order contains the entire agreement between the Department, JHS, and Smith. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department, JHS, and Smith.

18. Binding Nature. The Department, JHS, and Smith, and all officers, owners, directors, employees, heirs and assigns of JHS and Smith, intend to be and are legally bound by the terms of this Order.

19. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

20. Effectiveness. Pursuant to the final adjudication authority granted to the Pennsylvania Banking and Securities Commission ("Commission") under Section 1122-A.(1) of the Department of Banking and Securities Code, 71 P.S. § 733-1122-A.(1), the Order becomes effective upon the Commission's issuance of an order approving the Order.

21. Other Enforcement Action.

- a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against JHS and Smith in the future regarding all matters not resolved by this Order.
- b. JHS and Smith acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

22. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

23. Counterparts. This Order may be executed in separate counterparts, by facsimile, and/or by PDF.

24. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

25. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations, J.H. Smith Partners & Co., LLC, and Jason Christopher Smith, intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS**

Redacted

Eric Pistilli, Deputy Secretary for Securities

Date: 07/19/2022

FOR J.H. SMITH PARTNERS & CO., LLC

Redacted

(Signature)

Jason C. Smith

(Print Officer Name)

Date: 07/04/2022

JASON CHRISTOPHER SMITH

Redacted

(Signature)

Date: 07/04/2022

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CERTIFICATE OF SERVICE

On behalf of the agency, I certify that I have this day caused to be served a copy of the foregoing *Final Order* upon the following persons pursuant to 1 Pa. Code § 33.31:

BY CERTIFIED, EMAIL AND
FIRST-CLASS MAIL:

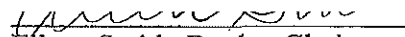
Michael J. Betts, Esquire
Michael J. Betts, LLC
235 Alpha Dr., Suite 301B
Pittsburgh, PA 15238
mbetts@bettsllc.com
*Counsel for J.H. Smith Partners & Co., LLC
& Jason Christopher Smith*

VIA HAND DELIVERY:

David Murren, Assistant Counsel
Commonwealth of Pennsylvania
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
*Counsel for the Bureau of Securities
Compliance and Examinations*

Dated this 16th day of August 2022

Redacted


Eileen Smith, Docket Clerk
PA Banking and Securities Commission
17 N. 2nd Street, Suite 1300
Harrisburg, PA 17101
Telephone: (717) 787-5783