

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Stephen D. Smith (CRD No. 5758955), and
General Truck Parts, Inc., d/b/a GTP Financial, (CRD No. 152908),

Respondents.

ODS File 19-067

ORDER TO CEASE AND DESIST
AND
NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2018), an investigation was conducted by the Oklahoma Department of Securities (“**Department**”) into the activities of Stephen D. Smith (“**Smith**”) and General Truck Parts, Inc., d/b/a GTP Financial (“**GTP**”) (collectively, “**Respondents**”) in connection with the Respondents’ business in Oklahoma as an investment adviser representative and an investment adviser, respectively. Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are presented in support of sanctions against the Respondents.

Findings of Fact

1. Smith is an individual who has resided in Bartlesville, Oklahoma, since January 2009.
2. GTP is an investment adviser organized as a Texas corporation and owned, in part, by Smith. In September 2013, GTP’s principal office and place of business moved from Allen, Texas, to Bartlesville, Oklahoma.
3. Smith is the sole employee and investment adviser representative of GTP.
4. GTP, from January 2011 to the present, is a Texas registered investment adviser. Smith, from January 2011 to the present, is registered in Texas as an investment adviser representative of GTP.
5. Respondents have never been registered under the Act.
6. GTP’s Form ADV, last amended on September 20, 2013, reports the following:

- a. GTP provides “continuous and regular supervisory or management services to securities portfolios[.]”
- b. GTP has \$10,000,000 and four accounts under management.
- c. GTP is compensated for its investment advisory services by a percentage of assets under its management.
- d. GTP provides portfolio management for individuals and/or small businesses.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authorities

1. Section 1-403 of the Act provides in pertinent part:

A. It is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this act as an investment adviser or is exempt from registration as an investment adviser under subsection B of this section.

* * *

D. It is unlawful for an investment adviser to employ or associate with an individual required to be registered under this act as an investment adviser representative who transacts business in this state on behalf of the investment adviser unless the individual is registered under subsection A of Section 21 of this act [Section 1-404 of this title] or is exempt from registration under subsection B of Section 21 of this act [Section 1-404 of this title].

2. Section 1-404 of the Act provides in pertinent part:

A. It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this act as an investment adviser representative or is exempt from registration as an investment adviser representative under subsection B of this section.

3. Section 1-604 of the Act provides in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice...the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

* * *

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

C. If a hearing is requested or ordered pursuant to subsection B of this section, a hearing must be held pursuant to the Administrative Procedures Act. A final order may not be issued unless the Administrator makes findings of fact and conclusions of law in a record in accordance with the Administrative Procedures Act. The final order may make final, vacate, or modify the order issued under subsection A of this section.

D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

Conclusions of Law

1. GTP transacts business in this state as an investment adviser without the benefit of registration under the Act, in violation of § 1-403(A) of the Act.
2. Smith transacts business in this state as an investment adviser representative without the benefit of registration under the Act, in violation of § 1-404 of the Act.
3. GTP employs and associates with Smith who, on GTP's behalf, transacts business in this state as an investment adviser representative without the benefit of registration under the Act, in violation of § 1-403(D) of the Act.
4. The Administrator has authority under § 1-604 of the Act to order Respondents to cease and desist from engaging in acts, practices, or a course of business constituting a violation of the Act and to impose a civil penalty.
5. It is in the public interest to order Respondents to cease and desist from engaging in acts, practices, or a course of business constituting a violation of the Act and to impose upon the Respondents a civil penalty.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

Order

IT IS HEREBY ORDERED that Respondents GTP and Smith immediately cease and desist transacting business in this state as an unregistered investment adviser and investment adviser representative, respectively, in violation of §§ 1-403(A) and 1-404 of the Act.

IT IS FURTHER ORDERED that Respondent GTP immediately cease and desist employing or associating with investment adviser representatives transacting business on its behalf in this state without the benefit of registration under the Act, in violation of § 1-403(D) of the Act.

IT IS FURTHER ORDERED that Respondents GTP and Smith, jointly and severally, pay to the Department a civil penalty in the amount of Ten Thousand Dollars (\$10,000) no later than 45 days from the date below.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities
this 1st day of March, 2019.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to § 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator **within thirty (30) days** after service of the *Order to Cease and Desist* ("**Order**"). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator, after notice of and opportunity for hearing, may modify or vacate the Order or extend it until final determination.

If Respondents do not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, **the Order becomes final by operation of law.**

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 1st day of March, 2019.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 1st day of March, 2019, a true and correct copy of the above and foregoing *Order to Cease and Desist* and *Notice of Opportunity of Hearing* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Stephen D. Smith and
GTP Financial
2233 Deerfield Place
Bartlesville, OK 74006



Brenda London, Paralegal