

TRAVIS J. ILES
SECURITIES COMMISSIONER



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AUSTIN, TEXAS 78711-3167

Texas State Securities Board

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208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

DAVID B. MONTGOMERY
MEMBER

IN THE MATTER OF THE INVESTMENT
ADVISER REGISTRATION OF
SMITH WEALTH ADVISORS, LLC
AND THE INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION OF
RONALD DEWAYNE SMITH, JR.

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Order No. IC-25-REV-05

TO: Smith Wealth Advisors, LLC
6216 Indian Canyon Lane
Austin, Texas 78746

Ronald Dewayne Smith, Jr. (CRD No. 2413775)
6216 Indian Canyon Lane
Austin, Texas 78746

DEFAULT ORDER

Be it remembered that this is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of a DEFAULT ORDER pursuant to Sections 4007.105(3)(B), 4007.105(9)(B), and 4007.105(13)(B) of The Securities Act, Tex. Gov't Code Ann. §§ 4007.001–4008.105 ("Texas Securities Act") and §105.10(a)(2) of the Rules and Regulations of the Texas State Securities Board, 7 Tex. Admin. Code Chapter 105 ("Board Rules").

FINDINGS OF FACT

The staff of the Legal and Investigations Division of the Texas State Securities Board (the "Staff") has presented evidence sufficient for the Securities Commissioner to find that:

1. On February 2, 2025, a Notice of Hearing, State Office of Administrative Hearings ("SOAH") Docket No. 312-25-11120, SSB Docket No. IC-25-05 (the "Notice"),¹ was sent via electronic filing and certified mail to Smith Wealth Advisors, LLC ("Respondent SWA") and Ronald Dewayne Smith, Jr. ("Respondent Smith") (collectively, "Respondents"). The Notice was sent to Respondents' last known residential address as shown by the records of the agency.

¹ Exhibit A to this Default Order.

2. On February 12, 2025 and March 10, 2025, a First Amended Notice of Hearing (the "First Amended Notice") and a Second Amended Notice of Hearing (the "Second Amended Notice"),² respectively, were also sent via electronic filing and certified mail to Respondents. The First and Second Amended Notices were sent to Respondents' last known residential address as shown by the records of the agency.
3. Within the Notice, First Amended Notice, and Second Amended Notice (the "Notices") the Staff set forth certain matters related to Respondents' fraudulent business activities, violations of the Rules and Regulations of the Texas State Securities Board (the "Board Rules"), and failure to provide information the Securities Commissioner of Texas has considered necessary to determine the business repute or qualifications of an investment adviser or investment adviser representative.
4. The Notices also requested that Respondents' registrations with the Securities Commissioner of Texas as an investment adviser and investment adviser representative to be revoked, for Respondents to immediately cease and desist from engaging in fraudulent conduct, and for Respondents to pay a refund to certain clients.
5. On March 5, 2025, the Staff filed its first request for a joint motion for continuance ("First Motion") with SOAH and sent a copy via electronic filing and certified mail to the Respondents.
6. The First Motion was granted, resetting the hearing date to May 22, 2025.
7. On May 15, 2025, the Staff filed its second request for a joint motion for continuance ("Second Motion") with SOAH and sent a copy via electronic filing and certified mail to the Respondents.
8. The Second Motion was granted, resetting the hearing date to September 16, 2025.
9. The Notices also contained the following statement as required by the Board Rules:

IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE. THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE SECURITIES COMMISSIONER AND

² Exhibit B and Exhibit C to this Default Order.

THE STATE OFFICE OF ADMINISTRATIVE HEARINGS, AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD. IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.

10. Respondents failed to attend the hearing on the merits on September 16, 2025.³
11. During the hearing on the merits, the Staff moved for default dismissal. Staff's Motion was granted through the Honorable Administrative Law Judge's ("ALJ") Order No. 6 issued on September 16, 2025, and the factual allegations detailed in the Second Amended Notice and the documents incorporated within that notice were deemed admitted.⁴
12. Respondents had 15 days to file a motion to set aside the Default Order.
13. On October 3, 2025, the ALJ issued a Letter of Remand advising the parties that the time period to file a motion to set aside the default order had expired and remanding the case back to the Texas State Securities Board.⁵

CONCLUSIONS OF LAW

1. Pursuant to §105.10(a)(2) of the Board Rules, the matters set forth and alleged by the Staff in the Notice are deemed admitted as true with respect to the Respondents.
2. Pursuant to §105.10(a)(2) of the Board Rules and Sections 4007.105(3)(B), 4007.105(9)(B), and 4007.105(13)(B) of the Texas Securities Act, the relief requested in the Second Amended Notice with respect to the Respondents is granted.

ORDER

1. It is therefore ORDERED that the registration of Smith Wealth Advisors, LLC as an investment adviser with the Securities Commissioner is hereby REVOKED.
2. It is further ORDERED that the registration of Ronald Dewayne Smith, Jr. as an investment adviser representative with the Securities Commissioner is hereby REVOKED.
3. It is further ORDERED that Smith Wealth Advisors, LLC immediately CEASE AND DESIST from engaging in fraud.

³ On September 15, 2025, Counsel for Respondents filed a Motion to Withdraw as Counsel for Respondents. This Motion was granted by the Honorable ALJ during the hearing on the merits on September 16, 2025.

⁴ Exhibit D to this Default Order.

⁵ Exhibit E to this Default Order.

4. It is further ORDERED that Ronald Dewayne Smith, Jr. immediately CEASE AND DESIST from engaging in fraud.
5. It is further ORDERED that Smith Wealth Advisors, LLC and Ronald Dewayne Smith, Jr. pay a REFUND to certain clients.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 9th day of October, 2025.



TRAVIS J. ILES
Securities Commissioner

Exhibit A

FILED
312-25-11120
2/3/2025 4:03 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK

TRAVIS J. ILES
SECURITIES COMMISSIONER

ACCEPTED
312-25-11120
2/3/2025 4:23:43 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK



E. WALLY KINNEY
CHAIR

ROBERT BELT
MEMBER

MELISSA TYROCH
MEMBER

EJIKE E. OKPA II
MEMBER

DAVID B. MONTGOMERY
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CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167
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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

Phone: (512) 305-8300
Facsimile: (512) 305-8310

SOAH DOCKET NO. 312-25-11120

TEXAS STATE SECURITIES BOARD
Petitioner

v.

SMITH WEALTH ADVISORS, LLC
RONALD DEWAYNE SMITH, JR.
Respondents

§ BEFORE THE STATE OFFICE OF
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§
§ ADMINISTRATIVE HEARINGS

NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will commence at **9:00 AM (CT) on APRIL 4TH, 2025**, before an Administrative Law Judge. The hearing is being held via videoconference for the purpose of determining whether to issue a proposal for decision for the issuance of an ORDER FOR Smith Wealth Advisors, LLC's ("Respondent SWA") AND Ronald Dewayne Smith, Jr.'s ("Respondent Smith"), (collectively, "Respondents") REGISTRATIONS WITH THE SECURITIES COMMISSIONER OF TEXAS AS AN INVESTMENT ADVISER AND INVESTMENT ADVISER REPRESENTATIVE, RESPECTIVELY, TO BE REVOKED AND FOR RESPONDENT SWA AND RESPONDENT SMITH TO IMMEDIATELY CEASE AND DESIST FROM ENGAGING IN FRAUDULENT CONDUCT AND FOR RESPONDENT SWA AND RESPONDENT SMITH TO REFUND CERTAIN CLIENTS.

This hearing will be held pursuant to the Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Securities Act"), the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code §§101.1-139.27 (2019) (Tex. State Sec. Bd.) (the "Board Rules"), the Administrative Procedure Act, Tex. Gov't Code Ann. §§2001.0012001.902 (the "Administrative Procedure Act"), and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (2019) (State Ofc. of Admin. Hearings) (the "SOAH Rules").

THE RESPONDENTS

1. Respondent SWA is a for-profit domestic limited liability company¹ located at 4713 Eagle Feather Drive, Austin, TX 78735.²
2. On August 28, 2015, Respondent SWA registered as an investment adviser with the Securities Commissioner. This registration is currently effective.
3. Respondent Smith is a natural person, the registered agent, and sole owner, operator, and sole investment adviser representative of Respondent SWA.
4. On August 28, 2015, Respondent Smith registered as an investment adviser representative of Respondent SWA with the Securities Commissioner. This registration is currently effective.
5. Respondents provide asset management and financial planning services for their clients.

SUMMARY OF RELEVANT FACTS

From in or around March 2017 through at least June 2024 (the “Relevant Period”), Respondent Smith misappropriated approximately \$1,423,330.56 from at least ten (10) clients.

6. Between July 10–12, 2024, the staff of the Texas State Securities Board (“Staff”) conducted an inspection of Respondent SWA (the “Inspection”) pursuant to Section 4007.052(a) of the Texas Securities Act.
7. During the Inspection, Staff found that from in or around March 2017 through at least June 2024, Respondent Smith misappropriated investor funds from at least ten (10) of Respondents’ clients.
8. Throughout the Relevant Period, Respondent Smith would have his clients issue a check or transfer funds to him or Respondent SWA’s personal or business accounts.
9. It was the clients’ understanding that the funds would be invested pursuant to the terms as described in the investment advisory contract provided to the clients.
10. Respondent Smith did not invest the clients’ funds.

¹ According to Texas Secretary of State records, on May 13, 2015, Respondent SWA filed its Certificate of Formation with the Texas Secretary of State. Its entity status is “in existence.”

² On October 22, 2024, Respondent Smith provided Staff with an up-to-date mailing address for Respondents.

11. Rather, Respondent Smith used these funds to pay off other clients³ and for his personal and business expenses.
12. For example, Respondent Smith had one client, Client A, transfer at least \$128,436.26 to Respondents during the Relevant Period.
13. In one instance, Respondent Smith deposited a \$35,000 check from Client A into Respondent SWA's bank account on March 20, 2017.
14. Client A understood that these funds were to be used for the purchase of an exchange traded note ("ETN").
15. Respondent Smith did not provide Client A any forms regarding the ETN purchase.
16. Later that year, on May 1, 2017 and again on June 1, 2017, Respondent Smith transferred \$14,700 from Respondent SWA's bank account to Client A simulating "ETN payments."
17. And on June 30, 2017, August 1, 2017, and August 31, 2017, Respondent Smith transferred a total of \$22,050 from Client A's brokerage account to Client A's personal checking account, again simulating "ETN payments."
18. Importantly, Respondent Smith never used Client A's \$35,000 to purchase or invest in any ETN.
19. In another instance, Respondent Smith liquidated shares of Apple (AAPL) stock from Client A's account and disbursed the proceeds into two (2) checks totaling \$20,470 to Client A which Respondent Smith then had Client A remit back to Respondent Smith via a \$30,000 check made out to Respondent SWA.
20. According to Client A, the check was to invest in a "hot stock tip." The check's memo line even stated "investments."
21. The \$30,000 from Client A was not transferred to fund a "hot stock tip" or used for any investment for Client A but was instead used to pay for Respondent Smith's personal expenses.
22. On January 24, 2019 and October 18, 2019, Respondent Smith deposited a \$35,000 check and \$20,000 check, respectively, from Client A into his Smith Wealth Real Estate⁴ ("SWRE") account. The memo lines of the checks were blank.

³ For example, Respondent Smith used these funds, in part, to pay off a client who was overcharged in advisory fees, as dividend payments for the clients' "investments," and to repay Client C her principal investment.

⁴ SWRE is a for-profit limited liability company registered to Respondent Smith which forfeited its existence in July 2023 pursuant to Section 171.302 of the Texas Tax Code due to a failure to pay corporation taxes to the Texas Comptroller.

23. And on March 26, 2024, Respondent Smith had Client A wire \$8,436.26 from one of Client A's bank accounts into Respondent SWA's brokerage account.
24. Again, Respondents did not invest any of the money transferred from Client A to Respondents but was instead used to pay for Respondents' personal expenses.
25. In another example, Respondent Smith had another client of his, Client B, transfer a total of \$498,500 to Respondents during the Relevant Period.
26. On December 6, 2017, Respondent Smith deposited a \$20,000 cashier's check from Client B into his SWRE account. Respondents did not invest the \$20,000 from Client B.
27. Then, on January 3, 2018, Respondent Smith deposited a \$150,000 check from Client B into Respondent Smith's SWRE account. The memo line of the check was blank.
28. Respondent Smith withdrew \$83,000 of the \$150,000, spent another \$33,456.56 on a Professional Golfers' Association of America ("PGA") charity event, transferred another \$9,000 to his personal account, and wire transferred \$1,500 back to Client B.
29. Then on April 1, 2019, Respondent Smith deposited another \$25,000 check from Client B into his SWRE account. The memo line of the check stated "invest with."
30. Once again, Respondent Smith did not invest Client B's money. But rather, Respondent Smith used Client B's \$25,000 for in-branch bank withdrawals and personal expenses.
31. Notably, Respondent Smith then issued a \$3,000 cashier's check to Client A and a \$20,000 cashier's check back to Client B seven (7) days after depositing the \$25,000 check from Client B, on April 8, 2019. The purpose of the cashier's check to Client B is unknown.
32. On August 22, 2022, Respondent Smith received a \$247,500 wire from Client B that was deposited into Respondent SWA's account. Respondents used this money from Client B for personal expenses.
33. And finally, on March 21, 2024, Respondent Smith had Client B issue a \$56,000 check to Respondent SWA.
34. Respondent Smith deposited Client B's \$56,000 check into Respondent SWA's bank account and used \$24,500 of the funds to repay another client for overcharging of fees and wire transferred \$25,978.11 to a bankruptcy attorney.
35. In another example, on December 21, 2020, Respondent Smith deposited four (4) checks from four (4) different clients totaling \$289,394.30 into Respondent SWA's account. One of the check's memo lines stated "investment" while the three (3) other checks' memo lines were blank.

36. Respondent Smith did not invest any of the \$289,394.30.
37. Notably, prior to receiving the \$289,394.30 from the four clients, Respondent Smith had deposited four (4) different checks totaling \$286,000 from Client C into his SWRE account. The memo lines of the checks were blank.
38. Respondent Smith used the \$286,000 from Client C for personal expenses, \$107,113 for cashier's checks, \$600 for transfers to Client B, and at least \$48,000 on real estate service providers.
39. Two (2) days after receiving the \$289,394.30 from the four (4) clients, Respondent Smith used the funds to issue a check to Client C in the amount of \$286,000.
40. Respondent Smith also had one of the four (4) clients ("Client D") issue two (2) checks in the amount of \$100,000 each in March 2022 and November 2022 to Respondent SWA.
41. Again, Respondent Smith deposited the checks from Client D into Respondent SWA's bank account and used the funds for in-branch bank withdrawals and personal expenses. The checks were not used to invest Client D's money.
42. Respondent Smith also had three (3) other clients ("Client E," "Client F," and "Client G") issue checks to Respondent SWA or SWRE totaling \$21,000.⁵
43. In total, Respondent Smith misappropriated approximately \$1,423,330.56 from ten (10) clients during the Relevant Period.
44. The client funds, which clients believed were for investment purposes were never invested. Rather, the funds were deposited or transferred into Respondent Smith's and Respondent SWA's personal and business accounts belonging to and controlled by Respondent Smith.
45. Respondent Smith has not repaid all the client funds that were deposited or transferred into his personal and business accounts.⁶
46. Respondent Smith did not inform his clients that the clients' funds would be used for personal expenses, to repay other clients, or for any other purpose that was not to invest the clients' funds.

⁵ Respondent Smith had Client E issue an \$8,000 check in November 2019 that was deposited into SWRE's bank account and Client F and Client G issue a \$7,000 check and a \$6,000 check in April 2023 and March 2024, respectively, into Respondent SWA's bank accounts.

⁶ Respondent Smith has at least repaid Client A \$14,700 from his business account for "ETN payments" and issued her a \$30,000 check, transferred approximately \$12,600 to Client B as "dividend payments" and issued him a \$56,000 check, repaid Client C by way of funds received from four (4) different clients, and issued Clients F and G checks totaling \$13,000.

47. Respondent Smith's failures to inform his clients that the clients' funds would be used for non-investment purposes were intentional failures to disclose material facts and constitute fraudulent business practices in connection with the sales of securities.
48. Respondent Smith's uses of client funds to make payments to other clients and for personal and business expenses constitute fraudulent business practices.
49. Pursuant to Section 4007.105(a)(3)(B), Respondent Smith's fraudulent business practices constitute bases for revoking Respondents' registrations with the Securities Commissioner.
50. Further, Respondent Smith did not engage an independent public accountant to examine the activity in his personal and business accounts or maintain accounting records relating to his activities as having custody over the client funds deposited or transferred into his accounts for investment purposes.
51. Respondent Smith's control over client funds in his personal and business accounts constitutes "custody" of client funds and securities by Respondent SWA as the term is defined by §116.17(b) of the Rules and Regulations of the Texas State Securities Board ("Board Rules").
52. Respondent SWA violated §116.17(b) of the Board Rules because Respondent SWA maintained custody of client funds and securities but failed to implement the safeguards required by §116.17(b)(4).
53. Pursuant to Section 4007.105(a)(13)(B), Respondent SWA's violation of §116.17(b) of the Board Rules constitutes a basis for revoking Respondent SWA's registration with the Securities Commissioner.

Respondents have not responded timely to Staff's request letters for information as a result of two (2) customer complaints Staff received.

54. On July 15, 2024 and September 16, 2024, Staff sent Respondents two (2) different request letters ("Complaint Request Letters") for information as a result of two (2) customer complaints Staff received.
55. In part, the request letter sent on September 16, 2024 ("2nd Complaint Letter") alleged that over the ten (10) years that the complainant was a client of Respondents, that Respondents misappropriated funds from the complainant by insisting she wire or issue a check to Respondents.

56. To date, Respondents have not provided records responsive to the Staff's Complaint Request Letters that were due on August 31, 2024 and October 16, 2024, respectively.
57. Pursuant to Section 4007.105(a)(9)(B), the items requested in the Complaint Request Letters is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.
58. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

Respondents have also not responded timely to Staff's communications to Respondents to resolve the fraudulent business practices and violation of the Board Rules.

59. Following the Inspection, Staff referred the matter to Petitioner's Legal and Investigations Division ("L&I Division").
60. After review of Staff's findings, the L&I Division made attempts to get in contact with Respondent Smith to schedule a deposition to take place on October 22, 2024 pursuant to Section 4007.053(c) of the Securities Act.
61. Specifically, the L&I Division attempted to reach out to Respondents via email and left a voice message on September 25, 2024.
62. L&I Division then followed up with Respondents via email on September 26, 2024 and received a response from Respondent Smith stating, "Yes Sir, that will be fine."
63. On September 30, 2024, L&I Division sent Respondent Smith a proffer of testimony letter via certified mail to Respondents' last known addresses.
64. Then on September 30, 2024 and October 21, 2024, L&I Division again followed-up with Respondents via email to confirm Respondent Smith's attendance at the deposition as well as to inquire whether Respondents would have representation of counsel present at the deposition.
65. On October 21, 2024, the L&I Division and Respondent Smith were able to have a phone call. Respondent Smith was still unable to confirm whether Respondents would have counsel present at the deposition.
66. On October 22, 2024, Respondent Smith appeared at the deposition on behalf of himself and Respondent SWA. Respondents did not have counsel present at the deposition.
67. After Respondent Smith was sworn into the testimony and during the Petitioner's reading of Respondents' rights prior to the questioning at the deposition, Respondent requested that the deposition be rescheduled so that Respondents could have counsel present at the deposition. Petitioner granted Respondents' request.

68. On October 22, 2024, after Petitioner agreed to reschedule the deposition, Petitioner reached out to Respondents through counsel ("Counsel") via contact information provided by Respondent Smith at the deposition.
69. On behalf of Respondents, Counsel responded immediately and stated that he had not yet been officially retained by Respondents but would let the L&I Division know once he was so that the deposition could be rescheduled.
70. On November 4, 2024, the L&I Division and Counsel had a call via Microsoft Teams.
71. During the call, the L&I Division provided Respondents, through Counsel, with options to resolve Respondents' fraudulent business practices and violation of the Board Rules, including entering into a Consent Order revoking Respondents' registrations with the Securities Commissioner and to repay certain clients identified in the Inspection.
72. Following the call, the L&I Division sent Respondents, through Counsel, draft versions of the Consent Order to review in order to resolve the matter without the necessity of a hearing.
73. The L&I Division routinely asked Respondents, through Counsel, for status updates regarding the review of the Consent Order. For example, the L&I Division reached out via email on November 12, 2024, November 13, 2024, November 18, 2024, and December 3, 2024.
74. Respondents, through Counsel, were responsive to the L&I Division's status updates and had a call on December 4, 2024 where Counsel expressed Respondents' position to dispute certain repayment amounts to clients included in the Consent Order resolution.
75. The L&I Division permitted Respondents to provide records in support of its position and after not having received any records yet, notified Counsel that the deadline for Respondents to provide these records is December 20, 2024.
76. On December 20, 2024, Respondents, through Counsel, provided some records from Respondents and offered to meet with Petitioner to answer any questions.
77. The records provided by Respondents seemed incomplete and did not fully address the total amount of misappropriated funds identified by Staff.
78. Because of this, the L&I Division responded immediately to again try to schedule a deposition.
79. The L&I Division did not hear back from Respondents until January 14, 2025, after the L&I Division sent a follow-up email to Respondents, through Counsel, on January 13, 2025 stating Petitioner would file this Notice of Hearing on the morning of January 15, 2025 if it did not hear back from them by the call of business day on January 14, 2025.

80. In Respondents' response, through Counsel, to the L&I Division on January 14, 2025, confirmed that "Monday, 1/27 works for the depo."
81. On January 24, 2025, Respondents, through Counsel, informed the L&I Division that they would not appear to the deposition.
82. As of the date of this filing, Petitioner has not been able to successfully conduct a deposition of Respondents nor have Respondents provided additional records to fully address the total amount of misappropriated funds identified by Staff.
83. The purpose of the deposition was to obtain information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications, including for Petitioner and Respondents to address the discrepancies in the records Respondents did provide and clarify outstanding issues Staff identified in its Inspection, including Respondents' fraudulent business practices and violation of the Board Rules, in an effort to resolve the matter without the necessity of a hearing.
84. Pursuant to Section 4007.105(a)(9)(B), the information that would have been obtained through the deposition is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.
85. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

REMEDIES

1. Based on the foregoing allegations, the Agency is praying for a proposal for decision for entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and that Respondent SWA and Respondent Smith REFUND certain clients.
2. Although this Notice of Hearing is praying for a proposal for decision for an order to revoke Respondent SWA and Respondent Smith's registrations, an order to cease and desist from engaging in fraudulent conduct, and to refund certain clients, nothing set forth herein shall preclude the Agency, consistent with applicable law and rule, from pursuing other enforcement remedies.

THE HEARING

3. The hearing will be held before the State Office of Administrative Hearings. It will commence at 9:00 AM (CT) on APRIL 4TH, 2025.

4. The State Office of Administrative Hearings may conduct the hearing via Zoom. Zoom is a video conferencing platform for meetings held through the internet. The State Office of Administrative Hearings will provide instructions for accessing the hearing via Zoom.
5. At the hearing, the Agency will present testimony and other admissible evidence in support of its prayer for a proposal for decision for the entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and for Respondent SWA and Respondent Smith REFUND certain clients. Respondents will be afforded the right to present such testimony and other evidence related thereto.

LEGAL NOTIFICATIONS

6. Legal authority and jurisdiction for this matter exist under Section 4007.102 of the Securities Act, Section 2003.021(b) of the Texas Government Code and Rule 155.51 of the SOAH Rules.
7. **IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE. THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE SECURITIES COMMISSIONER AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS, AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD. IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.**
8. **PARTIES THAT ARE NOT REPRESENTED BY AN ATTORNEY MAY OBTAIN INFORMATION REGARDING CONTESTED CASE HEARINGS ON THE PUBLIC WEBSITE OF THE STATE OFFICE OF ADMINISTRATIVE HEARINGS AT WWW.SOAH.TEXAS.GOV, OR IN PRINTED FORMAT UPON REQUEST TO THE STATE OF ADMINISTRATIVE HEARINGS.**
9. Respondents may access the Securities Act and the Board Rules through the website of the State Securities Board at www.ssb.texas.gov. Respondent may also access the SOAH Rules through the website of the State Office of Administrative Hearings at www.soah.texas.gov and the Administrative Procedure Act through Texas Legislature Online at statutes.capitol.texas.gov.

10. The Securities Act authorizes the Texas State Securities Board to pursue administrative, civil, or criminal enforcement cases. The Securities Act and Board Rules also authorize the Texas State Securities Board to share information with and refer cases to other governmental agencies with administrative, civil, or criminal jurisdiction. These other governmental agencies include, without limitation, state and federal regulatory agencies, law enforcement agencies and prosecutors' offices. Therefore, any information provided, filed, or otherwise supplied by Respondent may be shared with these other government agencies and/or used in other cases. Whether the Texas State Securities Board makes its files available to other governmental agencies or refers cases to other government agencies is typically confidential pursuant to Section 4002.161 of the Texas Securities Act.
11. Pursuant to Board Rule 105.13, the Agency is now respectfully requesting and will continue to respectfully request the State Office of Administrative Hearings order all costs charged to the Texas Securities Board by any court reporting service be assessed against Respondents.
12. Persons with disabilities who need special accommodations at the hearing, whether held at the State Office of Administrative Hearings or through an audio or video conferencing platform, should contact the Docketing Department of the State Office of Administrative Hearings at 512-475-4993 at least one week prior to the hearing.

CONTACT AND FILING INFORMATION

13. The Agency is represented by Nadda Rungruangphol, Attorney, Legal & Investigations Division. Ms. Rungruangphol's State Bar Card Number is 24126036, her work address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512-305-8310, and her email address is nrunguangphol@ssb.texas.gov.
14. The Docketing Office of the State Office of Administrative Hearings is located at 300 W. 15th Street, Austin, Texas 78701, and it may be contacted by telephone at 512-745-3445 and by facsimile at 512-475-4994.
15. The State Office of Administrative Hearings may conduct the hearing via audio or video conferencing. The audio and video conferencing platforms are secure, free meetings held telephonically or through the internet. The State Office of Administrative Hearings will provide instructions for all hearings held telephonically or through a video conferencing platform.
16. Persons with disabilities who need special accommodations at the hearing, whether held at the State Office of Administrative Hearings or through an audio or video conferencing platform, should contact the Docketing Department of the State Office of Administrative Hearings at 512-475-4993 at least one week prior to the hearing.
17. Pursuant to Board Rule 105.8, all documents filed by any party, other than business records and transcripts, must be contemporaneously served upon Cheryn Netz, General

Counsel and Securities Commissioner's Representative. Ms. Netz's address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512- 305-8336, and her email address is cnetz@ssb.texas.gov.

Respectfully submitted,

By: 

Nadda B. Rungruangphol
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Attorney
Legal & Investigations Division
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CERTIFICATE OF SERVICE

I hereby certify that on this, the 3rd day of February 2025, true and correct copies of this Notice of Hearing are being served via electronic filing and certified mail, return receipt requested, to the Respondents and via electronic filing, to the Counsel for Respondents and the Securities Commissioner's Representative.

Ronald Dewayne Smith, Jr.
Respondent
6216 Indian Canyon Lane
Austin, Texas 78746
Telephone: (512) 330-9161
ron@smithwealthadvisors.com


VIA ELECTRONIC FILING AND CERTIFIED MAIL

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VIA ELECTRONIC FILING

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Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Nadda Rungruangphol on behalf of Nadda Rungruangphol

Bar No. 24126036

nrungruangphol@ssb.texas.gov

Envelope ID: 96925503

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Status as of 2/3/2025 4:25 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
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Matthew Bacon		mbacon@ssb.texas.gov	2/3/2025 4:03:20 PM	SENT

Exhibit B

FILED
312-25-11120
2/12/2025 2:00 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Jessica Rodriguez, CLERK

ACCEPTED
312-25-11120
2/12/2025 2:29:04 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Jessica Rodriguez, CLERK

TRAVIS J. ILES
SECURITIES COMMISSIONER



E. WALLY KINNEY
CHAIR

CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

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DAVID B. MONTGOMERY
MEMBER

SOAH DOCKET NO. 312-25-11120

TEXAS STATE SECURITIES BOARD
Petitioner

§
§
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§

BEFORE THE STATE OFFICE OF

v.

SMITH WEALTH ADVISORS, LLC
RONALD DEWAYNE SMITH, JR.
Respondents

ADMINISTRATIVE HEARINGS

PETITIONER'S FIRST AMENDED NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will commence at **9:00 AM (CT) on APRIL 4TH, 2025**, before an Administrative Law Judge. The hearing is being held via videoconference for the purpose of determining whether to issue a proposal for decision for the issuance of an ORDER FOR Smith Wealth Advisors, LLC's ("Respondent SWA") AND Ronald Dewayne Smith, Jr.'s ("Respondent Smith"), (collectively, "Respondents") REGISTRATIONS WITH THE SECURITIES COMMISSIONER OF TEXAS AS AN INVESTMENT ADVISER AND INVESTMENT ADVISER REPRESENTATIVE, RESPECTIVELY, TO BE REVOKED AND FOR RESPONDENT SWA AND RESPONDENT SMITH TO IMMEDIATELY CEASE AND DESIST FROM ENGAGING IN FRAUDULENT CONDUCT AND FOR RESPONDENT SWA AND RESPONDENT SMITH TO REFUND CERTAIN CLIENTS.

This hearing will be held pursuant to the Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Securities Act"), the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code §§101.1-139.27 (2019) (Tex. State Sec. Bd.) (the "Board Rules"), the Administrative Procedure Act, Tex. Gov't Code Ann. §§2001.0012001.902 (the "Administrative Procedure Act"), and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (2019) (State Ofc. of Admin. Hearings) (the "SOAH Rules").

THE RESPONDENTS

1. Respondent SWA is a for-profit domestic limited liability company¹ located at 4713 Eagle Feather Drive, Austin, TX 78735.²
2. On August 28, 2015, Respondent SWA registered as an investment adviser with the Securities Commissioner. This registration is currently effective.
3. Respondent Smith is a natural person, the registered agent, and sole owner, operator, and sole investment adviser representative of Respondent SWA.
4. On August 28, 2015, Respondent Smith registered as an investment adviser representative of Respondent SWA with the Securities Commissioner. This registration is currently effective.
5. Respondents provide asset management and financial planning services for their clients.

SUMMARY OF RELEVANT FACTS

From in or around March 2017 through at least June 2024 (the “Relevant Period”), Respondent Smith misappropriated approximately \$1,423,330.56 from at least ten (10) clients.

6. Between July 10–12, 2024, the staff of the Texas State Securities Board (“Staff”) conducted an inspection of Respondent SWA (the “Inspection”) pursuant to Section 4007.052(a) of the Texas Securities Act.
7. During the Inspection, Staff found that from in or around March 2017 through at least June 2024, Respondent Smith misappropriated investor funds from at least ten (10) of Respondents’ clients.
8. Throughout the Relevant Period, Respondent Smith would have his clients issue a check or transfer funds to him or Respondent SWA’s personal or business accounts.
9. It was the clients’ understanding that the funds would be invested pursuant to the terms as described in the investment advisory contract provided to the clients.
10. Respondent Smith did not invest the clients’ funds.

¹ According to Texas Secretary of State records, on May 13, 2015, Respondent SWA filed its Certificate of Formation with the Texas Secretary of State. Its entity status is “in existence.”

² On October 22, 2024, Respondent Smith provided Staff with an up-to-date mailing address for Respondents.

11. Rather, Respondent Smith used these funds to pay off other clients³ and for his personal and business expenses.
12. For example, Respondent Smith had one client, Client A, transfer at least \$128,436.26 to Respondents during the Relevant Period.
13. In one instance, Respondent Smith deposited a \$35,000 check from Client A into Respondent SWA's bank account on March 20, 2017.
14. Client A understood that these funds were to be used for the purchase of an exchange traded note ("ETN").
15. Respondent Smith did not provide Client A any forms regarding the ETN purchase.
16. Later that year, on May 1, 2017 and again on June 1, 2017, Respondent Smith transferred \$14,700 from Respondent SWA's bank account to Client A simulating "ETN payments."
17. And on June 30, 2017, August 1, 2017, and August 31, 2017, Respondent Smith transferred a total of \$22,050 from Client A's brokerage account to Client A's personal checking account, again simulating "ETN payments."
18. Importantly, Respondent Smith never used Client A's \$35,000 to purchase or invest in any ETN.
19. In another instance, Respondent Smith liquidated shares of Apple (AAPL) stock from Client A's account and disbursed the proceeds into two (2) checks totaling \$20,470 to Client A which Respondent Smith then had Client A remit back to Respondent Smith via a \$30,000 check made out to Respondent SWA.
20. According to Client A, the check was to invest in a "hot stock tip." The check's memo line even stated "investments."
21. The \$30,000 from Client A was not transferred to fund a "hot stock tip" or used for any investment for Client A but was instead used to pay for Respondent Smith's personal expenses.
22. On January 24, 2019 and October 18, 2019, Respondent Smith deposited a \$35,000 check and \$20,000 check, respectively, from Client A into his Smith Wealth Real Estate⁴ ("SWRE") account. The memo lines of the checks were blank.

³ For example, Respondent Smith used these funds, in part, to pay off a client who was overcharged in advisory fees, as dividend payments for the clients' "investments," and to repay Client C her principal investment.

⁴ SWRE is a for-profit limited liability company registered to Respondent Smith which forfeited its existence in July 2023 pursuant to Section 171.302 of the Texas Tax Code due to a failure to pay corporation taxes to the Texas Comptroller.

23. And on March 26, 2024, Respondent Smith had Client A wire \$8,436.26 from one of Client A's bank accounts into Respondent SWA's brokerage account.
24. Again, Respondents did not invest any of the money transferred from Client A to Respondents but was instead used to pay for Respondents' personal expenses.
25. In another example, Respondent Smith had another client of his, Client B, transfer a total of \$498,500 to Respondents during the Relevant Period.
26. On December 6, 2017, Respondent Smith deposited a \$20,000 cashier's check from Client B into his SWRE account. Respondents did not invest the \$20,000 from Client B.
27. Then, on January 3, 2018, Respondent Smith deposited a \$150,000 check from Client B into Respondent Smith's SWRE account. The memo line of the check was blank.
28. Respondent Smith withdrew \$83,000 of the \$150,000, spent another \$33,456.56 on a Professional Golfers' Association of America ("PGA") charity event, transferred another \$9,000 to his personal account, and wire transferred \$1,500 back to Client B.
29. Then on April 1, 2019, Respondent Smith deposited another \$25,000 check from Client B into his SWRE account. The memo line of the check stated "invest with."
30. Once again, Respondent Smith did not invest Client B's money. But rather, Respondent Smith used Client B's \$25,000 for in-branch bank withdrawals and personal expenses.
31. Notably, Respondent Smith then issued a \$3,000 cashier's check to Client A and a \$20,000 cashier's check back to Client B seven (7) days after depositing the \$25,000 check from Client B, on April 8, 2019. The purpose of the cashier's check to Client B is unknown.
32. On August 22, 2022, Respondent Smith received a \$247,500 wire from Client B that was deposited into Respondent SWA's account. Respondents used this money from Client B for personal expenses.
33. And finally, on March 21, 2024, Respondent Smith had Client B issue a \$56,000 check to Respondent SWA.
34. Respondent Smith deposited Client B's \$56,000 check into Respondent SWA's bank account and used \$24,500 of the funds to repay another client for overcharging of fees and wire transferred \$25,978.11 to a bankruptcy attorney.
35. In another example, on December 21, 2020, Respondent Smith deposited four (4) checks from four (4) different clients totaling \$289,394.30 into Respondent SWA's account. One of the check's memo lines stated "investment" while the three (3) other checks' memo lines were blank.

36. Respondent Smith did not invest any of the \$289,394.30.
37. Notably, prior to receiving the \$289,394.30 from the four clients, Respondent Smith had deposited four (4) different checks totaling \$286,000 from Client C into his SWRE account. The memo lines of the checks were blank.
38. Respondent Smith used the \$286,000 from Client C for personal expenses, \$107,113 for cashier's checks, \$600 for transfers to Client B, and at least \$48,000 on real estate service providers.
39. Two (2) days after receiving the \$289,394.30 from the four (4) clients, Respondent Smith used the funds to issue a check to Client C in the amount of \$286,000.
40. Respondent Smith also had one of the four (4) clients ("Client D") issue two (2) checks in the amount of \$100,000 each in March 2022 and November 2022 to Respondent SWA.
41. Again, Respondent Smith deposited the checks from Client D into Respondent SWA's bank account and used the funds for in-branch bank withdrawals and personal expenses. The checks were not used to invest Client D's money.
42. Respondent Smith also had three (3) other clients ("Client E," "Client F," and "Client G") issue checks to Respondent SWA or SWRE totaling \$21,000.⁵
43. In total, Respondent Smith misappropriated approximately \$1,423,330.56 from ten (10) clients during the Relevant Period.
44. The client funds, which clients believed were for investment purposes were never invested. Rather, the funds were deposited or transferred into Respondent Smith's and Respondent SWA's personal and business accounts belonging to and controlled by Respondent Smith.
45. Respondent Smith has not repaid all the client funds that were deposited or transferred into his personal and business accounts.⁶
46. Respondent Smith did not inform his clients that the clients' funds would be used for personal expenses, to repay other clients, or for any other purpose that was not to invest the clients' funds.

⁵ Respondent Smith had Client E issue an \$8,000 check in November 2019 that was deposited into SWRE's bank account and Client F and Client G issue a \$7,000 check and a \$6,000 check in April 2023 and March 2024, respectively, into Respondent SWA's bank accounts.

⁶ Respondent Smith has at least repaid Client A \$14,700 from his business account for "ETN payments" and issued her a \$30,000 check, transferred approximately \$12,600 to Client B as "dividend payments" and issued him a \$56,000 check, repaid Client C by way of funds received from four (4) different clients, and issued Clients F and G checks totaling \$13,000.

47. Respondent Smith's failures to inform his clients that the clients' funds would be used for non-investment purposes were intentional failures to disclose material facts and constitute fraud or fraudulent business practices.
48. Respondent Smith's uses of client funds to make payments to other clients and for personal and business expenses constitute fraudulent business practices.
49. Pursuant to Section 4007.105(a)(3)(B), Respondent Smith's fraudulent business practices constitute bases for revoking Respondents' registrations with the Securities Commissioner.
50. Further, Respondent Smith did not engage an independent public accountant to examine the activity in his personal and business accounts or maintain accounting records relating to his activities as having custody over the client funds deposited or transferred into his accounts for investment purposes.
51. Respondent Smith's control over client funds in his personal and business accounts constitutes "custody" of client funds and securities by Respondent SWA as the term is defined by §116.17(b) of the Rules and Regulations of the Texas State Securities Board ("Board Rules").
52. Respondent SWA violated §116.17(b) of the Board Rules because Respondent SWA maintained custody of client funds and securities but failed to implement the safeguards required by §116.17(b)(4).
53. Pursuant to Section 4007.105(a)(13)(B), Respondent SWA's violation of §116.17(b) of the Board Rules constitutes a basis for revoking Respondent SWA's registration with the Securities Commissioner.

Respondents have not responded timely to Staff's request letters for information as a result of two (2) customer complaints Staff received.

54. On July 15, 2024 and September 16, 2024, Staff sent Respondents two (2) different request letters ("Complaint Request Letters") for information as a result of two (2) customer complaints Staff received.
55. In part, the request letter sent on September 16, 2024 ("2nd Complaint Letter") alleged that over the ten (10) years that the complainant was a client of Respondents, that Respondents misappropriated funds from the complainant by insisting she wire or issue a check to Respondents.

56. To date, Respondents have not provided records responsive to the Staff's Complaint Request Letters that were due on August 31, 2024 and October 16, 2024, respectively.
57. Pursuant to Section 4007.105(a)(9)(B), the items requested in the Complaint Request Letters is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.
58. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

Respondents have also not responded timely to Staff's communications to Respondents to resolve the fraudulent business practices and violation of the Board Rules.

59. Following the Inspection, Staff referred the matter to Petitioner's Legal and Investigations Division ("L&I Division").
60. After review of Staff's findings, the L&I Division made attempts to get in contact with Respondent Smith to schedule a deposition to take place on October 22, 2024 pursuant to Section 4007.053(c) of the Securities Act.
61. Specifically, the L&I Division attempted to reach out to Respondents via email and left a voice message on September 25, 2024.
62. L&I Division then followed up with Respondents via email on September 26, 2024 and received a response from Respondent Smith stating, "Yes Sir, that will be fine."
63. On September 30, 2024, L&I Division sent Respondent Smith a proffer of testimony letter via certified mail to Respondents' last known addresses.
64. Then on September 30, 2024 and October 21, 2024, L&I Division again followed-up with Respondents via email to confirm Respondent Smith's attendance at the deposition as well as to inquire whether Respondents would have representation of counsel present at the deposition.
65. On October 21, 2024, the L&I Division and Respondent Smith were able to have a phone call. Respondent Smith was still unable to confirm whether Respondents would have counsel present at the deposition.
66. On October 22, 2024, Respondent Smith appeared at the deposition on behalf of himself and Respondent SWA. Respondents did not have counsel present at the deposition.
67. After Respondent Smith was sworn into the testimony and during the Petitioner's reading of Respondents' rights prior to the questioning at the deposition, Respondent requested that the deposition be rescheduled so that Respondents could have counsel present at the deposition. Petitioner granted Respondents' request.

68. On October 22, 2024, after Petitioner agreed to reschedule the deposition, Petitioner reached out to Respondents through counsel ("Counsel") via contact information provided by Respondent Smith at the deposition.
69. On behalf of Respondents, Counsel responded immediately and stated that he had not yet been officially retained by Respondents but would let the L&I Division know once he was so that the deposition could be rescheduled.
70. On November 4, 2024, the L&I Division and Counsel had a call via Microsoft Teams.
71. During the call, the L&I Division provided Respondents, through Counsel, with options to resolve Respondents' fraudulent business practices and violation of the Board Rules, including entering into a Consent Order revoking Respondents' registrations with the Securities Commissioner and to repay certain clients identified in the Inspection.
72. Following the call, the L&I Division sent Respondents, through Counsel, draft versions of the Consent Order to review in order to resolve the matter without the necessity of a hearing.
73. The L&I Division routinely asked Respondents, through Counsel, for status updates regarding the review of the Consent Order. For example, the L&I Division reached out via email on November 12, 2024, November 13, 2024, November 18, 2024, and December 3, 2024.
74. Respondents, through Counsel, were responsive to the L&I Division's status updates and had a call on December 4, 2024 where Counsel expressed Respondents' position to dispute certain repayment amounts to clients included in the Consent Order resolution.
75. The L&I Division permitted Respondents to provide records in support of its position and after not having received any records yet, notified Counsel that the deadline for Respondents to provide these records is December 20, 2024.
76. On December 20, 2024, Respondents, through Counsel, provided some records from Respondents and offered to meet with Petitioner to answer any questions.
77. The records provided by Respondents seemed incomplete and did not fully address the total amount of misappropriated funds identified by Staff.
78. Because of this, the L&I Division responded immediately to again try to schedule a deposition.
79. The L&I Division did not hear back from Respondents until January 14, 2025, after the L&I Division sent a follow-up email to Respondents, through Counsel, on January 13, 2025 stating Petitioner would file this Notice of Hearing on the morning of January 15, 2025 if it did not hear back from them by the call of business day on January 14, 2025.

80. In Respondents' response, through Counsel, to the L&I Division on January 14, 2025, confirmed that "Monday, 1/27 works for the depo."
81. On January 24, 2025, Respondents, through Counsel, informed the L&I Division that they would not appear to the deposition.
82. As of the date of this filing, Petitioner has not been able to successfully conduct a deposition of Respondents nor have Respondents provided additional records to fully address the total amount of misappropriated funds identified by Staff.
83. The purpose of the deposition was to obtain information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications, including for Petitioner and Respondents to address the discrepancies in the records Respondents did provide and clarify outstanding issues Staff identified in its Inspection, including Respondents' fraudulent business practices and violation of the Board Rules, in an effort to resolve the matter without the necessity of a hearing.
84. Pursuant to Section 4007.105(a)(9)(B), the information that would have been obtained through the deposition is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.
85. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

REMEDIES

1. Based on the foregoing allegations, the Agency is praying for a proposal for decision for entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and that Respondent SWA and Respondent Smith REFUND certain clients.
2. Although this Notice of Hearing is praying for a proposal for decision for an order to revoke Respondent SWA and Respondent Smith's registrations, an order to cease and desist from engaging in fraudulent conduct, and to refund certain clients, nothing set forth herein shall preclude the Agency, consistent with applicable law and rule, from pursuing other enforcement remedies.

THE HEARING

3. The hearing will be held before the State Office of Administrative Hearings. It will commence at 9:00 AM (CT) on APRIL 4TH, 2025.

4. The State Office of Administrative Hearings may conduct the hearing via Zoom. Zoom is a video conferencing platform for meetings held through the internet. The State Office of Administrative Hearings will provide instructions for accessing the hearing via Zoom.
5. At the hearing, the Agency will present testimony and other admissible evidence in support of its prayer for a proposal for decision for the entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and for Respondent SWA and Respondent Smith REFUND certain clients. Respondents will be afforded the right to present such testimony and other evidence related thereto.

LEGAL NOTIFICATIONS

6. Legal authority and jurisdiction for this matter exist under Section 4007.102 of the Securities Act, Section 2003.021(b) of the Texas Government Code and Rule 155.51 of the SOAH Rules.
7. **IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE. THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE SECURITIES COMMISSIONER AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS, AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD. IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.**
8. **PARTIES THAT ARE NOT REPRESENTED BY AN ATTORNEY MAY OBTAIN INFORMATION REGARDING CONTESTED CASE HEARINGS ON THE PUBLIC WEBSITE OF THE STATE OFFICE OF ADMINISTRATIVE HEARINGS AT WWW.SOAH.TEXAS.GOV, OR IN PRINTED FORMAT UPON REQUEST TO THE STATE OF ADMINISTRATIVE HEARINGS.**
9. Respondents may access the Securities Act and the Board Rules through the website of the State Securities Board at www.ssb.texas.gov. Respondent may also access the SOAH Rules through the website of the State Office of Administrative Hearings at www.soah.texas.gov and the Administrative Procedure Act through Texas Legislature Online at statutes.capitol.texas.gov.

10. The Securities Act authorizes the Texas State Securities Board to pursue administrative, civil, or criminal enforcement cases. The Securities Act and Board Rules also authorize the Texas State Securities Board to share information with and refer cases to other governmental agencies with administrative, civil, or criminal jurisdiction. These other governmental agencies include, without limitation, state and federal regulatory agencies, law enforcement agencies and prosecutors' offices. Therefore, any information provided, filed, or otherwise supplied by Respondent may be shared with these other government agencies and/or used in other cases. Whether the Texas State Securities Board makes its files available to other governmental agencies or refers cases to other government agencies is typically confidential pursuant to Section 4002.161 of the Texas Securities Act.
11. Pursuant to Board Rule 105.13, the Agency is now respectfully requesting and will continue to respectfully request the State Office of Administrative Hearings order all costs charged to the Texas Securities Board by any court reporting service be assessed against Respondents.
12. Persons with disabilities who need special accommodations at the hearing, whether held at the State Office of Administrative Hearings or through an audio or video conferencing platform, should contact the Docketing Department of the State Office of Administrative Hearings at 512-475-4993 at least one week prior to the hearing.

CONTACT AND FILING INFORMATION

13. The Agency is represented by Nadda Rungruangphol, Attorney, Legal & Investigations Division. Ms. Rungruangphol's State Bar Card Number is 24126036, her work address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512-305-8310, and her email address is nrunguangphol@ssb.texas.gov.
14. The Docketing Office of the State Office of Administrative Hearings is located at 300 W. 15th Street, Austin, Texas 78701, and it may be contacted by telephone at 512-745-3445 and by facsimile at 512-475-4994.
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Counsel and Securities Commissioner's Representative. Ms. Netz's address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512- 305-8336, and her email address is cnetz@ssb.texas.gov.

Respectfully submitted,

By: 

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nrungruangphol@ssb.texas.gov

CERTIFICATE OF SERVICE

I hereby certify that on this, the 12th day of February 2025, true and correct copies of this Notice of Hearing are being served via electronic filing and certified mail, return receipt requested, to the Respondents and via electronic filing, to the Counsel for Respondents and the Securities Commissioner's Representative.

Ronald Dewayne Smith, Jr.
Respondent
6216 Indian Canyon Lane
Austin, Texas 78746
Telephone: (512) 330-9161
ron@smithwealthadvisors.com

VIA ELECTRONIC FILING AND CERTIFIED MAIL

Yusuf Bajwa
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Facsimile: (512) 270-5111

VIA ELECTRONIC FILING

Cheryn Netz
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Securities Commissioner's Representative
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VIA ELECTRONIC FILING

By: 

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Nadda Rungruangphol on behalf of Nadda Rungruangphol
Bar No. 24126036
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Envelope ID: 97298603
Filing Code Description: Notice of Hearing
Filing Description: Petitioner's 1st Amended NOH
Status as of 2/12/2025 2:30 PM CST

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Exhibit C

TRAVIS J. ILES
SECURITIES COMMISSIONER



FILED
312-25-11120
3/10/2025 9:45 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Jessica Rodriguez, CLERK

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Texas State Securities Board

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208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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ACCEPTED
312-25-11120
3/10/2025 9:48:34 am
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Jessica Rodriguez, CLERK

Phone: (512) 305-8300
Facsimile: (512) 305-8310

SOAH DOCKET NO. 312-25-11120

TEXAS STATE SECURITIES BOARD
Petitioner

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§

BEFORE THE STATE OFFICE OF

v.

SMITH WEALTH ADVISORS, LLC
RONALD DEWAYNE SMITH, JR.
Respondents

ADMINISTRATIVE HEARINGS

PETITIONER'S SECOND AMENDED NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will commence at **9:00 AM (CT) on MAY 22ND, 2025**, before an Administrative Law Judge. The hearing is being held via videoconference for the purpose of determining whether to issue a proposal for decision for the issuance of an ORDER FOR Smith Wealth Advisors, LLC's ("Respondent SWA") AND Ronald Dewayne Smith, Jr.'s ("Respondent Smith"), (collectively, "Respondents") REGISTRATIONS WITH THE SECURITIES COMMISSIONER OF TEXAS AS AN INVESTMENT ADVISER AND INVESTMENT ADVISER REPRESENTATIVE, RESPECTIVELY, TO BE REVOKED AND FOR RESPONDENTS TO IMMEDIATELY CEASE AND DESIST FROM ENGAGING IN FRAUDULENT CONDUCT AND REFUND CERTAIN CLIENTS.

This hearing will be held pursuant to the Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Securities Act"), the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code §§101.1-139.27 (2019) (Tex. State Sec. Bd.) (the "Board Rules"), the Administrative Procedure Act, Tex. Gov't Code Ann. §§2001.0012001.902 (the "Administrative Procedure Act"), and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (2019) (State Ofc. of Admin. Hearings) (the "SOAH Rules").

THE RESPONDENTS

1. Respondent SWA is a for-profit domestic limited liability company¹ located at 4713 Eagle Feather Drive, Austin, TX 78735.²
2. On August 28, 2015, Respondent SWA registered as an investment adviser with the Securities Commissioner. This registration is currently effective.
3. Respondent Smith is a natural person, the registered agent, and sole owner, operator, and sole investment adviser representative of Respondent SWA.
4. On August 28, 2015, Respondent Smith registered as an investment adviser representative of Respondent SWA with the Securities Commissioner. This registration is currently effective.
5. Respondents provide asset management and financial planning services for their clients.

SUMMARY OF RELEVANT FACTS

From in or around March 2017 through at least June 2024 (the “Relevant Period”), Respondent Smith misappropriated approximately \$1,423,330.56 from at least ten (10) clients.

6. In or around July 10 through July 12, 2024, the staff of the Texas State Securities Board (“Staff”) conducted an inspection of Respondent SWA (the “Inspection”) pursuant to Section 4007.052(a) of the Texas Securities Act.
7. During the Inspection, Staff found that from in or around March 2017 through at least June 2024, Respondent Smith misappropriated investor funds from at least ten (10) of Respondents’ clients.
8. Throughout the Relevant Period, Respondent Smith would have his clients issue a check or transfer funds directly to his or Respondent SWA’s personal or business accounts.
9. It was the clients’ understanding that the funds would be invested pursuant to the terms described in the investment advisory contract provided to the clients.
10. Respondent Smith did not invest the clients’ funds.

¹ According to Texas Secretary of State records, on May 13, 2015, Respondent SWA filed its Certificate of Formation with the Texas Secretary of State. Its entity status is “in existence.”

² On October 22, 2024, Respondent Smith provided Staff with an up-to-date mailing address for Respondents.

11. Rather, Respondent Smith used these funds to pay off other clients³ and for his personal and business expenses.
12. For example, Respondent Smith had one client, Client A, transfer at least \$128,436.26 to Respondents during the Relevant Period.
13. In one instance, Respondent Smith deposited a \$35,000 check from Client A into Respondent SWA's bank account on March 20, 2017.
14. Client A understood that these funds were to be used for the purchase of an exchange traded note ("ETN").
15. Respondent Smith did not provide Client A any forms regarding the ETN purchase.
16. Later that year, on May 1, 2017 and again on June 1, 2017, Respondent Smith transferred \$14,700 from Respondent SWA's bank account to Client A simulating "ETN payments."
17. And on June 30, 2017, August 1, 2017, and August 31, 2017, Respondent Smith transferred a total of \$22,050 from Client A's brokerage account to Client A's personal checking account, again simulating "ETN payments."
18. Importantly, Respondent Smith never used Client A's \$35,000 to purchase or invest in any ETN.
19. In another instance, Respondent Smith liquidated shares of Apple (AAPL) stock from Client A's account and disbursed the proceeds into two (2) checks totaling \$20,470 to Client A which Respondent Smith then had Client A remit back to Respondent Smith via a \$30,000 check made out to Respondent SWA.
20. According to Client A, the check was to invest in a "hot stock tip." The check's memo line even stated "investments."
21. The \$30,000 from Client A was not transferred to fund a "hot stock tip" or used for any investment for Client A but was instead used to pay for Respondent Smith's personal expenses.

³ For example, Respondent Smith used these funds, in part, to pay off a client who was overcharged in advisory fees, as dividend payments for the clients' "investments," and to repay Client C her principal investment.

22. On January 24, 2019 and October 18, 2019, Respondent Smith deposited a \$35,000 check and \$20,000 check, respectively, from Client A into his Smith Wealth Real Estate⁴ (“SWRE”) account. The memo lines of the checks were blank.
23. And on March 26, 2024, Respondent Smith had Client A wire \$8,436.26 from one of Client A’s bank accounts into Respondent SWA’s brokerage account.
24. Again, Respondents did not invest any of the money transferred from Client A to Respondents but instead used the money to pay for Respondents’ personal expenses.
25. In another example, Respondent Smith had another client of his, Client B, transfer a total of \$498,500 to Respondents during the Relevant Period.
26. On December 6, 2017, Respondent Smith deposited a \$20,000 cashier’s check from Client B into his SWRE account. Respondents did not invest the \$20,000 from Client B.
27. Then, on January 3, 2018, Respondent Smith deposited a \$150,000 check from Client B into Respondent Smith’s SWRE account. The memo line of the check was blank.
28. Respondent Smith withdrew \$83,000 of the \$150,000, spent another \$33,456.56 on a Professional Golfers’ Association of America (“PGA”) charity event, transferred another \$9,000 to his personal account, and wire transferred \$1,500 back to Client B.
29. Then on April 1, 2019, Respondent Smith deposited another \$25,000 check from Client B into his SWRE account. The memo line of the check stated “invest with.”
30. Once again, Respondent Smith did not invest Client B’s money. But rather, Respondent Smith used Client B’s \$25,000 for in-branch bank withdrawals and personal expenses.
31. Notably, Respondent Smith then issued a \$3,000 cashier’s check to Client A and a \$20,000 cashier’s check back to Client B seven (7) days after depositing the \$25,000 check from Client B, on April 8, 2019. The purpose of the cashier’s check to Client B is unknown.
32. On August 22, 2022, Respondent Smith received a \$247,500 wire from Client B that was deposited into Respondent SWA’s account. Respondents used this money from Client B for personal expenses.
33. And finally, on March 21, 2024, Respondent Smith had Client B issue a \$56,000 check to Respondent SWA.

⁴ SWRE is a for-profit limited liability company registered to Respondent Smith which forfeited its existence in July 2023 pursuant to Section 171.302 of the Texas Tax Code due to a failure to pay corporation taxes to the Texas Comptroller.

34. Respondent Smith deposited Client B's \$56,000 check into Respondent SWA's bank account and used \$24,500 of the funds to repay another client for overcharging of fees and wire transferred \$25,978.11 to a bankruptcy attorney.
35. In another example, on December 21, 2020, Respondent Smith deposited four (4) checks from four (4) different clients totaling \$289,394.30 into Respondent SWA's account. One of the check's memo lines stated "investment" while the three (3) other checks' memo lines were blank.
36. Respondent Smith did not invest any of the \$289,394.30.
37. Notably, prior to receiving the \$289,394.30 from the four clients, Respondent Smith had deposited four (4) different checks totaling \$286,000 from Client C into his SWRE account. The memo lines of the checks were blank.
38. Respondent Smith used the \$286,000 from Client C for personal expenses, \$107,113 for cashier's checks, \$600 for transfers to Client B, and at least \$48,000 on real estate service providers.
39. Two (2) days after receiving the \$289,394.30 from the four (4) clients, Respondent Smith used the funds to issue a check to Client C in the amount of \$286,000.
40. Respondent Smith also had one of the four (4) clients ("Client D") issue two (2) checks in the amount of \$100,000 each in March 2022 and November 2022 to Respondent SWA.
41. Again, Respondent Smith deposited the checks from Client D into Respondent SWA's bank account and used the funds for in-branch bank withdrawals and personal expenses. The checks were not used to invest Client D's money.
42. Respondent Smith also had three (3) other clients ("Client E," "Client F," and "Client G") issue checks to Respondent SWA or SWRE totaling \$21,000.⁵
43. In total, Respondent Smith misappropriated approximately \$1,423,330.56 from ten (10) clients during the Relevant Period.
44. The client funds, which clients believed were for investment purposes were never invested. Rather, the funds were deposited or transferred into Respondent Smith's and Respondent SWA's personal and business accounts belonging to and controlled by Respondent Smith.
45. Respondent Smith has not repaid all the client funds that were deposited or transferred into his personal and business accounts.⁶

⁵ Respondent Smith had Client E issue an \$8,000 check in November 2019 that was deposited into SWRE's bank account and Client F and Client G issue a \$7,000 check and a \$6,000 check in April 2023 and March 2024, respectively, into Respondent SWA's bank accounts.

⁶ Respondent Smith has at least repaid Client A \$14,700 from his business account for "ETN payments" and issued her a \$30,000 check, transferred approximately \$12,600 to Client B as "dividend payments"

46. Respondent Smith did not inform his clients that the clients' funds would be used for personal expenses, to repay other clients, or for any other purpose that was not to invest the clients' funds.
43. Respondent Smith's failures to inform his clients that the clients' funds would be used for non-investment purposes were intentional failures to disclose material facts and constitute fraud or fraudulent business practices.
44. Respondent Smith's uses of client funds to make payments to other clients and for personal and business expenses constitute fraudulent business practices.
45. Pursuant to Section 4007.105(a)(3)(B), Respondent Smith's fraudulent business practices constitute bases for revoking Respondents' registrations with the Securities Commissioner.
46. Further, Respondent Smith did not engage an independent public accountant to examine the activity in his personal and business accounts or maintain accounting records relating to his activities as having custody over the client funds deposited or transferred into his accounts for investment purposes.
47. Respondent Smith's control over client funds in his personal and business accounts constitutes "custody" of client funds and securities by Respondent SWA as the term is defined by §116.17(b) of the Rules and Regulations of the Texas State Securities Board ("Board Rules").
48. Respondent SWA violated §116.17(b) of the Board Rules because Respondent SWA maintained custody of client funds and securities but failed to implement the safeguards required by §116.17(b)(4).
49. Pursuant to Section 4007.105(a)(13)(B), Respondent SWA's violation of §116.17(b) of the Board Rules constitutes a basis for revoking Respondent SWA's registration with the Securities Commissioner.

From in or around April 2022 through April 2024, Respondents overcharged at least twenty-one (21) clients in portfolio management services fees totaling approximately \$315,727.84.

50. In connection with opening an account, Respondent SWA required clients to enter into an Investment Advisory Contract ("Contract").
51. The Contract stated that Respondent SWA's portfolio management services fees ("Fees"), ranging between .5% and 1.75% annually and charged in arrears monthly, shall be calculated in accordance with the Fee Schedule attached to the Contract.

and issued him a \$56,000 check, repaid Client C by way of funds received from four (4) different clients, and issued Clients F and G checks totaling \$13,000.

52. Further, the Contract stated that clients would be given thirty (30) days written notice of any proposed increase in fees and that any increase in fees shall be accompanied by an amendment or execution of a new contract, with signatures from both parties evidencing acknowledgement and acceptance of the new fees.
53. From in or around April 2022 through April 2024, Respondents overcharged at least twenty-one (21) clients in Fees totaling approximately \$315,727.84.⁷
54. Notably, seven (7) of the twenty-one (21) clients who were overcharged Fees were also clients in which Respondents misappropriated funds during the Relevant Period.
55. Respondents miscalculating clients' Fees and assessing a Fee greater than the negotiated rate stated in the Contract constitutes a fraudulent business practice.
56. Respondents' failure to inform clients of any proposed increase in fees and failure to accompany any increase in fees by an amendment or execution of a new contract, with signatures from both parties evidencing acknowledgement and acceptance of the new fees, constitutes a fraudulent business practice.
57. Pursuant to Section 4007.105(a)(3)(B), Respondents' fraudulent business practices constitute bases for revoking Respondents' registrations with the Securities Commissioner.

Respondents have not responded timely to Staff's request letters for information as a result of two (2) customer complaints Staff received.

58. On July 15, 2024 and September 16, 2024, Staff sent Respondents two (2) different request letters ("Complaint Request Letters") for information as a result of two (2) customer complaints Staff received.
59. The customer complaint in connection with the request letter sent on July 15, 2024 ("1st Complaint Letter"), alleged, in part, that Respondents did not assess the negotiated fee, charged identical fee amounts for several months despite varying monthly account balances, and assessed two (2) "exorbitant amounts" for a "quarterly fee" and "monthly fee."
60. And in part, the customer complaint in connection with the request letter sent on September 16, 2024 ("2nd Complaint Letter") alleged that over the ten (10) years that the complainant was a client of Respondents, that Respondents misappropriated funds from the complainant by insisting she wire or issue a check to Respondents.
61. To date, Respondents have not provided records responsive to the Staff's Complaint Request Letters that were due on August 31, 2024 and October 16, 2024, respectively.

⁷ Staff's Inspection identified that Respondents partially repaid one (1) client \$24,500.00 of \$68,079.25 in Fees overcharged in or around April 1, 2024.

62. Pursuant to Section 4007.105(a)(9)(B), the items requested in the Complaint Request Letters is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.

63. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

Respondents have also not responded timely to Staff's communications to Respondents to resolve the fraudulent business practices and violation of the Board Rules.

64. Following the Inspection, Staff referred the matter to Petitioner's Legal and Investigations Division ("L&I Division").

65. After review of Staff's findings, the L&I Division made attempts to get in contact with Respondent Smith to schedule a deposition to take place on October 22, 2024 pursuant to Section 4007.053(c) of the Securities Act.

66. Specifically, the L&I Division attempted to reach out to Respondents via email and left a voice message on September 25, 2024.

67. L&I Division then followed up with Respondents via email on September 26, 2024 and received a response from Respondent Smith stating, "Yes Sir, that will be fine."

68. On September 30, 2024, L&I Division sent Respondent Smith a proffer of testimony letter via certified mail to Respondents' last known addresses.

69. Then on September 30, 2024 and October 21, 2024, L&I Division again followed-up with Respondents via email to confirm Respondent Smith's attendance at the deposition as well as to inquire whether Respondents would have representation of counsel present at the deposition.

70. On October 21, 2024, the L&I Division and Respondent Smith were able to have a phone call. Respondent Smith was still unable to confirm whether Respondents would have counsel present at the deposition.

71. On October 22, 2024, Respondent Smith appeared at the deposition on behalf of himself and Respondent SWA. Respondents did not have counsel present at the deposition.

72. After Respondent Smith was sworn into the testimony and during the Petitioner's reading of Respondents' rights prior to the questioning at the deposition, Respondent requested that the deposition be rescheduled so that Respondents could have counsel present at the deposition. Petitioner granted Respondents' request.

73. On October 22, 2024, after Petitioner agreed to reschedule the deposition, Petitioner reached out to Respondents through counsel ("Counsel") via contact information provided by Respondent Smith at the deposition.
74. On behalf of Respondents, Counsel responded immediately and stated that he had not yet been officially retained by Respondents but would let the L&I Division know once he was so that the deposition could be rescheduled.
75. On November 4, 2024, the L&I Division and Counsel had a call via Microsoft Teams.
76. During the call, the L&I Division provided Respondents, through Counsel, with options to resolve Respondents' fraudulent business practices and violation of the Board Rules, including entering into a Consent Order revoking Respondents' registrations with the Securities Commissioner and to repay certain clients identified in the Inspection.
77. Following the call, the L&I Division sent Respondents, through Counsel, draft versions of the Consent Order to review in order to resolve the matter without the necessity of a hearing.
78. The L&I Division routinely asked Respondents, through Counsel, for status updates regarding the review of the Consent Order. For example, the L&I Division reached out via email on November 12, 2024, November 13, 2024, November 18, 2024, and December 3, 2024.
79. Respondents, through Counsel, were responsive to the L&I Division's status updates and had a call on December 4, 2024 where Counsel expressed Respondents' position to dispute certain repayment amounts to clients included in the Consent Order resolution.
80. The L&I Division permitted Respondents to provide records in support of its position and after not having received any records yet, notified Counsel that the deadline for Respondents to provide these records is December 20, 2024.
81. On December 20, 2024, Respondents, through Counsel, provided some records from Respondents and offered to meet with Petitioner to answer any questions.
82. The records provided by Respondents seemed incomplete and did not fully address the total amount of misappropriated funds identified by Staff.
83. Because of this, the L&I Division responded immediately to again try to schedule a deposition.
84. The L&I Division did not hear back from Respondents until January 14, 2025, after the L&I Division sent a follow-up email to Respondents, through Counsel, on January 13, 2025 stating Petitioner would file this Notice of Hearing on the morning of January 15, 2025 if it did not hear back from them by the call of business day on January 14, 2025.

85. On January 14, 2025, Respondents', through Counsel, confirmed with the L&I Division that "Monday, 1/27 works for the depo."
86. On January 24, 2025, Respondents, through Counsel, informed the L&I Division that they would not appear to the deposition.
87. As of the date of this filing, Petitioner has not been able to successfully conduct a deposition of Respondents nor have Respondents provided additional records to fully address the total amount of misappropriated funds identified by Staff.
88. The purpose of the deposition was to obtain information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications, including for Petitioner and Respondents to address the discrepancies in the records Respondents did provide and clarify outstanding issues Staff identified in its Inspection, including Respondents' fraudulent business practices and violation of the Board Rules, in an effort to resolve the matter without the necessity of a hearing.
89. Pursuant to Section 4007.105(a)(9)(B), the information that would have been obtained through the deposition is information considered necessary by the Securities Commissioner to determine Respondents' business repute or qualifications.
90. Accordingly, a failure to provide information the Securities Commissioner has considered necessary to determine the business repute or qualifications or an investment adviser and/or investment adviser representative constitutes a basis for revoking Respondents' registrations with the Securities Commissioner.

REMEDIES

1. Based on the foregoing allegations, the Agency is praying for a proposal for decision for entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and that Respondent SWA and Respondent Smith REFUND certain clients.
2. Although this Notice of Hearing is praying for a proposal for decision for an order to revoke Respondent SWA and Respondent Smith's registrations, an order to cease and desist from engaging in fraudulent conduct, and to refund certain clients, nothing set forth herein shall preclude the Agency, consistent with applicable law and rule, from pursuing other enforcement remedies.

THE HEARING

3. The hearing will be held before the State Office of Administrative Hearings. It will commence at 9:00 AM (CT) on MAY 22ND, 2025.

4. The State Office of Administrative Hearings may conduct the hearing via Zoom. Zoom is a video conferencing platform for meetings held through the internet. The State Office of Administrative Hearings will provide instructions for accessing the hearing via Zoom.
5. At the hearing, the Agency will present testimony and other admissible evidence in support of its prayer for a proposal for decision for the entry of an order that the registrations of Respondent SWA and Respondent Smith with the Securities Commissioner as an investment adviser and investment adviser representative, respectively, are REVOKED, that Respondent SWA and Respondent Smith immediately CEASE AND DESIST from engaging in fraudulent conduct, and for Respondent SWA and Respondent Smith REFUND certain clients. Respondents will be afforded the right to present such testimony and other evidence related thereto.

LEGAL NOTIFICATIONS

6. Legal authority and jurisdiction for this matter exist under Section 4007.102 of the Securities Act, Section 2003.021(b) of the Texas Government Code and Rule 155.51 of the SOAH Rules.
7. **IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE. THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE SECURITIES COMMISSIONER AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS, AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD. IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.**
8. **PARTIES THAT ARE NOT REPRESENTED BY AN ATTORNEY MAY OBTAIN INFORMATION REGARDING CONTESTED CASE HEARINGS ON THE PUBLIC WEBSITE OF THE STATE OFFICE OF ADMINISTRATIVE HEARINGS AT WWW.SOAH.TEXAS.GOV, OR IN PRINTED FORMAT UPON REQUEST TO THE STATE OF ADMINISTRATIVE HEARINGS.**
9. Respondents may access the Securities Act and the Board Rules through the website of the State Securities Board at www.ssb.texas.gov. Respondent may also access the SOAH Rules through the website of the State Office of Administrative Hearings at www.soah.texas.gov and the Administrative Procedure Act through Texas Legislature Online at statutes.capitol.texas.gov.

10. The Securities Act authorizes the Texas State Securities Board to pursue administrative, civil, or criminal enforcement cases. The Securities Act and Board Rules also authorize the Texas State Securities Board to share information with and refer cases to other governmental agencies with administrative, civil, or criminal jurisdiction. These other governmental agencies include, without limitation, state and federal regulatory agencies, law enforcement agencies and prosecutors' offices. Therefore, any information provided, filed, or otherwise supplied by Respondent may be shared with these other government agencies and/or used in other cases. Whether the Texas State Securities Board makes its files available to other governmental agencies or refers cases to other government agencies is typically confidential pursuant to Section 4002.161 of the Texas Securities Act.
11. Pursuant to Board Rule 105.13, the Agency is now respectfully requesting and will continue to respectfully request the State Office of Administrative Hearings order all costs charged to the Texas Securities Board by any court reporting service be assessed against Respondents.
12. Persons with disabilities who need special accommodations at the hearing, whether held at the State Office of Administrative Hearings or through an audio or video conferencing platform, should contact the Docketing Department of the State Office of Administrative Hearings at 512-475-4993 at least one week prior to the hearing.

CONTACT AND FILING INFORMATION

13. The Agency is represented by Nadda Rungruangphol, Attorney, Legal & Investigations Division. Ms. Rungruangphol's State Bar Card Number is 24126036, her work address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512-305-8310, and her email address is nrungruangphol@ssb.texas.gov.
14. The Docketing Office of the State Office of Administrative Hearings is located at 300 W. 15th Street, Austin, Texas 78701, and it may be contacted by telephone at 512-745-3445 and by facsimile at 512-475-4994.
15. The State Office of Administrative Hearings may conduct the hearing via audio or video conferencing. The audio and video conferencing platforms are secure, free meetings held telephonically or through the internet. The State Office of Administrative Hearings will provide instructions for all hearings held telephonically or through a video conferencing platform.
16. Persons with disabilities who need special accommodations at the hearing, whether held at the State Office of Administrative Hearings or through an audio or video conferencing platform, should contact the Docketing Department of the State Office of Administrative Hearings at 512-475-4993 at least one week prior to the hearing.
17. Pursuant to Board Rule 105.8, all documents filed by any party, other than business records and transcripts, must be contemporaneously served upon Cheryn Netz, General

Counsel and Securities Commissioner's Representative. Ms. Netz's address is 208 E. 10th Street, 5th Floor, Austin, Texas 78701, her telephone number is 512-305-8300, her facsimile number is 512- 305-8336, and her email address is cnetz@ssb.texas.gov.

Respectfully submitted,

By: 

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CERTIFICATE OF SERVICE

I hereby certify that on this, the 10th day of March 2025, true and correct copies of this Notice of Hearing are being served via electronic filing and certified mail, return receipt requested, to the Respondents and via electronic filing, to the Counsel for Respondents and the Securities Commissioner's Representative.

Ronald Dewayne Smith, Jr.
Respondent
6216 Indian Canyon Lane
Austin, Texas 78746
Telephone: (512) 330-9161
ron@smithwealthadvisors.com


VIA ELECTRONIC FILING AND CERTIFIED MAIL

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VIA ELECTRONIC FILING

By: 
Nadda B. Rungruangphol
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Texas State Securities Board
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Austin, Texas 78701
T: (512) 305-8300
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nrunguangphol@ssb.texas.gov

Automated Certificate of eService

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Nadda Rungruangphol on behalf of Nadda Rungruangphol
Bar No. 24126036
nrungruangphol@ssb.texas.gov
Envelope ID: 98245307
Filing Code Description: Notice of Hearing
Filing Description: Petitioner's Second Amended NOH
Status as of 3/10/2025 9:49 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Cristi RamonOchoa		cochoa@ssb.texas.gov	3/10/2025 9:45:08 AM	SENT
Travis Iles		tiles@ssb.texas.gov	3/10/2025 9:45:08 AM	SENT
Cheryn Netz		cnetz@ssb.texas.gov	3/10/2025 9:45:08 AM	SENT
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Brian Shepherd		bshepherd@ssb.texas.gov	3/10/2025 9:45:08 AM	SENT
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Yusuf Bajwa		ybajwa@sandersbajwa.com	3/10/2025 9:45:08 AM	SENT
Ronald DewayneSmith		ron@smithwealthadvisors.com	3/10/2025 9:45:08 AM	SENT
Ronald DewayneSmith		ron@smithwealthadvisors.com	3/10/2025 9:45:08 AM	SENT
Yusuf Bajwa		ybajwa@sandersbajwa.com	3/10/2025 9:45:08 AM	SENT

Exhibit D

SOAH Docket No. 312-25-11120

Suffix: SSB

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

**TEXAS STATE SECURITIES BOARD,
PETITIONER
v.
SMITH WEALTH ADVISORS, LLC,
RESPONDENT**

**ORDER NO. 6
GRANTING MOTION TO WITHDRAW AND
DEFAULT DISMISSAL ORDER**

On September 16, 2025, the Administrative Law Judge (ALJ) convened a hearing in this matter via Zoom videoconference. Attorneys Nadda Rungruangphol and Cristi Ochoa appeared on behalf of the staff (Staff) of the Texas State Securities Board (Board). Attorney Yusuf Bajwa appeared on behalf of Smith Wealth Advisors, LLC (Respondents). Respondents did not personally appear at the hearing.

I. MOTION TO WITHDRAW

Prior to the hearing, counsel for Respondents filed an unopposed revised motion to withdraw as counsel (revised motion). According to the revised motion, Respondents have failed to pay agreed legal fees and expenses and did not cooperate with counsel in preparing for the hearing. The revised motion states that Respondents were advised of counsel's intent to withdraw, all known deadlines and settings, and the potential consequences of failing to obtain representation. Respondents consented to the revised motion and were advised in writing of the trial setting, including the Zoom videoconference log-in information. The ALJ determined that the revised motion states good cause for counsel's withdrawal, and it was **GRANTED**. It is **ORDERED** that all further communications must be sent to Respondents as follows:

Smith Wealth Advisors, LLC
Ronald Smith, Jr.
6216 Indian Canyon Drive
Austin, TX 78746
Coachronsmith11@gmail.com
ron@smithwealthadvisors.com
(512) 777-9161

It is further **ORDERED** that the withdrawing attorney shall immediately forward this order, the notice of hearing, all additional information about settings and deadlines, and any discovery obtained for the case to Respondents.

1 Tex. Admin. Code § 155.203(d).

II. DEFAULT DISMISSAL ORDER

After counsel's revised motion was granted, Respondent did not appear and was not represented as the hearing on the merits began. Staff Exhibits A, B, and C were admitted,¹ and the ALJ took official notice of SOAH's file in this case, including specifically SOAH Order No. 4 which set the hearing by Zoom videoconference and provided instructions for participating in the hearing. In addition, prior to withdrawing, counsel for Respondents represented to the ALJ that he provided Respondents with information in writing regarding the setting. Collectively, this information showed proof of adequate notice to Respondents.² Upon establishing adequate notice, Staff moved for a default dismissal. Staff's motion was **GRANTED**, and the factual allegations detailed in the Notice of Hearing and the documents incorporated within that notice are deemed admitted.³

Respondents may file a motion to set aside the default within 15 days of the date of this order.⁴ The motion must show good cause for resetting a hearing or show that the interests of justice require setting aside the default. If Respondents do not file a timely motion, or if the ALJ finds that a filed motion should be denied, the

¹ Staff Exhibit A is the Notice of Hearing filed by Staff on February 2, 2025. Staff Exhibit B is the First Amended Notice of Hearing filed by Staff on February 12, 2025. Staff Exhibit C is the Second Amended Notice of Hearing filed by Staff on March 10, 2025.


² 1 Tex. Admin. Code § 155.501(b).

³ 1 Tex. Admin. Code § 155.501(d)(1).

⁴ 1 Tex. Admin. Code § 155.501(e).

contested case will be remanded to the Board for informal disposition on a default basis in accordance with the Administrative Procedure Act.⁵

SIGNED SEPTEMBER 16, 2025



Susan Rodriguez
Presiding Administrative Law Judge

⁵ Tex. Gov't Code §§ 2001.056, .058(d-1).

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Envelope ID: 105663144

Filing Code Description: Default Dismissal Order

Filing Description: ORDER NO. 6 GRANTING MOTION TO WITHDRAW AND DEFAULT DISMISSAL ORDER

Status as of 9/16/2025 5:05 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Cristi RamonOchoa		cochoa@ssb.texas.gov	9/16/2025 4:52:07 PM	SENT
Travis Iles		tiles@ssb.texas.gov	9/16/2025 4:52:07 PM	SENT
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Nadda Rungruangphol		nrungruangphol@ssb.texas.gov	9/16/2025 4:52:07 PM	SENT
Brian Shepherd		bshepherd@ssb.texas.gov	9/16/2025 4:52:07 PM	SENT
Matthew Bacon		mbacon@ssb.texas.gov	9/16/2025 4:52:07 PM	SENT
Yusuf Bajwa		ybajwa@sandersbajwa.com	9/16/2025 4:52:07 PM	SENT
Ronald DewayneSmith		coachronsmith11@gmail.com	9/16/2025 4:52:07 PM	SENT
Ronald DewayneSmith		ron@smithwealthadvisors.com	9/16/2025 4:52:07 PM	ERROR
Ronald DewayneSmith		ron@smithwealthadvisors.com	9/16/2025 4:52:07 PM	ERROR

Exhibit E

FILED
312-25-11120
10/3/2025 10:44 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Amy Robles, CLERK

ACCEPTED
312-25-11120
10/3/2025 10:49:09 am
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Amy Robles, CLERK

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

October 3, 2025

Nadda Rungruangphol
Cristi Ochoa
Attorneys, Texas State Securities Board

VIA EFILE TEXAS

Smith Wealth Advisors, LLC
Respondent
Ronald D. Smith
6216 Indian Canyon Drive
Austin, Texas 78746

VIA EFILE TEXAS AND
VIA REGULAR MAIL

RE: SOAH Docket Number 312-25-11120.SSB; *Texas State Securities Board v. Smith Wealth Advisors, LLC, et al.*

Dear Parties:

Please be advised that the time period to file a motion to set aside the default order that was issued in the above-referenced hearing has expired and no set aside motion was filed. *See* 1 Tex. Admin. Code § 155.501. Therefore, the State Office of Administrative Hearings has concluded its involvement in the matter, and the case is remanded to the referring agency.

CC: Service List

Automated Certificate of eService

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Envelope ID: 106414226

Filing Code Description: Letter of Remand after Default Dismissal Order

Filing Description: Letter of Remand after Default Dismissal Order

Status as of 10/3/2025 10:49 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Cristi RamonOchoa		cochoa@ssb.texas.gov	10/3/2025 10:44:53 AM	SENT
Travis Iles		tiles@ssb.texas.gov	10/3/2025 10:44:53 AM	SENT
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Yusuf Bajwa		ybajwa@sandersbajwa.com	10/3/2025 10:44:53 AM	SENT
Ronald DewayneSmith		coachronsmith11@gmail.com	10/3/2025 10:44:53 AM	SENT
Ronald DewayneSmith		ron@smithwealthadvisors.com	10/3/2025 10:44:53 AM	ERROR
Ronald DewayneSmith		ron@smithwealthadvisors.com	10/3/2025 10:44:53 AM	ERROR