

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:	*	
ROBERT JOHN SMITH, III	*	Case No. 2009-0112
CELEBRATION FINANCIAL, INC.	*	
and	*	
FUNDING ADVISORS, INC.	*	
Respondents.	*	
* *	*	* *

**FINAL ORDER TO CEASE AND DESIST
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (2007 Repl. Vol. and 2008 Supp.) (the “Act”), instituted an investigation into the securities-related activities of Robert J. Smith (“Smith”), Celebration Financial, Inc. (“Celebration”), and Funding Advisors, Inc. (“Funding”) (collectively “Respondents”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) concluded that the Respondents may have engaged in acts or practices constituting violations of the Act and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, on May 29, 2009, the Commissioner issued an Order To Show Cause (the “Order”), incorporated herein by reference, requiring

Respondents to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each of the Respondents to cease and desist from further violations of the Act; and

WHEREAS, the Order gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submit an answer within 15 days of service of the Order, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the Order was served upon Respondents at their last known addresses in Florida and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, the Respondents have not submitted an answer to the Order, nor a written request for a hearing; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Final Order,

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Act.

II. RESPONDENTS

2. Smith resides and works in Florida. Smith was registered with numerous broker-dealers and investment advisers as an agent and investment adviser representative from March

1990 until September 2007. During the relevant time period, Smith was not registered as a broker-dealer, broker-dealer agent, investment adviser or investment adviser representative in the State of Maryland. Smith is a principal, founder, and chief operating officer of Celebration and Funding.

3. Celebration at all times conducted business from Florida. Celebration is a Florida corporation. It has never been registered as a broker-dealer or investment adviser in the State of Maryland or anywhere else.

4. Funding at all times conducted business from Florida. Funding is a Nevada corporation. Funding has never been registered as a broker-dealer or investment adviser in the State of Maryland or anywhere else.

III. FINDINGS OF FACT

5. On January 17, 2008, Smith sold a Maryland investor an investment contract security in the form of a “general agreement” with Funding that was signed by Smith. Pursuant to the terms of the investment contract, the investor gave Respondents \$5,000 and was promised 8% interest for one year.

6. Respondents did not disclose how the money would be invested or that there was any risk that the interest would not be paid and that the principal would not be returned. Nor did Smith disclose that he had recently filed for personal bankruptcy.

7. The Maryland investor made her investment by sending Respondents a personal check from Maryland that was drawn on her Maryland bank account.

8. Smith was employed by Celebration, held himself out as representing Celebration, and communicated with the Maryland investor using a Celebration e-mail address.

9. The investment contract that Respondents offered and sold is not registered in Maryland. There has been no exemption filing made in Maryland and no claim of preemption.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

10. The investments that Respondents sold in Funding constitute “securities” pursuant to section 11-101(r) of the Act.

11. Respondents offered and sold unregistered securities in violation of section 11-501 of the Act.

12. Respondents Smith and Celebration offered and sold securities in Maryland without being registered as a broker-dealer, issuer agent or broker-dealer agent, in violation of section 11-401 of the Act.

13. Respondent Celebration employed an agent, Smith, to engage in the offer and sale of a security without that individual being registered in this State as an agent in violation of section 11-402 of the Act.

14. Respondents violated anti-fraud provisions in section 11-301 of the Act when they failed to disclose to their clients that they were not registered as a broker-dealer or agent for the purposes of selling Funding’s general agreement; failed to disclose to their client that the investment agreement was not registered; and failed to disclose Smith’s personal bankruptcy history.

V. SANCTIONS

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

15. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

16. Respondents each permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401 of the Act.

17. Respondents each permanently cease and desist from employing an unregistered agent for the offer and sale of securities in Maryland in violation of section 11-402 of the Act.

18. Respondents permanently cease and desist from engaging in fraud in violation of section 11-301 of the Act.

19. Respondents are permanently barred from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as a broker-dealer, broker-dealer agent, issuer-agent, investment adviser or investment adviser representative in Maryland.

20. Respondents are jointly and severally assessed a civil monetary penalty, pursuant to section 11-701.1 of the Act, in the amount of \$20,000 (\$5,000 for each of four violations), payable by certified check to the order of the Office of the Attorney General. This fine will be reduced by any amount repaid to investors to the satisfaction of the Commissioner within 30 days of the date of this Order.

VI. JURISDICTION RETAINED

21. Jurisdiction is retained by the Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Order.

VII. APPEAL RIGHTS

22. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Division.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

June 22, 2009

MELANIE SENTER LUBIN
Securities Commissioner