

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

_____))
IN THE MATTER OF: LAWRENCE T. SMITH)
_____))

FILE NO. 0700463

NOTICE OF HEARING

TO THE RESPONDENT: Lawrence T. Smith
(CRD) # 2419838
15 Post Drive
Roslyn, New York 11576

c/o Lightspeed Professional Trading, LLC
148 Madison Avenue
9th Floor
New York, New York 10016

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the day 6th day February, 2008 at the hour of 10:00 a.m. or as soon as possible thereafter, before Soula J. Spyropoulos, Esq. or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered denying Lawrence T. Smith's (the "Respondent") registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E (4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That on October 1, 2007, Lightspeed Professional Trading LLC, a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on June 11, 1998 NASD entered order accepting offer of settlement submitted by the Respondent (Order) regarding disciplinary proceeding No. CAF97002 which sanctioned the Respondent as follows:

Notice of Hearing

2

- a. Censured;
 - b. Suspended from associating with any member firm in any capacity for two years;
 - c. Required to requalify by examination prior to becoming associated with any member firm; and
 - d. Fined \$20,000.
3. That the Order found:
- a. The Respondent was, at all times relevant to this matter, a registered representative at Stratton Oakmont.
 - b. The Respondent made unauthorized trades in the account of at least one customer, purchasing a security when the criteria set by the customer had not been met.
 - c. The Respondent made baseless and improper price predictions as to speculative securities to customers on at least three occasions.
 - d. The Respondent falsely promised to limit customer losses on at least two occasions.
 - e. The Respondent induced at least one risk-averse customer to purchase an unsuitably risky security.
 - f. The Respondent falsely told the customer described immediately above that the security was not risky.
 - g. The Respondent failed to execute a customer sell order on at least one occasion.
 - h. The Respondent made false representations to a customer as to an issuer's business prospects on at least one occasion.
 - i. The Respondent falsified the new account documentation of at least one customer to create the appearance that the customer could and wanted to invest in speculative securities.

Notice of Hearing

3

- j. The Respondent failed to testify truthfully in the NASD investigation of this matter when properly required to do so. Based on the foregoing, Respondent violated § 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, Conduct Rules 2110, 2120, and 2310(a), and Procedural Rule 8210.

4. That Section 8.E (1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied if the Secretary of State finds that such Salesperson has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory Organization.

5. That NASD is a self-regulatory organization as specified in Section 8.E (1)(j) of the Act.

6. That by virtue of the foregoing, the Respondent's registration as a Salesperson in the State of Illinois is subject to denial pursuant to Section 8.E (1)(j) of the Act.

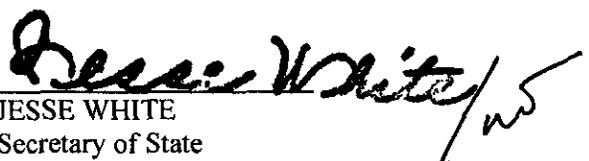
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130)(the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 29th day of November 2007


JESSE WHITE
Secretary of State
State of Illinois

Notice of Hearing

4

Attorney for the Secretary of State:
Daniel A. Tunick
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-3384

Hearing Officer:
Soula J. Spyropoulos, Esq.
773.282.3400
Lincolnwood, Illinois 60712