

BrokerCheck Report

SMITH HAYES FINANCIAL SERVICES CORPORATION

CRD# 17059

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

• **Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.



Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.
This firm was formed in Nebraska on 09/16/1985.
Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	3
Arbitration	1

SMITH HAYES FINANCIAL SERVICES CORPORATION

CRD# 17059
SEC# 8-34980

Main Office Location

200 CENTRE TERRACE
1225 L STREET
LINCOLN, NE 68508-2129

Mailing Address

P.O. BOX 83000
LINCOLN, NE 68501-3000

Business Telephone Number

402-476-3000

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



Date firm ceased business: 07/25/2016

Does this brokerage firm owe any money or securities to any customer or brokerage firm? No



Firm Profile

This firm is classified as a corporation.

This firm was formed in Nebraska on 09/16/1985.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

SMITH HAYES FINANCIAL SERVICES CORPORATION

Doing business as SMITH HAYES FINANCIAL SERVICES CORPORATION

CRD# 17059

SEC# 8-34980

Main Office Location

200 CENTRE TERRACE
1225 L STREET
LINCOLN, NE 68508-2129

Mailing Address

P.O. BOX 83000
LINCOLN, NE 68501-3000

Business Telephone Number

402-476-3000



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	SMITH HAYES COMPANIES D/B/A SMITH HAYES
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	PARENT COMPANY
Position Start Date	09/1985
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	DAVIS, COLLEEN TERESE 1274284
Is this a domestic or foreign entity or an individual?	Individual
Position	VICE PRESIDENT, OPERATIONS
Position Start Date	03/2003
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	DECKER, JOHN LOUIS JR 2812644
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT, CEO
Position Start Date	01/2014

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): DEWHURST, KATHLEEN ANN
1245164

Is this a domestic or foreign entity or an individual? Individual

Position VICE PRESIDENT, HR

Position Start Date 06/2002

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): HOWELL, RUTH ANNETTE
1255071

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF COMPLIANCE OFFICER

Position Start Date 08/2015

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): KERR, JAMES PATRICK

Firm Profile



Direct Owners and Executive Officers (continued)

	824040
Is this a domestic or foreign entity or an individual?	Individual
Position	DIRECTOR
Position Start Date	04/2016
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
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Legal Name & CRD# (if any):	MANN, BRANDON MICHAEL 4488207
Is this a domestic or foreign entity or an individual?	Individual
Position	VICE PRESIDENT OF SALES
Position Start Date	01/2012
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	NELSON, THOMAS STEVEN 1108782
Is this a domestic or foreign entity or an individual?	Individual
Position	DIRECTOR
Position Start Date	04/2016
Percentage of Ownership	Less than 5%

Firm Profile



Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): PURPURA, MICHAEL JOSEPH
2095576

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR

Position Start Date 04/2016

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): SCHAEFER, BOBBY JOHN
5569260

Is this a domestic or foreign entity or an individual? Individual

Position CFO / SECRETARY / TREASURER

Position Start Date 02/2010

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	D.A. DAVIDSON COMPANIES
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	SMITH HAYES COMPANIES D/B/A SMITH HAYES
Relationship to Direct Owner	HOLDING COMPANY
Relationship Established	04/2016
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	D.A. DAVIDSON TRUST COMPANY
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	SMITH HAYES COMPANIES
Relationship to Direct Owner	TRUSTEE
Relationship Established	04/2016
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST
Is this a domestic or foreign entity or an individual?	Domestic Entity

Firm Profile



Indirect Owners (continued)

Company through which indirect ownership is established	SMITH HAYES COMPANIES
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	04/2016
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



Firm Operations



Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is no longer registered.

The firm's registration was from 12/18/1985 to 10/03/2016.



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 11 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Trading securities for own account
Private placements of securities



Firm Operations

Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	NATIONAL FINANCIAL SERVICES LLC
CRD #:	13041
Business Address:	82 DEVONSHIRE ST Z2N BOSTON, MA 02109
Effective Date:	06/09/2004
Description:	NATIONAL FINANCIAL SERVICES CLEARS AND EXECUTES TRADES FOR SMITH HAYES ON A FULLY DISCLOSED BASIS.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name:	NATIONAL FINANCIAL SERVICES LLC
CRD #:	13041
Business Address:	82 DEVONSHIRE ST. Z2N BOSTON, MA 02109
Effective Date:	10/01/2013
Description:	THE REDTAIL TECHNOLOGY SYSTEM PROVIDED THROUGH OUR CLEARING FIRM, NATIONAL FINANCIAL SERVICES, IS AN ELECTRONIC CONTACT MANAGEMENT MEDIUM THAT ALLOWS FOR THE RETENTION AND STORAGE OF BROKER NOTES REQUIRED TO BE PRESERVED AND MAINTAINED BY SMITH HAYES.
Name:	NATIONAL FINANCIAL SERVICES LLC
CRD #:	13041
Business Address:	82 DEVONSHIRE ST. Z2N BOSTON, MA 02109
Effective Date:	10/14/2013
Description:	THE BUSINESS PROCESS MANAGEMENT SYSTEM PROVIDED THROUGH OUR CLEARING FIRM, NATIONAL FINANCIAL SERVICES, IS AN ELECTRONIC STORAGE MEDIUM THAT ALLOWS FOR THE REVIEW, RETENTION AND RETRIEVAL OF RECORDS REQUIRED TO BE PRESERVED AND MAINTAINED BY SMITH HAYES.
Name:	GLOBAL RELAY COMMUNICATIONS INC.
Business Address:	220 CAMBIE STREET 2ND FLOOR VANCOUVER, BC V6B 2M9
Effective Date:	04/04/2013
Description:	RETENTION AND STORAGE OF ELECTRONIC SOCIAL MEDIA AS REQUIRED BY SEC RULES 17A-3 AND/OR 17A-4.
Name:	FIRST NEBRASKA TRUST COMPANY
Business Address:	440 S. 13TH STREET LINCOLN, NE 68508
Effective Date:	03/18/1996

Firm Operations



Industry Arrangements (continued)

Description: ANY RECORDS REQUIRED TO BE MAINTAINED BY THE BROKER DEALER. RECORDS ARE EASILY ACCESSIBLE.

Name: ACCESS RECORDS

Business Address: 8951 S. 126TH STREET
OMAHA, NE 68138

Effective Date: 06/01/2002

Description: ANY RECORDS REQUIRED TO BE MAINTAINED BY THE BROKER DEALER. RECORDS ARE EASILY ACCESSIBLE.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 82 DEVONSHIRE ST Z2N
BOSTON, MA 02109

Effective Date: 06/09/2004

Description: NFS CLEARS AND EXECUTES TRADES FOR SMITH HAYES ON A FULLY DISCLOSED BASIS

This firm does have accounts, funds, or securities maintained by a third party.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 82 DEVONSHIRE ST Z2N
BOSTON, MA 02109

Effective Date: 06/09/2004

Description: NFS CLEARS AND EXECUTES TRADES FOR SMITH HAYES ON A FULLY DISCLOSED BASIS

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: NATIONAL FINANCIAL SERVICES LLC

CRD #: 13041

Business Address: 82 DEVONSHIRE ST Z2N
BOSTON, MA 02109

Effective Date: 06/09/2004

Description: NFS CLEARS AND EXECUTES TRADES FOR SMITH HAYES ON A FULLY DISCLOSED BASIS

Control Persons/Financing

Firm Operations



Industry Arrangements (continued)

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

DAVIDSON FIXED INCOME MANAGEMENT, INC. is under common control with the firm.

CRD #:	127844
Business Address:	1550 MARKET STREET SUITE 300 DENVER, CO 80202
Effective Date:	04/15/2016
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	DAVIDSON FIXED INCOME MANAGEMENT, INC. IS A WHOLLY OWNED SUBSIDIARY OF D.A. DAVIDSON COMPANIES, A FINANCIAL HOLDING COMPANY.

DAVIDSON INVESTMENT ADVISORS, INC. is under common control with the firm.

CRD #:	110552
Business Address:	8 THIRD STREET NORTH GREAT FALLS, MT 59401
Effective Date:	04/15/2016
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Description: DAVIDSON INVESTMENT ADVISORS, INC. IS A WHOLLY OWNED SUBSIDIARY OF D.A. DAVIDSON COMPANIES, A FINANCIAL HOLDING COMPANY.

D.A. DAVIDSON & CO. is under common control with the firm.

CRD #: 199

Business Address: 8 THIRD STREET NORTH
GREAT FALLS, MT 59401

Effective Date: 04/15/2016

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: D.A. DAVIDSON & CO. IS A WHOLLY OWNED SUBSIDIARY OF D.A. DAVIDSON COMPANIES, A FINANCIAL HOLDING COMPANY.

SMITH HAYES ADVISERS INC is under common control with the firm.

CRD #: 110776

Business Address: 200 CENTRE TERRACE
1225 L STREET
LINCOLN, NE 68508

Effective Date: 10/01/1997

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: Yes

Description: SMITH HAYES FINANCIAL SERVICES CORP. AND SMITH HAYES ADVISERS, INC. ARE SUBSIDIARIES AND UNDER COMMON CONTROL BY SMITH HAYES COMPANIES, THE PARENT COMPANY, AND WHICH IS INDIRECTLY UNDER CONTROL OF D.A. DAVIDSON COMPANIES, A FINANCIAL HOLDING COMPANY.

SMITH HAYES COMPANIES controls the firm.

Firm Operations



Organization Affiliates (continued)

Business Address:	200 CENTRE TERRACE 1225 L STREET LINCOLN, NE 68508
Effective Date:	09/01/1985
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	No
Description:	SMITH HAYES COMPANIES OWNS 100% OF THE ISSUED AND OUTSTANDING STOCK OF SMITH HAYES FINANCIAL SERVICES CORPORATION. D.A. DAVIDSON COMPANIES OWNS 100% OF SMITH HAYES COMPANIES.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	3	0
Arbitration	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 3

Reporting Source: Regulator

Current Status: Final



Allegations:	SEC ADMIN RELEASES 33-9842; 34-75236, JUNE 18, 2015: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED AGAINST SMITH HAYES FINANCIAL SERVICES CORPORATION ("RESPONDENT"). RESPONDENT WILLFULLY VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT. THIS MATTER INVOLVES VIOLATIONS OF AN ANTIFRAUD PROVISION OF THE FEDERAL SECURITIES LAWS IN CONNECTION WITH RESPONDENT'S UNDERWRITING OF CERTAIN MUNICIPAL SECURITIES OFFERINGS. RESPONDENT, A REGISTERED BROKER-DEALER, CONDUCTED INADEQUATE DUE DILIGENCE IN CERTAIN OFFERINGS AND AS A RESULT, FAILED TO FORM A REASONABLE BASIS FOR BELIEVING THE TRUTHFULNESS OF CERTAIN MATERIAL REPRESENTATIONS IN OFFICIAL STATEMENTS ISSUED IN CONNECTION WITH THOSE OFFERINGS. THIS RESULTED IN RESPONDENT OFFERING AND SELLING MUNICIPAL SECURITIES ON THE BASIS OF MATERIALLY MISLEADING DISCLOSURE DOCUMENTS. THE VIOLATIONS WERE SELF-REPORTED BY RESPONDENT TO THE COMMISSION PURSUANT TO THE DIVISION OF ENFORCEMENT'S (THE "DIVISION") MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION (MCDC) INITIATIVE.
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	06/18/2015
Docket/Case Number:	3-16635
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	06/18/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Sanctions Ordered:	Monetary/Fine \$40,000.00



Cease and Desist/Injunction

Other Sanctions Ordered:

UNDERTAKINGS

Sanction Details:

THE RESPONDENT SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$40,000 AND COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.

Regulator Statement

IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT'S OFFER. ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT SHALL, CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF 17(A)(2) OF THE SECURITIES ACT; WITHIN TEN (10) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$40,000 TO THE SECURITIES AND EXCHANGE COMMISSION; AND RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF RESPONDENT'S POLICIES AND PROCEDURES AS THEY RELATE TO MUNICIPAL SECURITIES UNDERWRITING DUE DILIGENCE.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC ADMIN RELEASES 33-9842; 34-75236 - ON JUNE 18, 2015, THE SECURITIES AND EXCHANGE COMMISSION INSTITUTED CEASE-AND-DESIST PROCEEDINGS AGAINST SMITH HAYES FINANCIAL SERVICES CORPORATION. SMITH HAYES WAS FOUND TO HAVE WILLFULLY VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT. THIS MATTER INVOLVES VIOLATIONS OF AN ANTIFRAUD PROVISION OF THE FEDERAL SECURITIES LAWS IN CONNECTION WITH THE FIRM'S UNDERWRITING OF CERTAIN



MUNICIPAL SECURITIES OFFERINGS. SMITH HAYES FINANCIAL SERVICES CORP., A REGISTERED BROKER-DEALER, CONDUCTED INADEQUATE DUE DILIGENCE IN CERTAIN OFFERINGS AND AS A RESULT, FAILED TO FORM A REASONABLE BASIS FOR BELIEVING THE TRUTHFULNESS OF CERTAIN MATERIAL REPRESENTATIONS IN OFFICIAL STATEMENTS ISSUED IN CONNECTION WITH THOSE OFFERINGS. THIS RESULTED IN THE FIRM'S OFFERING AND SELLING MUNICIPAL SECURITIES ON THE BASIS OF MATERIALLY MISLEADING DISCLOSURE DOCUMENTS. THE VIOLATIONS WERE SELF-REPORTED BY SMITH HAYES TO THE COMMISSION PURSUANT TO THE DIVISION OF ENFORCEMENT'S (THE "DIVISION") MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION (MCDC) INITIATIVE.

Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	06/18/2015
Docket/Case Number:	3-16635
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	MONETARY FINE
Resolution:	Order
Resolution Date:	06/18/2015
Sanctions Ordered:	Monetary/Fine \$40,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	SMITH HAYES FINANCIAL SERVICES CORP. SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$40,000 AND COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER OF SETTLEMENT.
Firm Statement	IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, SMITH HAYES FINANCIAL SERVICES CORP. HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S



JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, SMITH HAYES CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN SMITH HAYES'S OFFER. ACCORDINGLY, IT IS HEREBY ORDERED THAT SMITH HAYES SHALL, CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF 17(A)(2) OF THE SECURITIES ACT; WITHIN TEN (10) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$40,000 TO THE SECURITIES AND EXCHANGE COMMISSION; AND RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF RESPONDENT'S POLICIES AND PROCEDURES AS THEY RELATE TO MUNICIPAL SECURITIES UNDERWRITING DUE DILIGENCE.

Disclosure 2 of 3

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 3010 - SMITH HAYES FINANCIAL SERVICES DID NOT ADEQUATELY IMPLEMENT ITS WRITTEN PROCEDURES WITH RESPECT TO RENEWABLE ENERGY OFFERING. THE FIRM DID NOT FOLLOW ITS PROCEDURES REGARDING ESTABLISHING AN ESCROW ACCOUNT FOR THE RENEWABLE ENERGY FUND OFFERING. THE FIRM DID NOT FOLLOW ITS PROCEDURES REGARDING MONITORING THE ACTIVITY IN THE ESCROW ACCOUNT. THE FIRM DID NOT FOLLOW ITS PROCEDURES REGARDING RETURNING FUNDS TO INVESTORS WHEN THE MINIMUM CONTINGENCY WAS NOT MET AND DID NOT FOLLOW ITS WRITTEN PROCEDURES STATING THAT ONLY BONA FIDE PURCHASERS COULD BE CONSIDERED IN CALCULATING WHETHER THE MINIMUM CONTINGENCY AMOUNT HAD BEEN MET.
Initiated By:	FINRA
Date Initiated:	09/17/2008
Docket/Case Number:	2006007353802
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	

**Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 09/17/2008**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure
Monetary/Fine \$10,000.00**Other Sanctions Ordered:****Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS SMITH HAYES FINANCIAL SERVICES CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS: THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.**Reporting Source:** Firm**Current Status:** Final**Allegations:** SMITH HAYES VIOLATED NASD CONDUCT RULES 3010 AND 2110 BY NOT ADEQUATELY IMPLEMENTING ITS WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE RENEWABLE ENERGY FUND I OFFERING.**Initiated By:** FINRA**Date Initiated:** 09/11/2006**Docket/Case Number:** [2006007353802](#)**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Censure**Other Sanction(s)/Relief Sought:** FINE OF \$10,000**Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 09/17/2008



Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, SMITH HAYES FINANCIAL SERVICES CONSENTED TO THE DESCRIBED SANCTIONS. FINE OF \$10,000 WAS PAID ON 9/24/2008.

Firm Statement SMITH HAYES FINANCIAL SERVICES SIGNED AN ACCEPTANCE WAIVER AND CONSENT REGARDING CHARGES OF VIOLATIONS OF NASD CONDUCT RULES 3010 AND 2110. THE AWC STATES SMITH HAYES DID NOT ADEQUATELY IMPLEMENT IT'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO THE OFFERING OF THE RENEWABLE ENERGY FUND I.

Disclosure 3 of 3

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 02/09/1995

Docket/Case Number: Unknown

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 02/09/1995

Sanctions Ordered: Censure
Monetary/Fine \$20,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ^2/22/95^ SEC NEWS DIGEST, ISSUE 95-27, DATED FEBRUARY 9, 1995, ENFORCEMENT PROCEEDINGS DISCLOSE; THE COMMISSION INSTITUTED



A
PUBLIC ADMINISTRATIVE PROCEEDING AND CEASE AND DESIST
PROCEEDING UNDER THE INVESTMENT COMPANY ACT AND THE
INVESTMENT
ADVISERS ACT AGAINST TWO LINCOLN, NEBRASKA INVESTMENT
ADVISERS,
SMITH HAYES FINANCIAL SERVICES CORPORATION (SHFS) AND SMITH
HAYES PORTFOLIO MANAGEMENT, INC. (SHPM), AND SIMULTANEOUSLY
ACCEPTED THE RESPONDENTS' OFFER OF SETTLEMENT, IN WHICH THEY
CONSENTED TO THE ORDER WITHOUT ADMITTING OR DENYING ITS
FINDINGS. THE COMMISSION FOUND THAT SHFS ENGAGED IN ILLEGAL
PRINCIPAL TRADES WITH PORTFOLIOS OF TWO LINCOLN, NEBRASKA
INVESTMENT COMPANIES FOR WHICH IT SERVES AS PRINCIPAL
UNDERWRITER, SMITH HAYES TRUST, INC., AND STRATUS FUND, INC.
SHFS, AS BROKER, CHARGED EXCESSIVE COMMISSIONS TO ONE
PORTFOLIO
OF SMITH HAYES TRUST, SHPM CAUSED A PORTFOLIO OF SMITH HAYES
TRUST, FOR WHICH IT SERVES AS INVESTMENT ADVISER, TO PURCHASE
WHEN-ISSUED BONDS WITHOUT SEGREGATING ASSETS TO PAY FOR THE
BONDS, AND SHPM GAVE A MISLEADING REPORT TO THE BOARD OF
DIRECTORS OF SMITH HAYES TRUST. THE COMMISSION ALSO ORDERED
SHFS AND SHPM TO PAY PENALTIES OF \$20,000 AND \$15,000
RESPECTIVELY, CENSURED THEM, ORDERED THEM TO CEASE AND
DESIST
FROM THE VIOLATIONS FOUND, AND REQUIRED THEM TO COMPLY WITH
CERTAIN UNDERTAKINGS. (REL. IC-20876; IA-1465)

Reporting Source:	Firm
Current Status:	Final
Allegations:	ALLEGED THAT CERTAIN RISKLESS PRINCIPAL TRANSACTIONS BETWEEN THE BROKER DEALER AND RELATED MUTUAL FUNDS OCCURRED IN 1992 & 1993. ALSO, CERTAIN OTC AGENCY TRADES WITH THE RELATED MUTUAL FUNDS CHARGED IN EXCESS OF 1% COMMISSIONS AND A 1993 COMPLIANCE REPORT INCORRECTLY REPRESENTED THAT NO PERSON HAD VIOLATED SECTION 17(A).
Initiated By:	SECURITIES AND EXCHANGE COMMISSION
Date Initiated:	02/02/1995
Docket/Case Number:	3-8605
Principal Product Type:	Debt - Municipal
Other Product Type(s):	OTC AGENCY TRADES



Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	BROKER DEALER AGREED TO UNDERGO INDEPENDENT COMPLIANCE AUDITS FOR THREE YEARS AND HAVE RETAINED A FULL TIME COMPLIANCE OFFICER
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	02/02/1995
Sanctions Ordered:	Monetary/Fine \$20,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	AFFILIATE AND BROKER DEALER UNDERWENT INDEPENDENT COMPLIANCE AUDITS FOR THREE YEARS AND HIRED A FULL TIME COMPLIANCE OFFICER.
Sanction Details:	WITHOUT ADMITTING OR DENYING THE ASSERTIONS, THE BROKER DEALER AGREED TO A \$20,000 FINE AND THE AFFILIATE AGREED TO A \$15,000 FINE. EACH UNDERWENT INDEPENDENT COMPLIANCE AUDITS FOR THREE YEARS AND HAVE JOINTLY RETAINED A FULL-TIME COMPLIANCE OFFICER.
Firm Statement	THREE YEAR TIME FRAME HAS EXPIRED AND AFFILIATE COMPANY HAS BEEN SOLD.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.
The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	09/11/1998
Case Number:	98-02994
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; OPTIONS; PREFERRED STOCK
Sum of All Relief Requested:	\$412,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/28/1999
Sum of All Relief Awarded:	\$8,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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