



U.S. Department of Justice

*United States Attorney
Eastern District of Arkansas*

FOR IMMEDIATE RELEASE
May 4, 2006

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PINE BLUFF MAN PLEADS GUILTY TO SECURITIES FRAUD AND DEALING AS A BROKER WITHOUT A LICENSE

Little Rock -- United States Attorney Bud Cummins, William C. Temple, Special Agent-In-Charge, Federal Bureau of Investigation (FBI), and Commissioner Michael Johnson of the Arkansas Securities Department announced that Gary Marcus Smith 45, of Pine Bluff, Arkansas, waived indictment and entered a felony guilty plea on Thursday, May 4, 2006, before United States District Judge Susan Webber Wright. The guilty plea stems from his role in a securities fraud scheme to defraud more than 100 victims. Over a span of five years, more than \$19,000,000.00 of investor funds were received by Smith.

According to testimony in court, in December 2005, the FBI received information from the Arkansas Securities Department (ASD) regarding the sale of securities by Gary Marcus Smith, an unlicensed broker. ASD's initial analysis had determined that while Smith represented to investors that he was earning in excess of 20% annually on his trading program, he was actually suffering large losses. Based upon ASD's initial analysis and the FBI's preliminary investigation, a seizure warrant was obtained for Smith's bank and trading accounts, on December 21, 2005. Approximately \$6,700,000 was seized from those accounts. In addition, a search warrant was executed at Smith's place of business in Pine Bluff, Arkansas on December 22, 2005. During the search of the business, agents seized computers and documents containing information as to the nature of the scheme, identity of the victims, and amounts invested.

Gary Marcus Smith pled guilty to securities fraud, in violation of Title 18, United States Code, Section 1348, and one count of performing the services of a broker without a license, a violation of Title 15, United States Code, Section 78o. The maximum statutory penalty for the first is not more than 25 years imprisonment and/or not more than a fine of Two Hundred Fifty Thousand dollars with 3 years of supervised release. The maximum statutory penalty for the second is not more than 5 years imprisonment and/or not more than a fine of Two Hundred Fifty Thousand dollars with 3 years of supervised release.

The defendant agreed to forfeit assets in excess of \$7,000,000.00, which will be applied to the total restitution ordered by the court. The defendant also agreed to cooperate in the on-going process to secure assets for restitution.

This investigation was conducted by agents with the Federal Bureau of Investigation with the assistance and cooperation of the Arkansas Securities Department. Assistant U. S. Attorney George C. Vena represented the United States.

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