

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3491/ October 23, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14997

In the Matter of	:	ORDER MAKING FINDINGS
	:	AND IMPOSING SANCTIONS
CANDICE D. CAMPBELL	:	BY DEFAULT
	:	

The Securities and Exchange Commission (Commission) issued an Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (OIP) on August 28, 2012.

The Office of the Secretary has provided evidence that Respondent Candice D. Campbell (Campbell) was served with the OIP on September 4, 2012. I held a telephonic prehearing conference on October 9, 2012, attended only by the Division of Enforcement (Division). Campbell is currently incarcerated. Prior to the prehearing conference, Campbell's case manager left a voicemail with the Division, to which I listened, stating that Respondent would not participate in the conference.

Campbell did not answer the OIP, appear at the prehearing conference, or otherwise defend the proceeding; therefore, I found Campbell to be in default. See 17 C.F.R. §§ 201.155(a)(2), .220(f), .221(f). On October 16, 2012, the Division filed a Motion for Entry of Order Making Findings and Imposing Sanctions by Default (Motion), requesting a collateral bar be imposed on Campbell.¹

Procedural Background

The Commission filed a civil complaint against Campbell and C.J.'s Financial (CJF) on August 4, 2010. SEC v. C.J.'s Financial, 2:10-cv-13083 (E.D. Mich.). The United States Attorney for the Eastern District of Michigan filed a first superseding criminal information on July 20, 2011, charging Campbell with one count of wire fraud arising out of the fraudulent investment scheme alleged in the civil complaint. United States v. Campbell, 2:11-cr-20388 (E.D. Mich.).

¹ Attached were copies of the civil complaint, as Exhibit A, the superseding criminal information, as Exhibit B, the plea agreement, as Exhibit C, the judgment in the criminal case, as Exhibit D, the magistrate judge's report, as Exhibit E, and the amended judgment, as Exhibit F.

On January 23, 2012, Campbell pled guilty to one count of wire fraud, admitting that she “devised a scheme to defraud in order to obtain money or property as described in the first superseding information,” that the “scheme included a material misrepresentation or concealment of a material fact,” and that she “had intent to defraud.” Ex. C.

On January 25, 2012, after being found guilty in the criminal proceeding, Campbell was sentenced to fifty-one months in prison and ordered to pay restitution of \$703,474.10. Motion, p. 2; Ex. D. On August 28, 2012, in the civil case, Campbell was permanently enjoined from violating Section 17(a) of the Securities Act of 1933 (Securities Act), Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (Advisers Act). Motion, p. 3; Ex. F.

Findings of Fact

Campbell is 33 years old, and resides in Garden City, Michigan. OIP, p. 1. In and around April 2009, Campbell (and an associate) owned and controlled CJF, a company that purported to offer investment services. Ex. C, p. 2. Campbell was listed as CJF’s CFO. Id. Campbell and others solicited investors to invest money with CJF. Id. Campbell told investors that CJF was a successful firm that earned profit through investments in penny stocks, that CJF would trade daily on the investors’ behalf, that CJF guaranteed a 10-20% monthly return, that investors would never lose their initial investment, that investors could withdraw their investment at any time, and that Campbell was a licensed financial planner. Id., at 2-3. Campbell caused approximately eighty victims to invest approximately \$1,190,470 with CJF. Id., pp. 4-5.

Campbell and CJF, in fact, perpetrated a Ponzi scheme. Motion, p. 1. The majority of the money was diverted for Campbell’s and her associate’s benefit. Ex. C, p. 3. Campbell’s fraudulent conduct spanned from around April 2009, through at least August 2010. Ex. C, p.2.

As part of her scheme to defraud, Campbell, and others acting at her direction, created and sent to CJF investors monthly statements that falsely represented profits earned, communicated with investors about the status of their purported investments, and eventually told CJF investors that their money could not be withdrawn due to a Commission asset freeze. Ex. C, p. 4.

Conclusions of Law

Section 203(f) of the Advisers Act requires the Commission to sanction any person, associated with or acting as an investment adviser, who has been enjoined from engaging in any conduct in connection with securities transactions, or who has been convicted, within ten years, of select crimes, or who has willfully violated any of the securities acts – and if the sanction is in the public interest. See 15 U.S.C. §§ 80b-3(e)(2), 80b-3(e)(4), 80b-3(e)(5), 80b-3(f); Feeley & Willcox Asset Mgmt. Corp., Securities Act Release No. 8249 (July 10, 2003), 56 S.E.C. 616, 618, 647 (barring a person associated with an unregistered investment adviser from association with an

investment adviser), motion for reconsideration denied, Securities Act Release No. 8303 (Oct. 9, 2003), 56 S.E.C. 1264.

Campbell, acting as an investment adviser, was permanently enjoined from conduct in connection with the purchase or sale of a security – namely, violating the antifraud and other provisions of the securities laws. Campbell was also convicted of wire fraud. Lastly, Campbell was found to have violated the Securities Act, Exchange Act, and Advisers Act. Therefore, a sanction shall be imposed if it is in the public interest.

Sanctions

The appropriateness of any remedial sanction in this proceeding is guided by the well-established public interest factors set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). See Joseph P. Galluzzi, Exchange Act Release No. 46405 (Aug. 23, 2002), 55 S.E.C. 1110, 1120. They include: (1) the egregiousness of the respondent's actions; (2) the isolated or recurrent nature of the infraction; (3) the degree of scienter involved; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his conduct; and (6) the likelihood of future violations. Steadman, 603 F.2d at 1140.

Campbell's actions were egregious and recurrent. Campbell conducted a Ponzi scheme for over a year by telling investors a series of lies and misrepresentations, which resulted in a fraud loss in excess of one million dollars. Campbell was found to have acted with scienter. Motion, p. 2; Exs. C, F. Campbell failed to participate in this proceeding, offer assurances against future violations, or recognize the wrongful nature of her conduct. Accordingly, the Steadman factors overwhelmingly weigh in favor of finding that it is in the public interest to impose sanctions on Campbell.

The Division requests that Campbell be collaterally barred in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Motion, p. 4. Specifically, the Division requests that Campbell be barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Id., p. 5. Because Campbell's misconduct continued after July 22, 2010, the effective date of Dodd-Frank, a complete collateral bar does not implicate any retroactivity issues and, thus, will be imposed.

Order

The Division's Motion is GRANTED and IT IS ORDERED that, pursuant to Section 203(f) of the Investment Advisers Act of 1940, Candice D. Campbell is BARRED from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, and nationally recognized statistical rating organization.

Cameron Elliot
Administrative Law Judge