

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 92554 / August 3, 2021

INVESTMENT ADVISERS ACT OF 1940
Release No. 5816 / August 3, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20450

In the Matter of

DOUGLAS MICHAEL HODGE,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Douglas Michael Hodge (“Respondent” or “Hodge”).

II.

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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Douglas Michael Hodge, age 62, resides in Laguna Beach, California. Hodge joined Pacific Investment Management Company LLC ("PIMCO") in 1989, serving as its Chief Operating Officer from 2009 through January 2014, when he became its Chief Executive Officer. He continued in that role until November 2016, ultimately retiring from PIMCO in September 2017. Hodge obtained his Series 7 and 63 licenses in 1991 and his Series 65 license in 1996. Beginning in 1991 and continuing through to his retirement in 2017, Hodge was also a registered person with a succession of registered broker-dealers affiliated with PIMCO, the last of which, from February 2011 through September 2017, was PIMCO Investments LLC. Hodge is not currently an associated person of an investment adviser or broker-dealer.

2. On October 21, 2019, Hodge pleaded guilty to one felony count of conspiracy to commit mail and wire fraud and honest services mail and wire fraud in violation of Title 18 United States Code Section 1349 and to one felony count of money laundering conspiracy in violation of Title 18 United States Code Section 1956(h) before the United States District Court for the District of Massachusetts in *United States v. David Sidoo, et al.*, No. 19-cr-10080-NMG-11. On February 7, 2020, he was sentenced to a prison term of nine months, two years of supervised release, 500 hours of community service, and ordered to pay a fine in the amount of \$750,000. The court entered a judgment of conviction on February 26, 2020.

3. In his plea, Hodge acknowledged that, beginning in 2012 and continuing until March 2015, he agreed to pay and then paid a combined total of \$525,000 to facilitate the admission of two of his children to a private research university located in California. Hodge further acknowledged knowing that each child's application to the university falsely represented that the applicant was a soccer or football player, when neither played the sport, so as to increase the likelihood of his children's admission under criteria specifically applicable to athletic recruits of the university. He also acknowledged knowing that the person orchestrating the admissions scheme and acting as middleman had arranged for university athletics personnel to advance the children's applications by falsely representing his children's athletic qualifications and recruitment during the admissions process. As a quid pro quo, Hodge acknowledged paying \$75,000 directly to a university account controlled by a university athletics employee and the rest to entities controlled by the orchestrator of the scheme, on the understanding that the orchestrator would route some portion to specific programs at the university managed by university athletics personnel facilitating the fraudulent scheme.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Hodge's Offer.

Accordingly, it is hereby ORDERED that Respondent Hodge be, and hereby is:

1. barred, pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
2. barred, pursuant to Section 15(b)(6) of the Exchange Act, from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary