

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 102021 / December 20, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6805 / December 20, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22381

In the Matter of

JOHN N. MATSON,

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 John N. Matson (“Matson” or “Respondent”).

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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in paragraphs III.B.2 and 3 below, which are admitted, Respondent 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:

A. RESPONDENT

1. Between March 2007 and July 2015 and from November 2017 to December 2022, Matson was a registered representative and investment adviser representative of a firm dually registered with the Commission as a broker-dealer and investment adviser. Between June 2015 and November 2017, Matson was a registered representative and investment adviser representative of a second firm dually registered with the Commission as a broker dealer and investment adviser.

B. ENTRY OF THE INJUNCTION

2. On September 23, 2024, a judgment was entered by consent against Matson, which, among other things, permanently enjoined him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as set forth in the judgment entered in the civil action entitled Securities and Exchange Commission v. John N. Matson and South Bay Acquisitions LLC, Civil Action Number 3:24-CV-01342-H-KSC, in the United States District Court for the Southern District of California.

3. The Commission’s complaint in that litigation alleged that, between January 2012 and September 2021, Matson sold securities with a face value of \$1,560,000 issued by South Bay Acquisitions LLC (“South Bay”), a company controlled by him, to five investors (collectively “the investors”), raising approximately \$1,535,000. The securities, which were denoted “LLC Bonds” and were functionally promissory notes, included language stating that the Matson and South Bay would manage the proceeds as fiduciaries and promising 12 to 20% interest. The complaint further alleged that, despite his obligation to act as a fiduciary and without disclosure to investors, Matson immediately and consistently transferred investor money from South Bay to his personal account to use for personal expenses. The complaint also alleged that Matson operated the program as a Ponzi scheme, using investor funds to pay promised returns to earlier investors.

IV.

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 pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Matson be, and hereby is barred from

association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent be, and hereby is barred 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