UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-14680

In the Matter of the Application of

CALHOUN ASSET MANAGEMENT,
LLC, and KRISTA LYNN WARD
A/K/A KRISTA LYNN KARNEZIS

REPLY TO DIVISION'S RESPONSE TO MY MOTION TO VACATE ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS

1. The Division incorrectly stated in their introduction that instead of fighting the Division's fraud charges and "risk a worse result" that I opted to settle. As I stated in my Motion to Vacate, that was not my concern.

2. They also incorrectly stated that in my Motion to Vacate I stated that the Settled Order has made it difficult for me to raise money from investors for my current business venture. I did not state that. I do not have a current venture for which I am raising capital, and while it may have been more difficult without the Consent Decree, I successfully raised capital for my previous business in the food industry, which I had already started years before the Division accused me of wrongdoing. In addition, my competent attorney that they mentioned, and I negotiated in the Settlement that I would, in fact be able to raise money for future business endeavors, which the Division agreed to. This in and of itself negates their final argument that "my settling the SEC's claims are an indicator of the continuing need to protect investors."

3. The Division states that none of my arguments justify the extraordinary relief that I seek. I disagree that my argument don't justify my Motion to Vacate and I disagree that the relief I seek is extraordinary.

4. The Division argues in their Response that in the Offer of Settlement, the Commission made certain findings. I would like to reiterate that in the opening paragraphs of the Consent Decree, it clearly states that I don't admit to the findings contained in the Order, except as to the Commission's jurisdiction over

me and the subject matter. Nor, I might add, did they go any further to prove their "findings," such as review our Fund audits by KPMG, as offshore funds were apparently not their jurisdiction, even though they made up the majority of our assets, or interview our entire due diligence team that they conveniently claimed was non-existent.

5. They also argue that the Judgment was not paid in full. That is not true and is an example of how records, even those of the SEC, can be inadvertently misplaced or mishandled. They claim I paid all but $2,749.52 of the $50,000, but this is not true. My initial payment(s) totaled $2,749.52, but instead of taking small payments each month, they agreed to wait until my divorce was complete, at which time I paid the balance in full. This was discussed several times with the Chicago office of the Commission, before they apparently discharged it off their books.

6. The Division argues that the Commission shouldn't vacate the Order so many years after the fact for the sole reason that I haven't established compelling enough reasons to do so. I disagree, of course, with this argument, especially since most of their Response is based on things I did not argue as my reason for it deserving to be vacated. I did not say that my being busy with divorce and custody proceedings was why it should be vacated, otherwise I would have argued that years ago. And while I did say that my reputation had been tarnished, that was also not my main reason for seeking a remedy this many years later. Finally, my having the option to reapply to the securities industry just five short years after agreeing to the Consent Decree, should indicate that the timing of my Motion to Vacate coincided strictly with my having won the civil case against the very investors the Division claimed I injured. I will address this argument in more detail below.

7. The Division also argues that "If anything, Ward's brief confirms the continuing need to protect investors in this matter. To this day, Ward does not recognize that she did anything wrong. She admits only that her records were scattered and disorganized, and that she "inadvertently" misstated her assets under management on a form ADV. In other words, Ward admits two of the charges the Division brought against her while simultaneously denying that she did anything wrong." And that "Disturbingly, she suggests that the Commission should vacate the Settled Order so that she can more easily recruit investors for her business venture. Yet Ward provides no assurances that she can do so without running afoul of the federal securities law." If the Division was so concerned about my behavior, they would not have agreed to let me raise money under any circumstances, but that was not their concern, as I was allowed to do so. Having a flood that destroyed records years after my investment business was closed (as repeatedly stated in my depositions) is not the same as having

records that were scattered and disorganized, nor is that a threat to anybody. Inadvertently misstating our assets under management on a form ADV that we, in fact, were not even required to apparently file, had we counted the assets correctly at that time (very early in our business) is also not a threat. Finally, I have no current business venture for which I am raising money, and I do not, nor have I ever "recruited investors" like a predator, as the Division seems to imply. These are gross misrepresentations, irresponsible and, quite simply, unfair.

8. As stated earlier, the Division argues that the findings in Meyer v. Ward, et al., 13-C-3303 (N.D.Ill.) do not exonerate me because they were not factual or legal findings inconsistent with the Division's Charges." First, while the Court did not issue factual or legal findings in their Opinion, does not mean they did not exist, just that they were not relevant to my defeating Meyer's claims. In fact, over the course of four years, and ultimately at a trial because I refused to settle a second time, the Judge listened to and read much evidence as to our audited returns, our marketing documents, and our due diligence procedures. The Division argues in their Response that Meyer merely worked for Orizon, the third-party investment adviser that I worked with to "recruit" investors and that I did not have a direct relationship with me. Again, I strongly resent this implication and also, that is just not true. The Court found that I did not have a fiduciary duty to him because he was in fact a Registered Investment Advisor himself and should have read the audits for all of our Funds that he and his clients were considering, as well as the footnotes and disclosures that were clearly visible on all marketing documents and due diligence documents. The Division argues that the Court ruled in my favor on several claims, but wrote, "even assuming that the alleged misrepresentations were in fact misrepresentations and were material," and that Meyer was not successful in proving that they caused his losses. What they conveniently left out was the reason the Judge wrote it in this manner was so that there was no implication that the allegations were in fact true, but also, that even if they had been, they did not cause his losses. The implication the Division makes that they were in fact true is inaccurate. The Division did not hear the testimony, nor review the audited financials that the Judge in the Meyer case did, as they seemed to not be interested in those items, which showed, assets under management in our various Funds, historical returns, and among all the things previously mentioned, that this client, Meyer, and all of our other clients, lost less than half the amount that virtually all other investors in the US (other than short sellers) did in 2008. While the Division points out that they do not need to prove harm (or lack thereof) to succeed on allegations, it is sad that they didn't take the time to investigate it more thoroughly to see that the claims other than administrative, were in fact not true.

Based on the foregoing and also the fact that my motivation is not to be able to raise capital (which I am already legally permitted to do and I have done successfully), nor that I have any desire to work in the investment industry (which I could have asked to do

many years ago), but rather to vacate the order for the simple reason that they got it wrong and I did not have the energy or resources to fight it, as I am confident that I would have successfully done like I did in the Meyer case.

Respectfully Submitted,

/s/ Krista L. Ward

_____

Krista L. Ward
[redacted]
pro se

Dated: November 19, 2020