

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 10870 / October 2, 2020

SECURITIES EXCHANGE ACT OF 1934

Release No. 90078 / October 2, 2020

INVESTMENT ADVISERS ACT OF 1940

Release No. 5604 / October 2, 2020

INVESTMENT COMPANY ACT OF 1940

Release No. 34042 / October 2, 2020

Admin Proc. 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

ORDER SCHEDULING BRIEFS

On July 15, 2020, Krista L. Ward requested that the Commission vacate a 2012 settled order against her (“Order”).<sup>1</sup> In the Order, the Commission found that Ward, while the managing member, sole owner, and sole full-time employee of a registered investment advisor, made false and misleading statements to attract and retain investors; made false and misleading statements on forms filed with the Commission; and improperly managed documentation of client accounts.<sup>2</sup> Based on this misconduct, the Commission found that Ward willfully violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(4) and 207 of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder; and willfully aided and abetted and caused violations of Sections 203A and 204 of the Advisers Act and Rule 204-2(a)(16) thereunder.<sup>3</sup>

The Order required that Ward cease and desist from committing or causing any violations of Securities Act Section 17(a), Exchange Act Section 10(b) and Rule 10b-5 thereunder, and Advisers Act Sections 203A, 204, 206(4), and 207 and Rules 204-2(a)(16) and 206(4)-8 thereunder. The Order also barred her from associating in various capacities in the securities

<sup>1</sup> *Krista L. Ward*, Exchange Act Release No. 67377, 2012 WL 2786344 (July 9, 2012).

<sup>2</sup> *Id.* at \*3-6.

<sup>3</sup> *Id.*

industry, with the right to apply for reentry after five years, and ordered her to pay a \$50,000 civil money penalty jointly and severally with co-respondent Calhoun Asset Management, LLC.<sup>4</sup>

Ward's motion states that in the years since the Order's issuance, she has neither participated in the securities industry nor applied for reentry, and has paid the money penalty. According to Ward, the Order and the remaining sanctions imposed against her should be vacated for three reasons: (1) she received a favorable judgement on all counts in a private civil suit based on the same allegations; (2) her conduct caused no damage to her clients and, in fact, helped them; and (3) the investigative proceedings instituted against her were overreaching and unconstitutional.

Accordingly, IT IS ORDERED that the Division of Enforcement file any brief in response to Ward's petition not to exceed 7,000 words by October 16, 2020, and that Ward file any reply brief not to exceed 7,000 words by October 30, 2020.<sup>5</sup>

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman  
Secretary

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<sup>4</sup> *Id.* at \*7.

<sup>5</sup> We call attention to the form and service requirements of the Commission's Rules of Practice, 17 C.F.R. §§ 201.150-154. Attention is also called to the Commission's March 18, 2020 order regarding the filing and service of papers in administrative proceedings. *Pending Administrative Proceedings*, Exchange Act Release No. 88415, 2020 WL 1322001 (Mar. 18, 2020), <https://www.sec.gov/litigation/opinions/2020/33-10767.pdf>.