SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 99148 / December 12, 2023

INVESTMENT ADVISERS ACT OF 1940
Release No. 6503 / December 12, 2023

Admin. Proc. File No. 3-19476

In the Matter of

SONYA D. CAMARCO

OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDING

INVESTMENT ADVISER PROCEEDING

Grounds for Remedial Action

**Antifraud violations**

**Conviction**

Respondent was convicted of securities fraud and theft in violation of state law. *Held*, it is in the public interest to bar respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.

APPEARANCES:

*Terry R. Miller* and *Nicholas P. Heinke* for the Division of Enforcement.

On September 20, 2019, the Securities and Exchange Commission instituted an administrative proceeding against Sonya D. Camarco pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.[1] We now find Camarco to be in default, deem the allegations against her to be true, and bar her from associating in the securities industry in any capacity and from participating in an offering of penny stock.

## I. Background

### A. The Commission instituted this proceeding against Camarco.

The order instituting proceedings ("OIP") alleges that Camarco, a registered representative and an investment adviser representative associated with a firm registered with the Commission as both a broker-dealer and an investment adviser, defrauded several investor clients out of millions of dollars.[2] The OIP also alleges that, on April 9, 2019, a federal district court permanently enjoined Camarco from violating the federal securities laws and ordered her to pay disgorgement totaling $1,526,928.[3] The OIP further alleges that, on May 14, 2018, Camarco pleaded guilty to filing a false tax return, securities fraud, and theft in violation of Colorado law, convictions for which Camarco was sentenced to prison for two consecutive terms of 10 years each and was ordered to pay more than $1.7 million in restitution.

The OIP instituted proceedings to determine whether the allegations contained therein were true and if any remedial action was appropriate in the public interest. It directed Camarco to file an answer to the allegations within 20 days after service, as provided by Commission Rule of Practice 220(b).[4] The OIP informed Camarco that if she failed to answer, she could be deemed in default, the allegations in the OIP could be deemed to be true as provided in the Rules of Practice, and the proceeding could be determined against her upon consideration of the OIP.[5]

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1 *Sonya D. Camarco*, Exchange Act Release No. 87035, 2019 WL 4572704 (Sept. 20, 2019).

2 *Id.* at *1.

3 The OIP alleges that the injunction's scope includes "violations of Section 10(b) of the Securities Exchange Act of 1934, Section 17(a) of the Securities Act of 1933, and Sections 206(1) and (2) of the Investment Advisers Act of 1940, as alleged in the [underlying civil] Complaint," but the district court's remedies order does not specify which provisions Camarco was found to have violated and states only that Camarco is "permanently enjoined from violating federal and state securities laws." On appeal, the calculation of disgorgement was revised as to the relief defendants (but not Camarco herself) in light of *Liu v. SEC*, 140 S. Ct. 1936 (2020). *See SEC v. Camarco*, No. 19-1486, 2021 WL 5985058, at *11, *21 (10th Cir. Dec. 16, 2021).

4 17 C.F.R. § 201.220(b).

5 *See* Rules of Practice 155(a), 220(f), 17 C.F.R. §§ 201.155(a), .220(f).

**B. Camarco failed to answer the OIP, respond to a motion for a default and sanctions, or respond to an order to file an answer and response to the motion.**

In a letter to the Division of Enforcement dated November 27, 2019, Camarco stated that she was unable either to prepare a response to the OIP or obtain representation to do so on account of her incarceration.

On December 19, 2019, the Division of Enforcement filed a motion for judgment pointing out that Camarco's November 27 letter did not address the OIP's allegations and requesting that the Commission find Camarco in default and bar her from the securities industry and from participating in an offering of penny stock. The Division supported its motion with the remedies order and judgment in the civil action and the plea agreement and sentencing hearing transcript in the criminal proceeding.[6]

The Commission subsequently ordered Camarco to file, by July 28, 2023, both an answer to the OIP and a response to the Division's motion.[7] The Commission's order explained that Camarco's letter did not constitute an answer because it failed to comply with Rule of Practice 220(c) insofar as it did not "specifically admit, deny, or state that the party does not have, and is unable to obtain, sufficient information to admit or deny each allegation" in the OIP; indeed, it did not address the OIP's allegations at all.[8] Camarco was warned that if she did not respond, the Division's motion for judgment would be "construed by the Commission as a motion for entry of an order of default and the imposition of remedial sanctions."[9] Camarco was also informed that, if she was found in default, the allegations in the OIP would be deemed to be true and the Commission could determine the proceeding against her upon consideration of the record.[10] Camarco did not respond to the Division's motion or the Commission's order.

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[6] After the Tenth Circuit affirmed in part and remanded in part the original judgment in respects that are not material for purposes of this proceeding, *see supra* note 3, the district court entered a second amended remedies order, *see SEC v. Camarco*, No. 17-CV-2027-RBJ, ECF No. 178 (D. Colo. June 7, 2022), and a third amended final judgment, *see Camarco*, No. 17-CV-2027-RBJ, ECF No. 179 (D. Colo. June 8, 2022), of which we take official notice pursuant to Rule of Practice 323. *See* 17 C.F.R. § 201.323 (providing that official notice may be taken "of any material fact which might be judicially noticed by a district court of the United States"); *Am. Inv. Serv., Inc.*, Exchange Act Release No. 43991, 2001 WL 167861, at *1 n.1 (Feb. 21, 2001) (recognizing Commission's authority to take official notice of federal district court orders).

[7] *Sonya D. Camarco*, Exchange Act Release No. 97712, 2023 WL 3995194, at *1 (June 13, 2023).

[8] *Id.* at *1 & n.2 (citing Rule of Practice 220(c), 17 C.F.R. § 201.220(c)). The Commission's order also found that a stay of proceedings until Camarco's release from prison or until she was able to retain counsel was unwarranted. *See id.* at *1 & nn.3-4.

[9] *Camarco*, 2023 WL 3995194, at *1.

[10] *Id.* at *2.

## II. Analysis

### A. We deem Camarco to be in default and deem the OIP's allegations to be true.

Rule of Practice 155(a) provides that if a party fails to "answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding," we may deem the party in default and "determine the proceeding against that party upon consideration of the record, including the order instituting proceedings, the allegations of which may be deemed to be true."[11] Because Camarco has failed to answer, respond to the Division's motion, or respond to the Commission's order, we find it appropriate to deem her in default and to deem the OIP's allegations to be true. We base the findings that follow on the record, including the OIP and the evidentiary materials that the Division submitted with its motion.

### B. We find industry and penny stock bars to be in the public interest.

Exchange Act Section 15(b)(6)(A) authorizes the Commission to suspend or bar a person from associating in the securities industry and from participating in an offering of penny stock if it finds, on the record after notice and opportunity for hearing, that (1) the person (a) willfully violated any provision of the Securities Act of 1933, the Exchange Act, or the Advisers Act or (b) was convicted within ten years of the commencement of the proceeding of any offense involving the "purchase or sale of any security" or involving "theft"; (2) the person was associated with a broker or dealer at the time of the alleged misconduct; and (3) such a sanction is in the public interest.[12] Similarly, Advisers Act Section 203(f) authorizes the Commission to suspend or bar a person from the securities industry if it finds, on the record after notice and opportunity for hearing, that (1) the person (a) willfully violated any provision of the Securities Act, the Exchange Act, or the Advisers Act or (b) was convicted within ten years of the commencement of the proceeding of any offense involving the "purchase or sale of any security" or involving "theft"; (2) the person was associated with an investment adviser at the time of the alleged misconduct; and (3) such a sanction is in the public interest.[13]

The record establishes the first two of these elements under each statute. In the Commission's civil case against Camarco, the district court granted the Commission's motion

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[11] 17 C.F.R. § 201.155(a); *see also* Rule of Practice 220(f), 17 C.F.R. § 201.220(f) (providing that, "[i]f a respondent fails to file an answer required by this [rule] within the time provided, such respondent may be deemed in default pursuant to [Rule] 155(a)").

[12] 15 U.S.C. § 78*o*(b)(6)(A) (cross-referencing Exchange Act § 15(b)(4), 15 U.S.C. § 78*o*(b)(4)); *see also id.* § 78*o*(b)(4)(B)(i), (iii) (discussing convictions involving the "purchase or sale of any security" and "theft"); *id.* § 78*o*(b)(4)(D) (discussing willful violations of the federal securities laws).

[13] 15 U.S.C. § 80b-3(f) (cross-referencing Advisers Act § 203(e), 15 U.S.C. § 80b-3(e)); *see also id.* § 80b-3(e)(2)(A), (C) (discussing convictions involving the "purchase or sale of any security" and "theft"); *id.* § 80b-3(e)(5) (discussing willful violations of the federal securities laws).

for summary judgment "as to liability against Ms. Camarco."[14] Indeed, Camarco admitted liability in that proceeding,[15] and she did not contest the violations of the securities laws alleged in the Commission's complaint, including claims brought under Securities Act Sections 17(a)(1) and 17(a)(3), Exchange Act Section 10(b) and Rules 10b-5(a) and (c), and Advisers Act Section 206(1) and 206(2) for conduct from "at least 2004 through August 2017."[16] Camarco's scienter-based antifraud violations were necessarily willful.[17] Camarco also was, within ten years of the commencement of this proceeding, convicted of offenses involving the "purchase or sale of any security" and involving "theft."[18] She pleaded guilty to securities fraud and theft in violation of Colo. Rev. Stat. §§ 11-51-501(1)(c), 11-51-603(1), and 18-4-401(1)(b), (2)(i), and the state court entered its judgment of conviction on September 21, 2018.[19]

Camarco was also associated with a broker or dealer and an investment adviser at the time of her misconduct: The allegations of the OIP deemed true, together with the district court's order granting summary judgment as to liability against Camarco, establish that she was associated with LPL Financial LLC, a dually-registered broker-dealer and investment adviser, between 2004 and August 2017, which encompasses the period of her misconduct at issue here.

Thus, we need determine only if any remedial action is in the public interest. In doing so, we consider the egregiousness of the respondent's actions, the isolated or recurrent nature of the

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14 *Camarco*, No. 17-CV-2027-RBJ, ECF No. 178, at 7. We take official notice of the district court's order granting in part and denying part the Commission's motion for summary judgment and the operative complaint in the civil case. *Camarco*, No. 17-CV-2027-RBJ, 2018 WL 6620878 (D. Colo. Dec. 18, 2018) (order); *Camarco*, No. 17-CV-2027-RBJ, 2017 WL 8809236 (D. Colo. Dec. 14, 2017) (second amended complaint).

15 *Camarco*, 2018 WL 6620878, at *2 (observing that "Camarco has admitted liability").

16 *Camarco*, 2017 WL 8809236.

17 *See, e.g.*, *Bruce Zipper*, Exchange Act Release No. 90737, 2020 WL 7496222, at *14 (Dec. 21, 2020) ("The finding that Dakota acted with scienter is sufficient to find that Dakota acted willfully.").

18 *See* 15 U.S.C. § 78o(b)(4)(B)(i), (iii); 15 U.S.C. § 80b-3(e)(2)(A), (C). The Division does not rely on Camarco's conviction for filing a false tax return, and we need not decide whether that offense is a qualifying one because the record establishes that she committed qualifying offenses involving the "purchase or sale of any security" and involving "theft."

19 *See* Advisers Act § 202(a)(6), 15 U.S.C. § 80b-2(a)(6) (defining "[c]onvicted" to include a "plea of guilty" if it "has not been reversed, set aside, or withdrawn"); *Gregory Bartko*, Exchange Act Release No. 71666, 2014 WL 896758, at *8 (Mar. 7, 2014) (concluding that "there is no reason for ascribing a different meaning to the word 'convicted' in the Exchange Act to the meaning given to that term in the Advisers Act" (internal alteration, quotations, and citation omitted)), *petition granted in part on other grounds*, 845 F.3d 1217 (D.C. Cir. 2017); *Alexander Smith*, Exchange Act Release No. 3785, 1946 WL 24891, at *6 (Feb. 5, 1946) (stating that when a court has accepted a guilty plea, "there is the 'conviction' contemplated by [Exchange Act Section 15(b)] as the starting point for an inquiry into the fitness of the person involved to engage in the securities business").

infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of her conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.[20] Our public interest inquiry is flexible, and no one factor is dispositive.[21] The remedy is intended to protect the trading public from further harm, not to punish the respondent.[22]

We have weighed all these factors and find that industry and penny stock bars are warranted to protect the investing public. Camarco's misconduct was egregious and recurrent. Camarco defrauded numerous investment advisory clients, some elderly, by misappropriating millions of dollars to fund an extravagant personal lifestyle. In affirming the relevant part of the district court's remedies order, the U.S. Court of Appeals for the Tenth Circuit described her misconduct in these terms:

> Camarco . . . worked as a financial advisor for LPL Financial, embezzling over $2 million in client funds between 2004 and August 2017. Over the course of those years, [Camarco] deposited client funds into her personal accounts . . . . From [these] accounts, [Camarco] dispersed money to . . . CLT [a living trust she controlled], financed the purchases of real properties that were eventually titled to CLT, and purchased furniture, artwork, and home improvement items for the real properties. [Camarco] also used funds from the accounts to purchase vacations for herself and her husband.[23]

The state court's sentencing determinations were equally unequivocal: Camarco, the court found, "just kept going and going and going" for "a period of some 10 to 14 years depending on how we start counting." According to the court, her fraud was "just a runaway train . . . . It was never going to stop." And the disgorgement and restitution orders against Camarco—$1.5 million in the civil action and $1.8 million in the criminal proceeding[24]—confirm that her misconduct caused substantial financial losses for her victims.[25] Camarco thus

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[20] *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981).

[21] *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 WL 3864511, at *4 (July 26, 2013).

[22] *McCarthy v. SEC*, 406 F.3d 179, 188 (2d Cir. 2005).

[23] *Camarco*, 2021 WL 5985058, at *1; *see also Lopez v. Pompeo*, 923 F.3d 444, 446 (5th Cir. 2019) ("If an appeal is taken, preclusion should attach to every ground that is in fact reviewed and affirmed by an appellate court ….") (cleaned up); Restatement (Second) of Judgments § 27 cmt. o.

[24] The loss amounts as determined by the federal district court, the Tenth Circuit, and the Colorado state court varied somewhat because of differences in the exact timeframe considered, offsets allowed or disallowed, amounts that had already been returned or repaid to investors, and apportionment of benefits among Camarco and other relief defendants.

[25] *See Conrad A. Coggeshall*, Exchange Act Release No. 97474, 2023 WL 3433398, at *3 (May 10, 2023) (characterizing as "egregious" misconduct that involved using $700,000 raised

abused the position of trust she occupied as an investment adviser.[26] And she did so repeatedly, misappropriating client funds over a thirteen-year period.[27]

Camarco also acted with a high degree of scienter.[28] Camarco embezzled over $2 million in client funds to buy and furnish real property for herself, purchase vacations, and pay for other personal expenses.[29] Camarco was convicted of criminal offenses for which specific intent is a required element.[30] We conclude that Camarco's misconduct was committed with scienter.[31]

Because Camarco failed to answer the OIP, respond to the Division's motion for judgment, or respond to the order to file an answer and response to the Division's motion, she

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from elderly investors to pay for personal expenses); *Eldrick E. Woodley*, Advisers Act Release No. 5981, 2022 WL 836849, at *3 (Mar. 21, 2022) (finding investment adviser's conduct to be egregious where he fraudulently misappropriated over $147,000 in client funds).

[26] *See Sean Kelly*, Exchange Act Release No. 94808, 2022 WL 1288179, at *4 (Apr. 28, 2022) (finding misappropriation of investor funds for personal use to be egregious); *James C. Dawson*, Advisers Act Release No. 3057, 2010 WL 2886183, at *4 (July 23, 2010) ("[W]e have consistently viewed misconduct involving a breach of fiduciary duty or dishonest conduct on the part of a fiduciary . . . as egregious."); *cf. James S. Tagliaferri*, Exchange Act Release No. 80047, 2017 WL 632134, at *6 (Feb. 15, 2017) (finding misconduct egregious where individual "violated the fiduciary duties he owed his clients as an investment adviser by failing to disclose the conflict of interest inherent in receiving kickbacks for investing client funds in [certain] securities" and caused ten to fifty victims to lose millions of dollars).

[27] *See John Sherman Jumper*, Exchange Act Release No. 96407, 2022 WL 17346044, at *3 (Nov. 30, 2022) (finding conduct recurrent where respondent misappropriated funds on three occasions over eleven months); *Jeffrey L. Gibson*, Exchange Act Release No. 57266, 2008 WL 294717, at *3 (Feb. 4, 2008) (imposing bar where respondent misappropriated funds from multiple clients over a three-year period), *petition denied*, 561 F.3d 548 (6th Cir. 2009).

[28] *See SEC v. Steadman*, 967 F.2d 636, 641 (D.C. Cir. 1992) (scienter is an "intent to deceive, manipulate, or defraud" (citations omitted)); *Aaron v. SEC*, 446 U.S. 680, 701 (1980) (the "degree of intentional wrongdoing evident in a defendant's past conduct" is an "important factor" indicating a risk of future harm).

[29] *Camarco*, 2021 WL 5985058, at *1.

[30] *See* C.R.S. §§ 11-51-501(1)(c), 11-51-603(1) (securities fraud (class 3 felony) requires acting "willfully"); *id.* § 18-4-401(1)(b) (theft requires "knowingly" using, concealing, or abandoning a thing of value "in such manner as to deprive the other person permanently of its use or benefit"); *see also People v. Lawrence*, 487 P.3d 1066, 1073 (Colo. App. 2019) (explaining that "willfully" as used in § 11-51-603(1) is synonymous with "knowingly" (citing *People v. Blair*, 579 P.2d 1133, 1138 (Colo. 1978))), *aff'd*, 486 P.3d 269 (Colo. 2021); *Vernazza v. SEC*, 327 F.3d 851, 860 (9th Cir. 2003) (observing that a finding of scienter may be supported by "knowing or reckless conduct" (citation omitted)).

[31] *See SEC v. Lyttle*, 538 F.3d 601, 604 (7th Cir. 2008) (finding defendants' "pocket[ing of] several million dollars of the invested money for their personal use" necessarily done with scienter).

has made no assurances that she will not commit future violations or that she recognizes the wrongful nature of her conduct. It appears that Camarco's occupation presents opportunities for future violations because she acted as an investment adviser and broker-dealer during the thirteen-year period of her misconduct, *i.e.*, nearly the entire period of her association with LPL Financial.[32] Although Camarco is currently incarcerated, Camarco has made no assurances that she will not reenter the securities industry after she is released from custody.[33] Accordingly, should Camarco reenter the industry upon her release, her occupation will present opportunities for future violations.[34]

And although her guilty plea and her admission of liability in the Commission's civil proceeding indicate that Camarco might have some appreciation for the wrongfulness of her conduct, it does not outweigh the evidence that she poses a risk to the investing public.[35] Indeed, the mitigating value of her guilty plea is diminished by the state court's observation during sentencing that Camarco's remarks were "all about [her] . . . not empathy for [her] victims" and that Camarco only "took responsibility because [she] didn't have any alternative."

The Commission may impose bars to protect the investing public from a respondent's future actions by restricting access to areas of the securities industry where a demonstrated propensity to engage in violative conduct may cause further investor harm. Here, the record establishes that Camarco is unfit to participate in the securities industry and that her participation in it in any capacity would pose a risk to investors.[36] While acting as a fiduciary, Camarco

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[32] *See George Charles Cody Price*, Advisers Act Release No. 4631, 2017 WL 405511, at *3 (Jan. 30, 2017) (expressing concern that respondent's occupation would present opportunities for future violations where he did not indicate that he planned to leave the securities industry).

[33] *See, e.g., Anthony Vassallo*, Advisers Act Release No. 6042, 2022 WL 2063310, at *4 (June 6, 2022) (finding respondent likely to commit future violations because he acted as an investment adviser during the period of his misconduct and offered no assurances concerning his plans following incarceration); *James E. Franklin*, Exchange Act Release No. 56649, 2007 WL 2974200, at *8 (Oct. 12, 2007) (finding a penny stock bar "necessary to protect the public interest because, absent a bar, there would be no obstacle to [respondent's] participation in a penny stock offering in the future").

[34] *See, e.g.*, *Martin A. Armstrong*, Advisers Act Release No. 2926, 2009 WL 2972498, at *4 (Sept. 17, 2009) (finding that "there is a likelihood that Armstrong would, after his release from prison, be able and inclined to re-enter the securities industry where he would confront opportunities to violate the law again").

[35] *See Lawrence Allen DeShetler*, Advisers Act Release No. 5411, 2019 WL 6221492, at *3 (Nov. 21, 2019) ("Although his guilty plea indicates that DeShetler might have some appreciation for the wrongfulness of his conduct, it does not outweigh the evidence that DeShetler poses a risk to the investing public."); *Korem*, 2013 WL 3864511, at *6 (finding that, although respondent acknowledged his wrongdoing by pleading guilty in the underlying criminal case, "the degree of scienter involved in the misconduct at issue . . . cause[s] us concern").

[36] *Tagliaferri*, 2017 WL 632134, at *6 (finding that the misconduct underlying respondent's conviction demonstrated that respondent was unfit to participate in the securities industry and posed a risk to investors).

defrauded numerous advisory clients, some elderly, by misappropriating millions of dollars for Camarco's own use. And given that Camarco has defaulted in this proceeding, she has not opposed the imposition of an industry bar or a bar from participating in an offering of penny stock. We thus conclude that it is in the public interest to bar her from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and from participating in an offering of penny stock.[37]

An appropriate order will issue.

By the Commission (Chair GENSLER and Commissioners CRENSHAW, UYEDA and LIZÁRRAGA; Commissioner PEIRCE concurring in part and dissenting with respect to the imposition of a bar from participating in an offering of penny stock).

Vanessa A. Countryman
Secretary

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[37] *Id.* (imposing associational and penny stock bars where they were necessary to protect the public).

Although some of Camarco's misconduct occurred before the effective date of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the egregious misconduct that post-dated the effective date of the Dodd-Frank Act alone warrants a bar from associating in all of the capacities listed above. *See, e.g.*, *Joseph A. Meyer, Jr.*, Exchange Act Release No. 94822, 2022 WL 1288226, at *4 n.17 (Apr. 29, 2022) (noting that respondent's misconduct "spanned from August 2009 through at least 2018" and finding that the conduct that post-dated the effective date of the Dodd-Frank Act demonstrated that a bar was necessary to protect the public (citation omitted)); *see also Bartko v. SEC*, 845 F.3d 1217, 1222-26 (D.C. Cir. 2017) (holding that it is "impermissibly retroactive" to impose a collateral bar based on a respondent's misconduct that occurred before Dodd-Frank's effective date). Indeed, the district court found that Camarco's misconduct from August 2012 to August 2017 was a sufficient basis for imposing $1.5 million in disgorgement. *See Camarco*, No. 17-CV-2027-RBJ, ECF No. 178, at 13, 15, 17.

UNITED STATES OF AMERICA
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Release No. 6503 / December 12, 2023

Admin. Proc. File No. 3-19476

In the Matter of

SONYA D. CAMARCO

ORDER IMPOSING REMEDIAL SANCTIONS

On the basis of the Commission's opinion issued this day, it is

ORDERED that Sonya D. Camarco is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and it is further

ORDERED that Sonya D. Camarco is barred from participation in any offering of 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.

By the Commission.

Vanessa A. Countryman
Secretary