

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 56312 / August 23, 2007**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12736**

**IN THE MATTER OF JONATHAN CARMAN**

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing (Order) against Jonathan Carman. In the Order the Division of Enforcement (Division) alleges that Carman was enjoined from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, ordered to disgorge \$2,191,188.15 together with prejudgment interest in the amount \$252,391.44 and to pay a civil penalty of \$100,000.00. The Division also alleges that the Commission's complaint in the civil action in which the injunction was entered alleged that from at least September 2004 until February 16, 2006 Carman sold Carolina Development Company stock through numerous private placement offerings, misappropriated investor funds, falsely stated to investors that their funds were invested, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint also alleged that Carman participated in the unregistered sales of Carolina Development Company securities. The complaint further alleged that Carman was not associated with a registered broker or dealer at the time of the fraudulent sales of Carolina Development Company stock.

In the instant proceeding, a hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Carman an opportunity to dispute these allegations, and to determine what sanctions, if any, are appropriate. The Order directs the administrative law judge to issue an initial decision within 210 days after the Order has been served on Carman.