

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78717 / August 29, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4515 / August 29, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17511

In the Matter of

PAMELLA B. WATSON,

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
AND NOTICE OF HEARING

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 Pamela B. Watson (“Watson” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Watson operated Watson & Associates Business Services, Inc., a tax preparation business in Miami, Florida and was formerly licensed as a certified public accountant in the state of Florida. From June 2003 through November 2012, Watson was associated with AXA Advisors, LLC, a broker-dealer and investment adviser registered with the Commission. Respondent, 61 years old, was a resident of Davie, Florida and is currently incarcerated.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On September 25, 2015, Watson pleaded guilty plea to one count of wire fraud in violation of Title 18, United States Code, Section 1343, before the United States District Court for the Southern District of Florida. United States v. Pamela Watson, Case No. 15-60106-CR-COHN (S.D. Fla). On December 4, 2015, a judgment in the criminal case was entered against Watson. She was sentenced to a prison term of 78 months followed by three years of supervised release and was ordered to pay restitution in the amount of over \$3.6 million.

3. The count of the criminal Indictment to which Watson pleaded guilty alleged, among other things, that Watson used various methods to fraudulently file federal income tax returns and receive unauthorized tax refunds on behalf of her clients. According to the Indictment, between approximately January 2011 and September 2014, Watson diverted over \$3.4 million of the fraudulently obtained client tax refunds into bank accounts she controlled. She also diverted client checks made out to the Internal Revenue Service ("IRS") totaling almost \$223,000 to pay her own personal IRS tax bill.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

NOTICE TO RESPONDENT:

On July 13, 2016, the Commission voted to amend certain of its Rules of Practice related to administrative proceedings. The amended rules will become effective on September 27, 2016 and shall apply to proceedings initiated on or after that date. Some of the amendments will apply to proceedings initiated before that date, depending on the circumstances, as detailed in Exchange Act Release No. 34-78319, *Amendments to the Commission's Rules of Practice*, at 75-76 [81 FR 50212, at 50229-30 (July 29, 2016)]. Additionally, for proceedings instituted on or after July 13, 2016 but before September 27, 2016, the parties may elect to have the amended rules (except for the amendments to Rule 141, regarding service of orders instituting proceedings) apply to such proceedings if, within 14 days of service of the Order Instituting Proceedings (OIP), every party to the proceeding, including the Division of Enforcement, submits a request in writing to the Office

of the Secretary of the Commission that the proceedings be conducted under the amended rules. Moreover, various other of the amended rules will apply in cases in which the initial prehearing conference pursuant to Rule 221 has not been held as of September 27, 2016 or where the proceedings have been stayed as of September 27, 2016 (except for proceedings stayed pursuant to Rule 161(c)(2)(i)), *See* Exchange Act Release No. 34-78319, *Amendments to the Commission's Rules of Practice*, at 73-74, [81 FR 50212, at 50228-29].

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

Initial Decision of Hearing Officer

IT IS ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, in effect as of the date of this Order; *unless* one of the following conditions has been met:

a) If the parties have elected, pursuant to the procedures outlined in the above Notice, to have the amended Rules of Practice¹ apply to these proceedings, then IT IS ORDERED that this matter will proceed on a 75-day timeline under amended Rule 360(a)(2) and the timing of the initial decision is determined by that Rule;

b) If the initial prehearing conference pursuant to Rule 221 has not been held as of September 27, 2016, then IT IS ORDERED that this matter will proceed on a 75-day timeline under amended Rule 360(a)(2) and the timing of the initial decision is determined by that Rule; or

¹ For purposes of this Order, amended rule(s) means the Rules of Practice in effect as of September 27, 2016. *See* Exchange Act Release No. 34-78319, *Amendments to the Commission's Rules of Practice*, [81 FR 50212 (July 29, 2016)].

c) If the proceedings have been stayed as of September 27, 2016 (except for proceedings stayed pursuant to Rule 161(c)(2)(i)), then IT IS ORDERED that this matter will proceed on a 75-day timeline under amended Rule 360(a)(2) and the timing of the initial decision is determined by that Rule.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary