

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5340 / September 10, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19430

In the Matter of

CAROL ANN PEDERSEN,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Carol Ann Pedersen (“Pedersen” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over her and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. From at least 1991 to 2017, Pedersen, a former CPA, acted as an unregistered investment adviser to certain of her accountancy clients and, beginning in 2008, to the CA Pedersen Client Investment Pool, a pooled investment vehicle created by Pedersen. Pedersen has never been registered with the Commission and has never held any securities licenses. Pedersen, 65 years old, is a resident of Long Beach, California.

2. On April 1, 2019, a final judgment was entered by consent against Pedersen, permanently enjoining her from future violations of 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(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Carol Ann Pedersen, Civil Action Number CV 19-2069-ODW (C.D. Cal.), in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, in connection with the offer or sale of securities and while acting as an investment adviser, Pedersen made materially false statements to advisory clients and investors, orchestrated a Ponzi scheme, misappropriated investor funds for her personal use, made misrepresentations to advisory clients and investors concerning how their money would be used and the risks associated with their investments, prepared and sent fake account statements indicating that investor funds were fully invested and earning returns, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on advisory clients and investors.

4. On March 20, 2019, Pedersen pled guilty to one count of wire fraud in violation of Title 18 United States Code, Section 1343 before the United States District Court for the Central District of California, in United States v. Carol Ann Pedersen, Case No. CR 19-0013-DMG (C.D. Cal.). On September 6, 2019, a judgment in the criminal case was entered against Pedersen. She was sentenced to a prison term of 97 months followed by 3 years of supervised release and ordered to make restitution in the amount of \$27,547,839.70.

5. The count of the criminal information to which Pedersen pled guilty alleged, inter alia, that Pedersen defrauded investors and obtained money and property by means of materially false representations, and that she used interstate wires to transfer investor funds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary