

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Carol Ann Pedersen
5 3768 Linden Avenue
6 Long Beach, California 90807

7 **DESIST AND REFRAIN ORDER**
8 **(For violations of sections 25210 and 25401 of the Corporations Code)**

9 The Commissioner of Business Oversight (Commissioner) finds that:

10 1. At all relevant times, Carol Ann Pedersen (Pedersen) was an individual licensed as an
11 accountant with the California Board of Accountancy, holding license number 24317, and doing
12 business as the CA Pedersen Accountancy Corporation and Pedersen & Fernando, CPA at 3768
13 Linden Avenue, Long Beach, California 90807.

14 2. Beginning as early as 2008, Pedersen offered securities in California to investors in
15 the form of limited partnership interests in a pooled investment vehicle called the "CA Pedersen
16 Client Pool Investment Fund, LP" (Pool Investment). The investors were each asked to contribute
17 money and enter into a "Limited Partnership Agreement" (LP Agreement), which stated that the
18 "only purpose of the partnership is to invest the assets of the partnership in securities and other
19 financial instruments."

20 3. Pursuant to the LP Agreement, Pedersen was the general partner who would receive a
21 0.5 percent annual fee on the average invested balance of the Pool Investment monies.

22 4. At least two of the California investors that Pedersen solicited to participate in the
23 Pool Investment were accounting clients of hers for over 30 years. These investors contributed at
24 least \$1 million to the Pool Investment.

25 5. Beginning as early as 2008, in connection with the offer and sales of these securities,
26 Pedersen made, or caused to be made, misrepresentations of material fact or omitted to state material
27 facts necessary in order to make the statements made, in light of the circumstances under which they
28 were made, not misleading. Specifically, the investors were assured that Pedersen would not act as a

1 broker-dealer but would, instead, select and hire a broker to purchase or sell securities on the
2 investors' behalves. But in fact, Pedersen personally sold and purchased stocks for the Pool
3 Investment through an online brokerage account with E*Trade Financial. At no time was Pedersen
4 licensed as a securities broker by either the Commissioner or the Securities and Exchange
5 Commission.

6 6. In addition, Pederson further assured investors that they could withdraw from the Pool
7 Investment at any time, for any reason, and would receive payment of their money after 30 days
8 written notice to Pedersen. But in fact, Pederson did not return monies to at least two investors who
9 had requested to withdraw their monies in or about October 2016.

10 7. Separate from the Pool Investment, Pedersen also solicited at least two investors to
11 purchase securities in this state in the form of "TIERS principal protected trusts" (PPTs) or
12 "guaranteed market notes" (GMNs) on a secondary market. Since as early as 2007, these two
13 investors collectively gave at least \$2.1 million to Pedersen to purchase such securities for them.

14 8. Beginning as early as 2007, in connection with the offer of these securities, Pedersen
15 made, or caused to be made, misrepresentations of material fact or omitted to state material facts
16 necessary in order to make the statements made, in light of the circumstances under which they were
17 made, not misleading. Specifically, Pedersen would collect money from the investors and purchase
18 PPTs and GMNs, and would return or reinvest the money after the maturity dates. Pedersen
19 represented to the investors that the money could be withdrawn at any time after maturity, and if it
20 was still in the pre-maturity period, all that was at risk of loss was the interest earning. But in fact,
21 Pederson has failed to return monies to at least two investors who had requested to withdraw their
22 monies in or about June 2017.

23 Based on the foregoing findings, the Commissioner is of the opinion that securities in the
24 form of limited partnership interests, PPTs, and GMNs were offered in California by Pedersen by
25 means of a written or oral communication which included an untrue statement of material fact or
26 omitted to state a material fact necessary to make the statement made, in light of the circumstances
27 under which they were made, not misleading, in violation of section 25401 of the Corporate
28 Securities Law of 1968 (Corp. Code, § 25000 et seq.).

1 Pursuant to section 25532 of the Corporate Securities Law of 1968, Pedersen is hereby
2 ordered to desist and refrain from offering or selling or buying or offering to buy any security in
3 California, including securities in the form of limited partnership interests, by means of any written or
4 oral communication which includes an untrue statement of material fact or omits to state a material
5 fact necessary in order to make the statements made, in light of circumstances under which they were
6 made, not misleading.

7 Furthermore, based on the foregoing findings, the Commissioner is of the opinion that
8 Pedersen conducted business as a broker-dealer in California without having first obtained a
9 certificate from the Commissioner authorizing such activities, in violation of section 25210,
10 subdivision (a), of the Corporate Securities Law of 1968.

11 This Order is necessary, in the public interest, for the protection of investors and consistent
12 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

13
14 Dated: November 3, 2017
15 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

16 By _____
17 MARY ANN SMITH
18 Deputy Commissioner
19 Enforcement Division
20
21
22
23
24
25
26
27
28