UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64609/June 6, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14349

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
DAVID L. OLSON	:	IMPOSING SANCTIONS BY DEFAULT
	:	

The Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP) on April 20, 2011, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). David L. Olson (Olson) was served with the OIP on April 25, 2011. I held a prehearing conference on May 26, 2011, at which the Division of Enforcement (Division) made a motion that Olson be found in default (Motion for Default).

Olson is in default because he did not file an Answer, due within twenty days of service of the OIP, and he refused to otherwise defend the proceeding at the prehearing conference, where he invoked the Fifth Amendment of the United States Constitution, allegedly on the advice of appointed counsel in a related criminal investigation. See OIP at 3; 17 C.F.R. §§ 201.155(a), .220(b), .220(f). I find that the allegations in the OIP are true. See 17 C.F.R. § 201. 155(a).

Findings of Fact

Olson is a resident of Lakeland, Florida, who, from April 2002 until he resigned in September 2007, was a registered representative associated with World Group Securities, Inc., (WGS), a broker-dealer registered with the Commission. From September 2005 through approximately April 2009, Olson was president of A&O Investments, LLC (A&O), a Florida limited liability company with its principal place of business in Lakeland.

On November 9, 2010, a final judgment was entered against Olson, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (Securities Act), and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in SEC v. Allen, No. 1:10-cv-1143 (N.D. Ohio). In addition, Olson and A&O, were found jointly and severally liable and ordered to disgorge $10,339,849.95 together with prejudgment interest of

$736,631.51, for a total of $11,076,481.46, and Olson was ordered to pay a civil penalty of $130,000.

The Commission's complaint in the civil action alleged that, from at least September 2005 until December 2008, Olson and his business partner, raised approximately $14.8 million from at least 100 investors, primarily in Florida and Ohio, through the offer and sale of unregistered securities in the form of promissory notes issued by A&O and several other related entities. The complaint further alleged that Olson and his partner solicited WGS customers to become investors while they were working at WGS and after they had left the firm. According to the complaint, Olson knowingly made material misrepresentations and omitted to state material facts about the use of investor funds, the risks of the investments, and the safety of investor funds. Among other things, Olson told investors that he and his partner would use the investors' money to purchase, rehabilitate, and sell real estate. Olson promised to pay investors annual returns of 20 percent, represented that the returns were generated from the sale of A&O's real estate properties, and told investors that he and his partner were doing well in the real estate market and were making money. The complaint further alleged that, in reality, Olson and his partner operated a Ponzi scheme by using approximately $4.4 million of investor funds to pay "interest" and, in some cases, principal to previous investors. They spent only $5.1 million of the $14.8 million raised to purchase and rehabilitate real estate, and used $2.2 million to pay personal expenses for themselves and their family members. Finally, the complaint alleged that Olson and his partner misrepresented and omitted to state material facts regarding the collateral securing the notes. As much as approximately $5.5 million worth of A&O promissory notes purportedly were secured by the same piece of property at 5124 Windover Lane in Lakeland, Florida. As alleged in the complaint, the property's value was grossly inadequate to secure the notes.

Ruling

Section 15(b)(6)(A) of the Exchange Act authorizes certain sanctions with respect to any person who, at the time of the alleged misconduct, was associated with a broker or dealer. Olson was associated with a registered broker-dealer for the majority of the time during which the illegal actions occurred.

Sanctions allowed under Section 15(b)(6)(A) of the Exchange Act include censure, placing limitations on the activities or functions of a person, suspension for a period not exceeding twelve months, or barring any such person from being associated with a "broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization [NRSRO], or from participating in an offering of penny stock" if the Commission finds that the sanction is in the public interest. Section 15(b)(6)(A) and certain portions of Section 15(b)(4) enumerate the types of conduct that are grounds for imposing a sanction, including entry of an injunction.

In making public interest considerations, the Commission considers the following Steadman factors:

> [T]he egregiousness of the [respondent's] actions; the isolated or recurrent nature of the 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 his conduct; and the likelihood that the [respondent's] occupation will present opportunities to commit future violations.

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

This record contains compelling evidence that it is in the public interest to bar Olson from broad participation in the securities industry. His conduct was egregious in that he conducted a blatantly fraudulent scheme to sell unregistered securities for more than three years by promising investors extremely high returns that resulted in an injunction from future violations of multiple provisions of the Securities Act and Exchange Act, including the anti-fraud prohibitions. In both the civil action and in this proceeding, Olson has not mounted any defense to the allegations. He has not shown any recognition that his actions were wrong, any remorse for the millions of dollars of investor losses, and he has made no representation that he would not commit future violations.

Olson's conduct occurred prior to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), signed into law on July 21, 2010. At the time of Olson's illegal activities, Section 15(b)(6)(A) of the Exchange Act permitted the Commission only to bar a person from being associated with a broker or dealer. However, even prior to Dodd-Frank, Olson's conduct would have subjected him to "statutory disqualification" pursuant to Exchange Act Section 3(a)(39) and thus effectively prohibited him from association with an investment adviser, municipal securities dealer, and transfer agent. Therefore, these portions of the collateral bar authorized by the Dodd-Frank amendments do not attach new legal consequences to Olson's pre-Dodd-Frank conduct. See Landgraf v. USI Film Products, 511 U.S. 244, 245, 269-70 (1994); John W. Lawton, Initial Decision No. 419 (April 29, 2011).[1]

Amended Section 15(b)(6)(A) of the Exchange Act also includes two newly created associational bars: municipal advisor and NRSRO. Because such bars did not exist at the time of Olson's conduct, I find that they attach new legal consequences and are impermissibly retroactive. Id.

Order

I GRANT the Division's Motion for Default and I ORDER, pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, that David L. Olson is barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent, and from participating in an offering of penny stock.

Brenda P. Murray
Chief Administrative Law Judge

[1] The Division has taken an appeal of my ruling in Lawton.