

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C.**

SECURITIES EXCHANGE ACT OF 1934  
Release No. 55966 / June 26, 2007

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2612 / June 26, 2007

Administrative Proceeding File No. 3-12671

In the Matter of Arthur B. Carlson, III

The Securities and Exchange Commission announced today that it issued an 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 (“Order”) against Arthur B. Carlson, III of St. Paul, Minnesota.

In the Commission's Order, the Division of Enforcement alleges that on February 18, 2004, the Commission filed a civil action against Carlson and others [Securities and Exchange Commission v. Security Asset Capital Corporation, et al., Civil Action Number 04-CV-0683 (E.D. Pa.)]. The Order further alleges that the Commission's Complaint charged that Carlson made material misrepresentations and omissions in the offering of nine-month promissory notes issued by Security Asset Capital Corporation (“Security Asset”) and Apacor Financial, Inc. (“Apacor”); the alleged misrepresentations and omissions related to, among other things, the use of the offering proceeds and the risks associated with the investment. The complaint further alleged that no registration statement was in effect as to these promissory notes; nor were they exempt from registration, and that Respondent, in connection with the charged conduct, acted as an unregistered broker-dealer. Finally, the Order alleges that Carlson was registered with the Commission as an investment adviser at the time this civil action was filed.

As a result of this civil action, the Order further alleges, a Final Judgment was entered against Carlson, on his default. The District Court ordered Carlson to pay disgorgement of \$124,169, prejudgment interest of \$58,824, and a civil penalty of \$120,000 and permanently enjoined Carlson from future violations of the antifraud provisions, Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder; the securities registration provisions, Sections 5(a) and 5(c) of the Securities Act; and the broker-dealer registration provisions, Section 15(a)(1) of the Exchange Act.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Carlson an opportunity to respond to these allegations, and to determine what sanctions, if any, are appropriate and in the public interest. As directed by the Commission, an administrative law judge shall issue an initial decision in this matter no later than 210 days from the date of service of the Order Instituting Proceedings.