

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**June 26, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12671**

**In the Matter of**

**ARTHUR B. CARLSON, III,**

**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 Arthur B. Carlson, III (“Respondent” or “Carlson”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       Respondent was the Chief Executive Officer and majority shareholder of Continental Capital. Carlson also served as the Chief Financial Officer of Apacor Financial, Inc. In the complaint filed in the underlying action, described below, Carlson was alleged, among other charges, to have acted as an unregistered broker-dealer. In addition, at the time that the complaint described below was filed, Respondent also was the Chief Executive Officer and Chief Financial Officer of Advanced Capital Advisers, Inc. and, as such, was registered with the Commission as an investment adviser from February 22, 2002 until February 9, 2007. Respondent, 55 years old, is a resident of St. Paul, Minnesota.

B. ENTRY OF THE INJUNCTION

2. On June 12, 2007, a final judgment was entered against Carlson, on his default, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(a)(1) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Security Asset Capital Corporation, et al., Civil Action Number 04-CV-0683, in the United States District Court for the Eastern District of Pennsylvania.

3. The complaint alleges that defendants, including Respondent, made material misrepresentations and omissions in the offering of nine-month promissory notes, whereby investors were promised secure investments with 12% (or more) annual returns, but instead lost their money. The alleged misrepresentations and omissions related to, among other things, the use of the offering proceeds and the risks associated with the investment. Specifically, the complaint alleges that, contrary to representations, at the time of the offerings each of these issuers was in dire financial circumstances, and that offering proceeds were used, not for the purchase of productive assets as promised, but, largely, to pay commissions, officers’ salaries and personal expenses, and to pay interest to prior investors. The complaint further alleges that, from these offerings of promissory notes, Security Asset raised approximately \$7 million and Apacor raised approximately \$1.5 million. Finally, the complaint alleges 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.

**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 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.**

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 personally or by certified mail.

IT IS FURTHER 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 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Nancy M. Morris  
Secretary