

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
August 23, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12736

In the Matter of

JONATHAN CARMAN,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 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”) against Jonathan Carman (“Respondent” or “Carman”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent, age 43, is a resident of Aliso Viejo, California. From at least September 2004 through February 16, 2006, Respondent was the Vice President of The Carolina Development Company, Inc. (a/k/a The Carolina Development Company at Pinehurst, Inc.), a Nevada corporation headquartered in Irvine, California. During the period he was associated with Carolina, Carman was engaged in the business of effecting transactions in Carolina stock for the accounts of others on a regular basis.

B. ENTRY OF THE INJUNCTION

2. On August 7, 2007, a final judgment was entered against Carman, permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5

thereunder. Respondent was further permanently barred from participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Carolina Development Company, Inc., et al., Civil Action Number SACV06-172AHS (MLGx), in the United States District Court for the Central District of California, Southern Division. Respondent was also ordered to disgorge \$2,191,188.15, representing profits gained as a result of the conduct alleged in the Commission's complaint, together with prejudgment interest in the amount of \$252,391.44 . The order also required Carman to pay a third-tier civil monetary penalty in the amount of \$100,000 pursuant to Section 20(b) of the Securities Act and Section 21(c) of the Exchange Act.

3. The Commission's complaint alleged that, from at least September 2004 until February 16, 2006, Carman sold Carolina stock through numerous private placement offerings, misappropriated investor funds, falsely stated to investors that their funds were invested, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint also alleged that Carman participated in the unregistered sales of Carolina securities. The complaint further alleged that Carman was not associated with a registered broker or dealer at the time of the fraudulent sales of Carolina stock.

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; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange 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), 17 C.F.R. 201.360(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