



THE UNITED STATES
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U.S. Attorney's Office
Central District of California

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Accountant Who Cheated Her Friends and Clients via a \$27.5 Million Ponzi Scheme Sentenced to More than 8 Years in Federal Prison

LOS ANGELES – A retired certified public accountant has been sentenced to 97 months in federal prison for running a \$27.5 million Ponzi scheme that for roughly two decades defrauded her friends and her accounting firm's clients.

Carol Ann Pedersen, 66, of Long Beach, was sentenced late Wednesday afternoon by United States District Judge Dolly M. Gee, who cited the "grave economic and psychological toll" of Pedersen's "insidious Ponzi scheme" as she "preyed on some of her closest friends." Pedersen pleaded guilty in March to one felony count of wire fraud. Judge Gee also ordered her to pay approximately \$27.5 million in restitution.

Between 1996 and September 2017, Pedersen, who only was licensed to be a CPA, served as her victims' unlicensed investment advisor. Through her firm, Carol A. Pedersen, C.P.A., she solicited her accounting clients' investments through two types of investment opportunities that she offered: "Time Deposit" and "Client Pool." Pedersen told her victims that Time Deposit would invest in low-risk securities providing a fixed return on their money after a period of time while Client Pool would invest their money in the stock market through an investment pool Pedersen had established with other investors' funds.

In reality, Pedersen's fraud was nothing more than a Ponzi scheme. She solicited investors and promised to invest their money in the stock market, but never did. Instead, she deposited the funds into her personal accounts, and then spent the money to fund her own personal expenses, including the payment of her credit card bills, the establishment of trust accounts for her family, and the purchase of real estate. She also used her victims' money to fulfill distribution requests by her other victims – which she falsely represented were returns on their investments.

For example, on July 30, 2015, Pedersen wired \$3 million from a purported "Client Pool" account to a personal account that she controlled.

In 2017, after receiving distribution requests that she could not honor with the funds she had available, Pedersen's scheme collapsed. She retired shortly thereafter.

Pedersen's victims, at least 56 people, invested more than \$40 million into these accounts during the scheme and their total loss was at least \$27,547,839.

This matter was investigated by the Federal Bureau of Investigation and the Los Angeles County Sheriff's Department.

In March, the Securities and Exchange Commission filed a civil complaint against Pedersen in connection with the fraudulent scheme. Pedersen has admitted liability in that case.

This case was prosecuted by Assistant United States Attorneys Alexander C.K. Wyman and Julian L. André of the Major Frauds Section.