

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3795 / March 13, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15792**

**In the Matter of**

**FREDRICK D. SCOTT,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Fredrick D. Scott (“Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       Respondent was the founder, sole officer, and sole member of ACI Capital Group, LLC (“ACI”), an investment adviser registered with the Commission from July 11, 2011, through April 1, 2013. Respondent, 29 years old, is currently incarcerated in Brooklyn, New York.

B. ENTRY OF RESPONDENT'S CRIMINAL CONVICTION

2. On September 13, 2013, Respondent pleaded guilty to one count of conspiracy to commit wire fraud and one count of knowingly and willfully making a materially false statement in writing to the staff of the Commission, in violation of Title 18 United States Code, Sections 1001(a)(3), 1343, and 1349, before a Magistrate Judge for the United States District Court for the Eastern District of New York. On February 25, 2014, a District Court Judge accepted Respondent's guilty plea, *United States v. Fredrick Douglas Scott*, No. 13 CR 520 (RRM) (E.D.N.Y.).

3. The counts of the criminal information to which Respondent pleaded guilty alleged, among other things, that (a) from approximately July 2011 through May 2013, he conspired to devise a scheme to defraud people by using his position at ACI to make false promises of a high rate of return to short-term lenders, and (b) on or about May 4, 2012, he falsely stated in writing to the staff of the Commission that no person other than he had loaned money to ACI, when in fact he knew that a victim had lent ACI \$100,000 in exchange for a promissory note.

**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 hereof 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 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.

Jill M. Peterson  
Assistant Secretary