

1 **STATE OF CALIFORNIA**
2 **BUSINESS, TRANSPORTATION AND HOUSING AGENCY**
3 **DEPARTMENT OF CORPORATIONS**

4 TO: SNC Asset Management, Inc.
5 3825 Hopyard Road, Suite 124
6 Pleasanton, CA 94588

7 SNC Investments, Inc.
8 40 Wall Street, 33rd Floor
9 New York, NY 10005

10 Peter C. Son, CEO
11 5470 Blackhawk Drive
12 Danville, CA 94506

13 Jin K. Chung, CFO
14 1499 Holt Avenue
15 Los Altos, CA 94024
16 and
17 P.O Box 1047
18 Los Altos, CA 94023

19 **DESIST AND REFRAIN ORDER**

20 **(For violations of sections 29520, 29535 and 29536 of the Corporations Code)**

21 The California Corporations Commissioner (“Commissioner”) finds that:

22 1. SNC Asset Management, Inc. was incorporated as a California corporation
23 on January 17, 2003 and had its offices located at 3825 Hopyard Road, Suite 124, Pleasanton,
24 California. It also had an office located at 40 Wall Street, 33rd Floor in New York City, NY 10005.
25 SNC Asset Management, Inc. has never been registered with the United States Commodity Futures
26 Trading Commission (CFTC”) or a member of the National Futures Association (“NFA”).

27 2. SNC Investments, Inc. was incorporated as a California corporation on February 24,
28 2003, had its offices at 101 California Street, Suite #3050, San Francisco, California, at 40 Wall
Street, 33rd Floor, New York City and at the offices of SNC Asset Management, Inc. in Pleasanton,
CA. SNC Investments, Inc.’s membership with NFA was suspended in 2008 for multiple violations

1 and a failure to respond to and cooperate. The NFA barred it from soliciting or accepting funds,
2 trading on behalf of customers or disbursing funds. On multiple occasions in 2007 and 2008, SNC
3 Investments, Inc. was below the adjusted net capital required by the Commodity Exchange Act and
4 regulations thereunder but failed to inform the NFA and the CFTC.

5 3. Peter C. Son (“Son”) during relevant times resided in California and was part owner
6 and the Chief Executive Officer (CEO) of SNC Asset Management, Inc. He also acted as the CEO of
7 SNC Investments, Inc. Son was registered with the CFTC as an associated person of SNC
8 Investments, Inc.

9 4. Jin K. Chung (“Chung”) during relevant times resided in California and during
10 relevant times was part owner and the Chief Financial Officer (“CFO”) of SNC Asset Management,
11 Inc. Chung also served as the CFO of SNC Investments, Inc. and was responsible for the operations
12 of SNC Asset Management, Inc. As CFO, Chung solicited investors and executed customer
13 agreements and promissory notes with them. Chung also provided on-line internet access to SNC’s
14 website www.scnfx.com for customers. Chung has never been registered with the CFTC or a
15 member of the NFA.

16 5. SNC Asset Management, Inc. and SNC Investments, Inc. were a common enterprise
17 and shared the same solicitation materials, addresses, telephone numbers and website
18 (www.scnfx.com). This website provided information about the foreign exchange trading program
19 (“forex”) program. SNC Asset Management, Inc. and SNC Investments, Inc. functioned as the alter
20 egos of Son and Chung.

21 6. Beginning in 1999 through a predecessor company (Son and Company) and
22 continuing thereafter, Son and Chung routinely sought investors’ funds through Korean
23 advertisements in newspapers in the greater San Francisco Area. Son and Chung targeted the
24 Korean community stating that their companies were very successful and promised profits to
25 investors. Investors’ funds pooled into “forex” involved trading different currencies wherein traders
26 seek to profit from changes in the relative values of the currencies traded. Son and Chung
27 represented to investors annual returns of up to 36% on their investment from foreign currency
28 trading.

1 7. Son and Chung invited investors to visit the offices of SNC Asset Management,
2 Inc. and SNC Investments, Inc., where investors were able to view work stations with multiple
3 trading monitors. SNC Investments, Inc. purportedly allowed investors to conduct their own forex
4 trading in individual accounts established by investors, which was staffed with a “group of highly
5 qualified industry experts” that the investors were told they could rely upon for expertise. SNC
6 Investments, Inc. was not as Son and Chung represented “one of the leading forex broker-dealers
7 in the industry as advertised,” but rather a small firm that lost money in its own proprietary forex
8 trading. Many clients they acquired were unsophisticated individuals with minimal or no
9 investment experience. Investors did not know the difference between the two companies. Son
10 and Chung instructed investors to make their checks payable to “SNC”. By means of fraudulent
11 acts Son and Chung obtained multi-millions from at least 500 investors. Son and Chung fabricated
12 the SNC Asset Management, Inc. forex program.

13 8. To lull investors and attract new ones, Son and Chung provided investors with
14 bogus monthly account statements from SNC Asset Management, Inc. that purportedly showed
15 significant trading returns on non-existent accounts. Clients would receive a purported profit or
16 return on their respective investment in the form of monthly interest payment checks. Clients
17 were encouraged to reinvest and to accumulate profits in his account and discouraged from
18 withdrawing their funds. Clients were not informed that Son and Chung conducted little or no
19 forex trading and did not generate the trading profits they claimed. The forex investment program
20 was a fabrication used by Son and Chung to attract new investors and perpetuate their Ponzi
21 scheme.

22 9. Many customers received and signed SNC Asset Management, Inc.’s customer
23 agreement in which SNC Asset Management, Inc. agreed to accept customers to open and
24 maintain accounts for forex trading. The agreement states the SNC Asset Management, Inc. “is
25 authorized to act as broker or agent, or as principal to execute a customer’s [forex] orders. . . .
26 and authorized to take the opposite position to customer orders on [SNC Asset Management,
27 Inc.’s] own account.” Per the agreement, customers were to pay commissions of “35% of total
28 transaction profits.”

1 10. SNC Asset Management, Inc., SNC Investments, Inc., Son and Chung violated
2 provisions of the California Commodity Law of 1990, Corporations Code section 29500 *et seq.*

3 11. SNC Asset Management, Inc., SNC Investments, Inc., Son and Chung offered and
4 sold commodity contracts or options to California investors by means of fraudulent acts, which are
5 in violation of Corporations Code section 29536. These acts include, but are not limited to, the
6 misrepresentations and omissions of material fact below:

7 MISREPRESENTATIONS

- 8 a. SNC Asset Management, Inc. was successful in generating profits
9 of up to 50% and had positive monthly earnings each month;
10 b. Investors easily receive a return of two to three percent monthly on
11 the amount of their respective investment;
12 c. SNC Investments, Inc. was a leading forex firm in the industry;

13 OMISSIONS

- 14 a. SNC Asset Management, Inc.’s forex program was not registered with
15 the CFTC;
16 b. SNC Investments, Inc. was a small firm that lost money in its own
17 proprietary forex trading;
18 c. Son and Chung did not disclose that investors’ funds were used to
19 make monthly payments or redemption for certain investors, sales
20 commissions or the personal expenses of Son and Chung.

21 12. SNC Investments, Inc. and SNC Asset Management, Inc. (“SNC”) sold or
22 purchased, offered to sell or purchase forex commodity contracts or options, or offered to enter
23 into, or entered into as a seller or purchaser forex commodity contracts or options in California.

24 13. The commodity contracts and options that SNC sold or purchased, offered to sell or
25 purchase, or offered to enter into or entered into as a seller or purchaser on behalf of investors,
26 were primarily for speculative or investment purposes, in that, the contracts were offered,
27 purchased, sold, or entered into based on quoted price changes and fluctuations in particular forex
28 contracts, rather than as a means of acquiring these physical commodities.

1 14. The forex contracts or options SNC sold or purchased, offered for sale or
2 purchased, or offered to enter into or entered into as a seller or purchaser are commodity contracts
3 and commodity options, as respectively defined in Corporations Code sections 29505 and 29510.

4 15. SNC's above described transactions do not meet the exemptions found in sections
5 29530, 29531 and 29532 of the Corporations Code and are in violation of Corporations Code
6 section 29520.

7 16. Corporations Code section 29509 defines a commodity merchant as a futures
8 commission merchant, commodity pool operator, commodity trading advisor, introducing broker,
9 leverage transaction merchant, an associated person of the foregoing, a floor broker and any other
10 person required to register with the CFTC.

11 17. Corporations Code section 29535 states no person shall engage in the trade or
12 business or otherwise act as a commodity merchant unless the person is registered or temporarily
13 licensed with the CFTC for each activity constituting that person as a commodity merchant. SNC
14 acted as a commodity merchant and is not exempt from the registration and licensing requirements.

15 18. Corporations Code section 29536 states it is unlawful for any person, directly or
16 indirectly, in connection with the purchase or sale of, the offer to sell, the offer to purchase, the
17 offer to enter into, or the entry into, a commodity, commodity contract, or commodity option to do
18 any of the following: (a) to willfully employ any device, scheme, or artifice to defraud, (b) to
19 willfully make any false report, enter any false record, make any untrue statement of a material
20 fact, or omit to state a material fact necessary in order to make the statements made, in the light of
21 the circumstances under which they were made, not misleading, (c) to willfully engage in any
22 transaction, act, practice, or course of business which operates or would operate as a fraud or
23 deceit upon any persons, or (d) to willfully misappropriate or convert the funds, security, or
24 property of any other person.

25 Based upon the foregoing, the California Corporations Commissioner is of the opinion that
26 SNC Asset Management, Inc., SNC Investments, Inc., Peter C. Son, and Jin K. Chung sold or
27 purchased, or offered to sell or purchase commodities under commodity contracts or options, or
28 offered to enter into, or entered into, as a seller or purchaser commodity contracts or options.

1 Pursuant to section 29542 of the Corporations Code, SNC Asset Management, Inc., SNC
2 Investments, Inc., Peter C. Son, and Jin K. Chung are hereby ordered to desist and refrain from the
3 further sale or purchase or offer to sell or purchase any commodity contract or under any commodity
4 option, including, but not limited to, forex contracts and from the further offer to enter into, or
5 entering into, as sellers or purchasers of any commodity contract or any commodity contract in the
6 State of California, unless and until such activity is not in violation of Corporations Code section
7 29520 of the law.

8 Further, the Commissioner is of the opinion that SNC Asset Management, Inc., SNC
9 Investments, Inc., Peter C. Son, and Jin K. Chung are engaged in a trade or business as a commodity
10 merchant without registration or licensure, then in effect, in violation of Corporations Code section
11 29535.

12 Pursuant to Corporations Code section 29542, SNC Asset Management, Inc., SNC
13 Investments, Inc., Peter C. Son, and Jin K. Chung are hereby ordered to desist and refrain from
14 conducting business as a commodity merchant in the State of California, until registration or licensure
15 has been made under said law, or unless exempt.

16 Lastly, the Commissioner is of the opinion that SNC Asset Management, Inc., SNC
17 Investments, Inc., Peter C. Son, and Jin K. Chung engaged in the above-described offer and sale of
18 commodities, commodity contracts or commodity options in this State by: (1) willfully employing
19 a device, scheme or artifice to fraud, (2) willfully making untrue statement of material fact or
20 omitting to state a material fact necessary in order to make the statements made, in the light of the
21 circumstances under which they were made, not misleading, (3) willfully engaging in transactions,
22 acts, practices, and a course of business which operated as a fraud or deceit upon investors, and (4)
23 willfully misappropriating or converting the funds, security, or property of investors.

24 Pursuant to Corporations Code section 29542, SNC Asset Management, Inc., SNC
25 Investments, Inc., Peter C. Son, and Jin K. Chung are hereby ordered to desist and refrain from
26 offering or selling any commodity, commodity contracts or commodity options in the State of
27 California by means of any fraudulent act including, but not limited to the following: (1) willfully
28 employing a device, scheme or artifice to fraud, (2) willfully making untrue statement of material

1 fact or omitting to state a material fact necessary in order to make the statements made, in the light
2 of the circumstances under which they were made, not misleading, (3) willfully engaging in
3 transactions, acts, practices, and a course of business which operated as a fraud or deceit upon
4 investors, and (4) willfully misappropriating or converting the funds, security, or property of
5 investors.

6 This Order is necessary, in the public interest, for the protection of investors and consistent
7 with the purposes, policies, and provisions of the California Commodity Law of 1990.

8 Dated: May 23, 2011
9 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

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13 By _____
14 ALAN S. WEINGER
15 Deputy Commissioner
16 Enforcement Division
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10 Peter C. Son, CEO
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14 1499 Holt Avenue
15 Los Altos, CA 94024
16 and
17 P.O Box 1047
18 Los Altos, CA 94023

19 **DESIST AND REFRAIN ORDER**

20 **(For violation of sections 25110, 25210, 25230 and 25401 of the Corporations Code)**

21 The California Corporations Commissioner ("Commissioner") finds that:

22 1. SNC Asset Management, Inc. was incorporated as a California corporation
23 on January 17, 2003 and had its offices located at 3825 Hopyard Road, Suite 124, Pleasanton,
24 California. It also had an office located at 40 Wall Street, 33rd Floor in New York City, NY 10005.
25 SNC Asset Management, Inc is not registered as a broker-dealer or investment adviser.

26 2. SNC Investments, Inc. was incorporated as a California corporation on February 24,
27 2003, and had its offices at 101 California Street, Suite #3050, San Francisco, California, at 40 Wall
28 Street, 33rd Floor, New York City and at the offices of SNC Asset Management, Inc. in Pleasanton,
CA. SNC Investments, Inc. is not a registered broker-dealer or investment adviser. SNC Asset
Management, Inc. and SNC Investments, Inc. shared the same solicitation materials and web site
(www.sncfx.com).

1 3. Peter C. Son (“Son”) during relevant times resided in California and was part owner and
2 the Chief Executive Officer (CEO) of SNC Asset Management, Inc. He also acted as the CEO of
3 SNC Investments, Inc.

4 4. Jin K. Chung (“Chung”) during relevant times resided in California and during
5 relevant times was part owner and the Chief Financial Officer (“CFO”) of SNC Asset Management,
6 Inc. Chung also served as the CFO of SNC Investments, Inc.

7 5. SNC Asset Management, Inc. and SNC Investments, Inc. functioned as the alter egos
8 of Son and Chung.

9 6. Beginning in 1999 through a predecessor company (Son and Company) and
10 continuing thereafter, Son and Chung routinely sought investors’ funds through Korean newspaper
11 advertisements in the greater San Francisco Area. Son and Chung targeted the Korean community
12 stating that their companies were very successful and promised profits to investors. Investors’ funds
13 were to be pooled into a foreign exchange trading program. The foreign exchange trading program or
14 “forex” involved trading different currencies wherein traders seek to profit from changes in the
15 relative values of the currencies traded. Son and Chung represented to investors annual returns of up
16 to 36% on their investment from foreign currency trading. Many clients they acquired were
17 unsophisticated individuals with minimal or no investment experience.

18 7. Son and Chung provided some investors with unsecured promissory notes in
19 exchange for their investment. The notes had a renewable twelve (12) month term and specified a
20 guaranteed rate of return that investors would receive, i.e. between two to three percent per month.

21 8. An investor would be given bogus monthly account statements from SNC Asset
22 Management, Inc. that purportedly showed significant trading returns on non-existent accounts.

23 9. A client would receive a purported profit or return on his investment in the form
24 of monthly interest payment checks and was encouraged to reinvest and to accumulate profits in his
25 account. However, Son and Chung conducted little or no forex trading and did not generate the
26 trading profits they claimed. The forex investment program was a fabrication used by Son and
27 Chung to attract new investors and perpetuate their Ponzi scheme. Son and Chung obtained multi-
28 millions from at least 500 investors.

1 10. The offers and sales of promissory notes and investment contracts in the form of the
2 pooled investments in the forex-trading program constitute securities. These securities were required
3 to be qualified under the Corporate Securities Law. These securities were not qualified and are not
4 exempt in violation of Corporations Code section 25110.

5 11. Son and Chung invited investors to visit the offices of SNC Asset Management,
6 Inc. and SNC Investments, Inc., where investors were able to view work stations with multiple
7 trading monitors. Investors did not know the difference between the two companies.

8 12. Many customers received and signed SNC Asset Management, Inc.'s customer
9 agreement in which SNC Asset Management, Inc. agreed to accept customers to open and
10 maintain accounts for forex trading. The agreement states the SNC Asset Management, Inc. "is
11 authorized to act as broker or agent, or as principal to execute a customer's [forex] orders. . . . and
12 authorized to take the opposite position to customer orders on [SNC Asset Management, Inc.'s]
13 own account." Per the agreement, customers were to pay commissions of "35% of total
14 transaction profits."

15 13. SNC Investments, Inc. allowed investors to conduct their own forex trading in
16 individual accounts established by investors, which was staffed with a "group of highly qualified
17 industry experts" that the investors were told they could rely upon for expertise.

18 14. Effecting transactions in securities without an exemption requires a license under
19 California law. The Department of Corporations has not issued a broker-dealer license to SNC
20 Asset Management, Inc. or SNC Investments, Inc. Neither has the Department of Corporations
21 authorized them or Son and Chung to act as a registered agent for any broker-dealer. Therefore,
22 they are unlicensed in violation of Corporations Code section 25210.

23 15. SNC Asset Management, Inc., and/or SNC Investments, Inc.'s discretionary
24 investment advice to California investors concerning forex trading and receipt of compensation for
25 these investment advisory services occurred during a time they were not licensed to do so and not
26 exempt from the certification requirement of Corporations Code section 25230.

27 16. During all relevant periods Son and Chung offered and sold securities to California
28 investors by means of misrepresentations or omissions of material facts.

1 The misrepresentation and omissions of material fact in violation of Corporations Code section
2 25401 include, but are not limited to, the following:

3 MISREPRESENTATIONS

- 4 a. SNC Asset Management, Inc. was successful in generating profits of
5 up to 50% and had positive monthly earnings each month;
- 6 b. Investors easily receive a return of two to three percent monthly on
7 the amount of their respective investment;
- 8 c. SNC Investments, Inc. was a leading forex firm in the industry;

9 OMISSIONS

- 10 a. Son and Chung fabricated the SNC Asset Management, Inc. forex program;
- 11 b. SNC Investments, Inc. was not “one of the leading forex
12 broker-dealers in the industry as advertised,” but a small firm that
13 lost money in its own proprietary forex trading;
- 14 c. Son and Chung did not disclose that investors’ funds were used to
15 make monthly payments or redemption for certain investors, sales
16 commissions or the personal expenses of Son and Chung.

17 17. The offer and sale of securities by Son and Chung to California investors by means of
18 misrepresentations and omissions of material facts violate Corporations Code section 25401.

19 Based upon the foregoing findings, the Commissioner is of the opinion that the activities of
20 SNC Asset Management, Inc., SNC Investments, Inc., Peter C. Son, and Jin K. Chung involve
21 offers or sales of securities in California that are subject to qualification under the Corporate
22 Securities Law, without such offers or sales first being qualified or exempt, in violation of
23 Corporations Code section 25110.

24 The Commissioner is also of the opinion the above-described offer and sale of securities in
25 this State were made by means of written or oral communications that included an untrue
26 statement of a material fact or omitted to state a material fact necessary in violation of
27 Corporations Code section 25401.

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1 Further, the Commissioner is of the opinion that Son, Chung, SNC Asset Management, Inc.
2 and/or SNC Investments, Inc. have effected transactions in securities as broker-dealers without
3 having first applied for and secured from the Commissioner a certificate, then in effect, authorizing
4 these persons to act in that capacity, in violation of section 25210 of the Corporate Securities Law
5 of 1968.

6 Lastly, the Commissioner is of the opinion that Son, Chung, SNC Asset Management, Inc.
7 and/or SNC Investments, Inc. conducted business as an investment adviser in California without
8 having first applied for and secured a certificate, then in effect, from the Commissioner authorizing
9 such activities in violation of section 25230 of the California Corporations Code.

10 Pursuant to section 25532 of the Corporations Code, SNC Asset Management, Inc., SNC
11 Investments, Inc., Peter C. Son and Jin K. Chung are hereby ordered to:

- 12 1. Desist and refrain from the further offer or sale of securities including, but
13 not limited to, promissory notes and investment contracts, unless and until the
14 offers and sales have been duly qualified under the Corporate Securities Law or
15 unless exempt;
- 16 2. Desist and refrain from offering or selling any security in the State of
17 California by means of any written or oral communication which includes an
18 untrue statement of a material fact or omits to state a material fact necessary in
19 order to make the statements made, in the light of the circumstances under
20 which they were made, not misleading;
- 21 3. Desist and refrain from effecting any transaction in, or inducing or
22 attempting to induce, the purchase or sale of any security in this State, unless and
23 until they have applied for and secured from the Commissioner a certificate, then
24 in effect, authorizing these persons to act in that capacity or unless exempt; and,
- 25 4. Desist and refrain from conducting business as an investment adviser in the
26 State of California, unless and until granted a certificate by the California
27 Corporations Commissioner under said law or unless exempt.
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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies and provisions of the Corporate Securities Law of 1968.

Dated: May 18, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division