State of California - Department of Corporations

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

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

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

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

Jin K. Chung, CFO
1499 Holt Avenue
Los Altos, CA 94024
and
P.O Box 1047
Los Altos, CA 94023

DESIST AND REFRAIN ORDER
(For violations of sections 29520, 29535 and 29536 of the Corporations Code)

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

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

2. SNC Investments, Inc. was incorporated as a California corporation on February 24, 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

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

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

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

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

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

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

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

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

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

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

MISREPRESENTATIONS

a. SNC Asset Management, Inc. was successful in generating profits of up to 50% and had positive monthly earnings each month;

b. Investors easily receive a return of two to three percent monthly on the amount of their respective investment;

c. SNC Investments, Inc. was a leading forex firm in the industry;

OMISSIONS

a. SNC Asset Management, Inc.'s forex program was not registered with the CFTC;

b. SNC Investments, Inc. was a small firm that lost money in its own proprietary forex trading;

c. Son and Chung did not disclose that investors' funds were used to make monthly payments or redemption for certain investors, sales commissions or the personal expenses of Son and Chung.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated: May 23, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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