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 violation of sections 25110, 25210, 25230 and 25401 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 is not registered as a broker-dealer or investment adviser.

2. SNC Investments, Inc. was incorporated as a California corporation on February 24, 2003, and 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. 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).

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.

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.

5. 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 newspaper advertisements 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 were to be pooled into a foreign exchange trading program. The foreign exchange trading program or "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. Many clients they acquired were unsophisticated individuals with minimal or no investment experience.

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

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

9. A client would receive a purported profit or return on his investment in the form of monthly interest payment checks and was encouraged to reinvest and to accumulate profits in his account. However, 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. Son and Chung obtained multi-millions from at least 500 investors.

State of California - Department of Corporations

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

11. 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. Investors did not know the difference between the two companies.

12. 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."

13. SNC Investments, Inc. 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.

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

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

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

State of California - Department of Corporations

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

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. Son and Chung fabricated the SNC Asset Management, Inc. forex program;

b. SNC Investments, Inc. was not "one of the leading forex broker-dealers in the industry as advertised," but 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.

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

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

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

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State of California - Department of Corporations

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

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

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

1. Desist and refrain from the further offer or sale of securities including, but not limited to, promissory notes and investment contracts, unless and until the offers and sales have been duly qualified under the Corporate Securities Law or unless exempt;

2. Desist and refrain from offering or selling any security in the State of California by means of any written or oral communication which includes an untrue statement of a material fact or omits 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. Desist and refrain from effecting any transaction in, or inducing or attempting to induce, the purchase or sale of any security in this State, unless and until they have applied for and secured from the Commissioner a certificate, then in effect, authorizing these persons to act in that capacity or unless exempt; and,

4. Desist and refrain from conducting business as an investment adviser in the State of California, unless and until granted a certificate by the California Corporations Commissioner under said law or unless exempt.

State of California - Department of Corporations

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

State of California - Department of Corporations