

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95957 / September 30, 2022

ADMINISTRATIVE PROCEEDING
File No.3-21191

In the Matter of

KENT R. E. WHITNEY,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Kent R. E. Whitney (“Whitney” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Respondent Whitney, age 40, is currently incarcerated at FCI Lompoc in Lompoc, California. Between approximately September 2014 and April 2019 (the “relevant period”), he owned and controlled The Church for the Healthy Self a/k/a CHS Trust (“CHS”), acting as a

“pastor” and its CEO. CHS offered and sold unregistered securities through mass marketing campaigns. Whitney was the subject of three CME Group trading suspensions during 2010, and previously served 44 months in prison for a 2011 felony conviction in connection with an investment fraud scheme. In May 2012, Whitney was permanently barred from the commodities industry for orchestrating a related scheme to avoid commodity options margin calls. Whitney is not registered with the Commission in any capacity.

2. On June 20, 2019, a judgment was entered by consent against Whitney, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 (“Securities Act”), and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled *Securities and Exchange Commission v. Kent R.E. Whitney, et al.*, Civil Action Number 8:19-CV-0499-KES, in the United States District Court for the Central District of California.

3. The Commission’s complaint alleged that during the relevant period, Whitney orchestrated a \$33 million Ponzi scheme targeting primarily the Vietnamese communities of Orange County and San Jose, California through a fake church, CHS, that operated out of a strip mall in Westminster, California. The complaint alleged that Whitney founded CHS three months after being released from federal prison for defrauding investors, a fact he concealed from potential investors. The complaint further alleged that Whitney promised investors tax-deductible, guaranteed, and insured returns of at least 12%, and as high as 43%, through reinsurance investments and options trading. The complaint further alleged that Whitney’s representations to investors were false: instead of generating the promised guaranteed profits, Whitney misappropriated millions of dollars of investor funds and paid returns through Ponzi payments.

4. On April 15, 2020, Whitney pled guilty to criminal conduct relating to the findings in the Order. Specifically, in *United States v. Kent R. E. Whitney*, Crim. No. 8:20-cr-0052-JLS in the United States District Court for the Central District of California, Respondent pled guilty to one count of mail fraud in violation of 18 U.S.C. § 1341, and one count of filing a false tax return in violation of 26 U.S.C. § 7206(1). On September 24, 2021, a judgment in the criminal case was entered against Whitney. He was sentenced to a prison term of 168 months followed by three years of supervised release and ordered to make restitution in the amount of \$22,662,668.58. In connection with the plea agreement, Respondent admitted that:

- (a) Beginning in or about September 2014 and continuing to on or about April 4, 2019, Respondent engaged in a scheme to defraud investors through his control and operation of CHS and related entities; and
- (b) Respondent directed CHS representatives, who appeared on television and in live seminars soliciting investments in CHS Trust, the investment arm of CHS, to tell investors that: CHS guaranteed 12% returns with no risk of loss; their investments were federally insured; the traders used by CHS had not lost money in 15 years; and that CHS was audited by KPMG. At the time he made these statements, Respondent knew or should have known that the statements were false or misleading. Despite millions of dollars deposited

from CHS investors, little investor money went into any trading accounts. As part of the scheme, Respondent directed that monthly account statements be sent to investors that contained false reports of investment returns to lull investors into believing that their money had been invested and was generating returns consistent with the false representations.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Whitney be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Whitney be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary