

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101904 / December 13, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22357

In the Matter of

ALLEN Y. HSU, ESQ.

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
AND IMPOSING TEMPORARY
SUSPENSION PURSUANT TO RULE
102(e)(3) OF THE COMMISSION'S
RULES OF PRACTICE**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Allen Y. Hsu (“Respondent” or “Hsu”) pursuant to Rule 102(e)(3)(i)(A)¹ of the Commission’s Rules of Practice (17 C.F.R. § 200.102(e)(3)(i)(A)).

II.

The Commission finds that:

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney ...who has been by name: (A) [p]ermanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating . . . any provision of the Federal securities laws or of the rules and regulations thereunder[.]

A. RESPONDENT

1. Hsu, age 63, at all relevant times, was an attorney who is admitted to practice law in New York. From 2017 to 2019, Hsu was general counsel of the Church for the Healthy Self a/k/a CHS Trust (“CHS”).

B. CIVIL INJUNCTION

2. On August 20, 2024, the U.S. District Court for the Central District of California entered a Final Judgment by Default against Hsu, permanently enjoining him from future violations, direct or indirect, of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5(b) thereunder, as set forth in the judgment entered in *Securities and Exchange Commission v. Whitney, et al*, Case No. 8-10-cv-499-JVS-KES, (C.D. Cal.). The Final Judgment by Default ordered Hsu to pay disgorgement of \$176,587.95 plus prejudgment interest of \$34,234.41, and a \$233,229 civil penalty.

3. The Commission’s amended complaint alleged the following against Hsu. Hsu and others engaged in a fraudulent scheme to defraud by orchestrating a Ponzi scheme of at least \$33 million targeting primarily the Vietnamese communities of Orange County and San Jose, California through CHS, a fake church founded by felon Kent R.E. Whitney (“Whitney”) and a related entity, CHS Asset Management Inc., (“CAM”). Both CHS and CAM are Texas corporations that operated out of a strip mall in Westminster, California. Through in-person sales presentations, radio and television advertising, and YouTube videos featuring prominent members of the Vietnamese community, CHS and other defendants falsely promised investors at least 12% to 43% annual returns that were tax deductible, guaranteed, and insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. However, CHS never invested the money or operated a legitimate business, and instead used the vast majority of investor funds solely to benefit the defendants and to make Ponzi-like payments. While he held himself out to investors as CHS’s general counsel, and allowed CHS to do likewise, Hsu spent much of his time answering CHS’s prayer line. Hsu accepted his title and pay knowing both Whitney’s criminal background and the fact that he provided minimal legal services to CHS. CHS and Hsu misrepresented Hsu’s role occurred during a September 14, 2018, banquet attended by CHS investors and potential investors. Hsu was brought onstage with Whitney and another defendant, David L. Parrish, and was introduced to the crowd as CHS’s general counsel. None of the investors or potential investors were ever told that Hsu did nothing to ensure that CHS complied with the federal securities—or any other—laws or regulations. Instead, they were left with the false impression that the CHS Ponzi scheme was subject to legal oversight by a qualified professional. In early 2019, Hsu abruptly left CHS, but failed to report the ongoing fraud to law enforcement or investors despite knowing that: 1) CHS was not a legitimate church and existed only to obtain investor funds; 2) CHS was run by a convicted felon; 3) investor money was used to fund the lavish lifestyles of CHS’s “pastors;” and 4) CHS promised annual returns of at least 12% that were tax-deductible, guaranteed, insured, and without market risk. As compensation for helping the Ponzi scheme project the illusion of legality to its investors and potential investors, CHS paid Hsu at least \$176,000 in direct and indirect payments.

III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction, in an action brought by the Commission, has permanently enjoined Hsu, an attorney, from violating the Federal securities laws within the meaning of Rule 102(e)(3)(i)(A) of the Commission's Rules of Practice. In view of these findings, the Commission deems it appropriate and in the public interest that Hsu be temporarily suspended from appearing or practicing before the Commission as an attorney. Accordingly,

IT IS HEREBY ORDERED that Hsu be, and is hereby, temporarily suspended from appearing or practicing before the Commission as an attorney. This Order will be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Hsu may, within thirty days after service of this Order, file a petition with the Commission to lift the temporary suspension. If the Commission receives no petition within thirty days after service of the Order, the suspension will become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission will, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Hsu personally or by certified mail at his last known address.

By the Commission.

Vanessa A. Countryman
Secretary