

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3492 / October 23, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15074

In the Matter of

LYMAN J. BRUHN,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Lyman J. Bruhn (“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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, 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. Lyman J. Bruhn, age 50, is a resident of Vancouver, Washington. Bruhn served as the sole principal of Sasquatch Capital, LLC ("Sasquatch") and Pearl Asset Management, LLC ("Pearl") from at least 2002 through the present. Sasquatch and Pearl are Oregon limited liability companies and investment advisers not registered with the Commission. They served as advisers to various hedge funds formed by Bruhn, including the Blue Chip Focus Fund.

2. On September 20, 2012, the Commission filed a complaint against Bruhn in SEC v. Bruhn, et al. (Civil Case No. 3:12-cv-01697-ST). On September 24, 2012, a final judgment was entered by consent against Bruhn permanently enjoining Bruhn from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, Section 17(a) of the Securities Act of 1933, and Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. Bruhn was also ordered to pay \$600,618 in disgorgement of ill-gotten gains from investors' funds, and \$47,498 in prejudgment interest. However, based on Bruhn's sworn representations and other information of his financial condition, the Court did not impose a civil penalty or require payment of \$648,111 of disgorgement and prejudgment interest.

3. The Commission's complaint alleges, among other things, that from 2002 to 2010, Bruhn employed a device, scheme, or artifice to defraud investors and/or potential investors in hedge funds he managed, including the Blue Chip Focus Fund. In doing so, Bruhn defrauded his hedge fund clients, including the Blue Chip Focus Fund, by misappropriating fund assets and engaging in a Ponzi scheme. Bruhn induced investments through false marketing materials claiming his funds invested in "blue chip" stocks (*i.e.*, well-established, financially sound companies, which stocks are publicly traded, less volatile and considered lower risk), when in fact, the funds did not invest in blue chip stocks. Bruhn also sent false and misleading account statements showing positive returns that did not exist.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Bruhn be, and hereby is:

barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) 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.

Elizabeth M. Murphy
Secretary