

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21578**

**In the Matter of**

**Tarek D. Bahgat,**

**Respondent.**

**RESPONSE OF THE DIVISION OF ENFORCEMENT TO  
ORDER DIRECTING ADDITIONAL SUBMISSIONS**

The Division of Enforcement respectfully submits this Response to the Order Directing Additional Submissions dated October 4, 2024 (the “Order”). This Response supplements the brief and twenty-seven exhibits submitted by the Division in support of its motion for default and remedial sanctions as to Respondent Tarek D. Bahgat (“Bahgat”) on July 9, 2024 (the “Motion”).

**I. Evidence That Bahgat Misappropriated Funds From His Advisory Clients**

**A. Exhibit 26 (Summary Spreadsheet)**

Exhibit 26 to the Motion is a summary of funds transfers to Bahgat from six of Bahgat’s advisory clients. *See* Declaration of David Stoelting dated July 9, 2024 (“Stoelting 7/9/24 Decl.”), Ex. 26. The Order states that the “evidentiary foundation” of Exhibit 26 is “unclear” for two reasons. Order at 3. First, the Order states that the Division attorney who prepared Exhibit 26 (Eric M. Schmidt) was “a *different* Division staff attorney” from the attorney who signed the declaration included with the Motion. *Id.* (emphasis in original). Mr. Schmidt prepared Exhibit 26 in 2018, Stoelting 7/9/24 Decl. ¶ 4; however, Mr. Schmidt retired from the SEC in December 2021. To rectify any foundation issues with

this critical exhibit, Neil Hendelman, a Supervisory Staff Accountant with the Division, has reviewed the records underlying Exhibit 26 and prepared a revised version, along with the underlying records, that is submitted with this Response. *See* Declaration of Neil Hendelman dated November 15, 2024, Exs. A-H.

The Order also states that Exhibit 26 “shows only that the transfers occurred—not that they were unlawful or unauthorized.” Order at 3. To address this issue, the Division offers summaries of 2017 client interviews conducted by Staff Attorney Schmidt. *See* Declaration of David Stoelting dated November 18, 2024, Exs. 28-32. The clients stated that the transfers were not authorized, as summarized below.

<b>Exhibit</b>	<b>Advisory Client</b>
28	S. Fetouh “did not know about or authorize \$8,958 payment to WealthCFO LLC on 12/23/2015”
29	O. Fetouh “confirms he was unaware and did not approve the transfer[s]”
30	Hassanali “did not authorize those payments”
31	O’Sullivan gave Bahgat \$40,000 for something that was “not a real investment”
32	Schihl “confirms she did not authorize payment to Wealth CFO”

## **II. Client Impersonations and Accessing Client Accounts**

Bahgat’s misappropriation scheme depended in part on his ability to deceptively access client accounts, and to do that Bahgat impersonated his clients in calls to Schwab. In 2017, the staff played for Saleh Fateh recorded calls from the Schwab customer line. *See* Exs. 33, 34, 35 (recordings from Schwab customer line). In his interview, Mr. Saleh stated that he was not the voice on the recordings purporting to be him, and that the voice on the recordings appeared to be Bahgat. Ex. 28. Similarly, after hearing one of the Schwab recordings, Barbara Schihl stated in her interview that she was “shocked” that someone impersonated her. Ex. 32; 36 (recording); Ex. 9 (transcript).

Further evidence of Bahgat's impersonations and improper client access was filed with the Motion. *See* Ex. 13 (Lauramarie Colangelo, who was employed as Bahgat's assistant, invoked her Fifth Amendment privilege during testimony when she was asked if she impersonated Schihl on Schwab client recordings and whether Colangelo provided Schihl's account access information to Bahgat); Motion at 9 n.5; Ex. 27 (Schwab internal report re "Client Impersonation").

### **CONCLUSION**

For these reasons, and for the reasons in the Motion, Bahgat should be deemed in default, and the Commission should: (a) bar Bahgat from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and (b) bar Bahgat 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.

Dated: November 18, 2024  
New York, NY

Respectfully submitted,

*/s/ David Stoelting*

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