

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100226 / May 28, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6613 / May 28, 2024

Admin. Proc. File No. 3-21578

In the Matter of

TAREK D. BAHGAT

ORDER TO SHOW CAUSE

On August 22, 2023, the Securities and Exchange Commission issued an order instituting administrative proceedings (“OIP”) against Tarek D. Bahgat, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.¹ On March 12, 2012, the Division of Enforcement filed a Proof of Service of the OIP, which established that service of the OIP was made on Bahgat on February 29, 2024, pursuant to Rule of Practice 141(a)(2)(iv)(C)(3).²

As stated in the OIP, Bahgat’s answer was required to be filed within 20 days of service of the OIP.³ As of the date of this order, Bahgat has not filed an answer. The prehearing conference and the hearing are thus continued indefinitely.

Accordingly, Bahgat is ORDERED to SHOW CAUSE by June 25, 2024, why he should not be deemed to be in default and why this proceeding should not be determined against him

¹ *Tarek D. Bahgat*, Exchange Act Release No. 98195, 2023 WL 5399835, at *2-6 (Aug. 22, 2023).

² See 17 C.F.R. § 201.141(a)(2)(iv)(C)(3) (providing for service on a respondent located in a foreign country by “delivering a copy of the order instituting proceedings to the individual personally” unless prohibited by the foreign country’s law). The respondent resides in Cairo, Egypt. Here, the Division of Enforcement submitted a declaration from an Egyptian attorney stating that personal service of legal documents by a court bailiff, the method of service employed, is not prohibited by the law of Egypt. Respondent was served at his residential address in Cairo, which was the same location that he was served with the complaint in the underlying federal court action.

³ *Bahgat*, 2023 WL 5399835, at *4; Rules of Practice 151(a), 160(b), 220(b), 17 C.F.R. §§ 201.151(a), 160(b), .220(b).

due to his failure to file an answer and to otherwise defend this proceeding. Bahgat's submission shall address the reasons for his failure to timely file an answer and include a proposed answer to be accepted in the event that the Commission does not enter a default against him.

When a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record without holding a public hearing.⁴ The OIP informed Bahgat that a failure to file an answer could result in deeming him in default and determining the proceedings against him.⁵

If Bahgat files a response to this order to show cause, the Division may file a reply within 14 days after its service. If Bahgat does not file a response, the Division shall file a motion for entry of an order of default and the imposition of remedial sanctions by July 9, 2024. The motion for sanctions should address each statutory element of the relevant provisions of Exchange Act Section 15(b) and Section 203(f) of Investment Adviser's Act of 1940.⁶ The motion should discuss relevant authority relating to the legal basis for, and the appropriateness of, the requested sanctions and include evidentiary support sufficient to make an individualized assessment of whether those sanctions are in the public interest.⁷ The opposition brief shall be filed by August 6, 2024 and any reply brief may be filed by August 20, 2024. The failure to timely oppose a dispositive motion is itself a basis for a finding of default;⁸ it may result in the

⁴ Rules of Practice 155, 180, 17 C.F.R. §§ 201.155, .180.

⁵ *Bahgat*, 2023 WL 5399835, at *4.

⁶ *See, e.g., Shawn K. Dicken*, Exchange Act Release No. 89526, 2020 WL 4678066, at *2 (Aug. 12, 2020) (requesting additional information from the Division "regarding the factual predicate for Dicken's convictions" and "why these facts establish" the need for remedial sanctions); *see also Shawn K. Dicken*, Exchange Act Release No. 90215, 2020 WL 6117716, at *1 (Oct. 16, 2020) (clarifying the additional information needed from the Division).

⁷ *See generally Rapoport v. SEC*, 682 F.3d 98, 108 (D.C. Cir. 2012) (requiring "meaningful explanation for imposing sanctions"); *McCarthy v. SEC*, 406 F.3d 179, 190 (2d Cir. 2005) (stating that "each case must be considered on its own facts"); *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *1, *3 (Apr. 23, 2015); *Ross Mandell*, Exchange Act Release No. 71668, 2014 WL 907416, at *2 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 WL 3030883 (May 26, 2016); *Don Warner Reinhard*, Exchange Act Release No. 61506, 2010 WL 421305, at *3-4 (Feb. 4, 2010), *appeal after remand*, Exchange Act Release No. 63720, 2011 WL 121451, at *5-8 (Jan. 14, 2011).

⁸ *See* Rules of Practice 155(a)(2), 180(c), 17 C.F.R. §§ 201.155(a)(2), .180(c); *see, e.g., Behnam Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at *3 n.12 (Jan. 3, 2017).

determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.⁹

The parties' attention is directed to the e-filing requirements in the Rules of Practice.¹⁰ We also remind the parties that any document filed with the Commission must be served upon all participants in the proceeding and be accompanied by a certificate of service.¹¹

Upon review of the filings in response to this order, the Commission will either direct further proceedings by subsequent order or issue a final opinion and order resolving the matter.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

⁹ See, e.g., *McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at *3-5 (Sep. 29, 2017); *Bennett Grp. Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at *2-3 (Mar. 30, 2017), *abrogated in part on other grounds by Lucia v. SEC*, 138 S. Ct. 2044 (2018); *Apollo Publ'n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at *1 n.6 (Apr. 13, 2006).

¹⁰ See *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464 (Dec. 30, 2020), <https://www.sec.gov/rules/final/2020/34-90442a.pdf>; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, <https://www.sec.gov/efapdocs/instructions.pdf>. The amendments impose other obligations such as a redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465–81.

¹¹ See Rule of Practice 150, 17 C.F.R. § 201.150 (generally requiring parties to serve each other with their filings); Rule of Practice 151(d), 17 C.F.R. § 201.151(d) (“Papers filed with the Commission . . . shall be accompanied by a certificate stating the name of the person or persons served, the date of service, the method of service, and the mailing address or email address to which service was made, if not made in person.”). The Division of Enforcement is represented by David Stoelting and Sheldon Mui, Securities and Exchange Commission, New York Regional Office; 100 Pearl Street, Suite 20-100, New York, NY 10004-2616; stoeltingd@sec.gov and muis@sec.gov.