

## U.S. SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934  
Release No. 58317 / August 6, 2008

Admin. Proc. File No. 3-13118

### PROCEEDINGS INSTITUTED AGAINST PETER IN CHO

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing (Order) against Peter In Cho (Cho).

In the Order, the Division of Enforcement alleges that on July 27, 2007, Cho pled guilty to 16 counts of wire fraud under 18 U.S.C. §§ 1343 and 1346 before the United States District Court for the Northern District of Illinois, in United States v. Cho, et al., Crim. Indictment No. 1:04-CR-166. The Division of Enforcement alleges that from 1991 to 1998, Cho worked for John Dawson & Associates, Inc. (JDAI), a broker-dealer registered with the Commission, as JDAI's Chief Executive Officer and as a registered representative. The Division of Enforcement alleges that the counts of the criminal indictment to which Respondent pled guilty alleged, inter alia, that Respondent devised, intended to devise, and participated in a scheme to defraud in which Respondent and others caused and directed: (1) fraudulent and fictitious stock and options trading in firm and customer accounts; (2) inventory "parking" in customer and firm accounts in order to conceal excessive or losing stock and options inventory positions; (3) inventory "kiting" between the "Average Price Account" and firm proprietary accounts in order to satisfy margin requirements and artificially inflate buying power in firm proprietary accounts; (4) fraudulent "trade allocations" by creating, assigning, and/or transferring profitable securities and options trades to certain firm, employee, and customer accounts, and losing trades to other accounts; and (5) the misappropriation and conversion of customer and firm funds.

The Division of Enforcement further alleges that on March 21, 2008, a judgment in the criminal case was entered against Cho. The Division of Enforcement alleges that Cho was sentenced to a term of imprisonment of 65 months, ordered to pay restitution in the amount of \$6,336,236 and placed on 3 years probation following his release from prison.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide the Respondent an opportunity to dispute these allegations, and to determine what, if any, remedial sanctions are appropriate and in the public interest.

The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.