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 Kelly Ng ("Respondent").

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. Kelly Ng from 2007 through the present was a managing member of The Mortgage Fund, LLC which served as the investment adviser to real estate fund Mortgage Fund ’08, LLC (“MF08”). Kelly Ng also served as the Vice President of Bar-K, Inc., a California corporation that serviced the loan portfolios for both MF08 and another real estate fund named R.E. Loans, LLC. He is 57 years old and a resident of Orinda, California, although he currently is incarcerated in federal prison for crimes not arising out of the matters discussed herein.

2. On August 1, 2014, a final judgment was entered by consent against Kelly Ng, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 in the offer or sale of securities, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder in connection with the purchase or sale of securities, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Walter Ng, et al., Civil Action Number 3:13-CV-00895-SC, in the United States District Court for the Northern District of California.

3. The Commission’s complaint alleged that, in connection with the offer and sale of securities, Kelly Ng fraudulently pitched MF08 as a conservative investment vehicle that would invest in commercial real estate loans secured by first deeds of trust, when in reality MF08 was simply a mechanism for Kelly Ng to channel money into R.E. Loans, the older fund that he also managed, to continue the illusion that R.E. Loans was profitable. The complaint further alleged that even as R.E. Loans and MF08 experienced dramatic and significant loan delinquencies, Kelly Ng repeatedly lied to investors about the funds’ performance in order to continue raising money for MF08 and, ultimately, R.E. Loans.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Kelly Ng be, and hereby is, barred from association with any investment adviser, broker, dealer, municipal securities dealer, or transfer agent.

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.

Jill M. Peterson
Assistant Secretary