

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82438 / January 3, 2018

INVESTMENT ADVISERS ACT OF 1940
Release No. 4837 / January 3, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18329

In the Matter of

KHALED “KAL” BASSILY,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Khaled Bassily (“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 paragraph III.2. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b)

of the Securities Exchange Act of 1934 and 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. Respondent Bassily was the head of the Global Transition Management business unit of ConvergEx Execution Solutions LLC (“CES”), and also a managing director of CES. During the relevant period of October 2006 through December 2011, CES was a broker-dealer registered with the Commission and was registered as an investment adviser. From 1998 through 2013, Bassily was associated with broker-dealers registered with the Commission, and during the relevant period of October 2006 through December 2011, was a registered representative associated with CES. Bassily, 52 years old, is a resident of the State of New York.

2. On December 21, 2017, a final judgment was entered by consent against Bassily, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(c)(1) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Khaled “Kal” Bassily, Civil Action Number 16-CV-2733 (RJS), in the United States District Court for the Southern District of New York.

3. The Commission’s amended complaint alleged that from at least October 2006 through December 2011, Bassily participated in a fraudulent scheme to conceal from transition management customers of CES the routine practice of routing their orders for the purchase or sale of securities to an offshore affiliate, which would take substantial mark-ups and mark-downs, which customers incurred in addition to the disclosed commissions they paid to CES. Bassily participated in the scheme by drafting, approving, and, through his subordinates, making material misrepresentations to customers and prospective customers that created a false impression that customers were paying only disclosed commissions for equity order execution. Bassily also communicated with traders at the offshore affiliate to share customer information for the purpose of maximizing the mark-ups and mark-downs while minimizing the risk that customers would detect the hidden charges. Bassily made use of other deceptive devices, such as a technological tool aimed at hiding trading activity in a transparent foreign market, or the use of false business cards to obscure the role of the offshore affiliate in the scheme. As a result of the scheme, numerous customers paid millions of dollars in additional charges that were kept hidden from them.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Bassily be, and hereby is barred from

association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and pursuant to Section 15(b)(6) of the Exchange Act Respondent Bassily be, and hereby is barred 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.

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.

Brent J. Fields
Secretary