

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84054 / September 6, 2018

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3968 / September 6, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18728

In the Matter of

JOOHYUN BAHN, a/k/a
DENNIS BAHN,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against JooHyun Bahn, a/k/a Dennis Bahn (“Bahn” or “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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. From March 2013 through May 2015, Bahn, while acting as a broker for Colliers International Group Inc. ("Colliers"), a foreign private issuer, violated the Foreign Corrupt Practices Act (the "FCPA") of the Exchange Act, when he attempted to bribe a foreign official of a country in the Middle East in connection with his efforts to broker the sale of an \$800 million high-rise commercial building in Vietnam, known as Landmark 72. The foreign official was unaware of the offered bribe. In an effort to obtain money for himself, an accomplice had misrepresented the official's involvement in the scheme to Bahn. As part of his illicit conduct, Bahn circumvented Colliers' internal accounting controls, fabricated documents, created fictitious email messages, and lied to Colliers executives. Among other actions, Bahn falsely represented that the foreign country's sovereign wealth fund had committed to acquire the building, thus causing Colliers to record commission revenue on a transaction that never had a committed buyer and never ultimately closed.

2. Bahn's conduct violated the anti-bribery provisions of the FCPA, Section 30A of the Exchange Act.

3. Bahn also caused Colliers' violations of Section 13(b)(2)(A) of the Exchange Act, in which Colliers failed to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected its transactions and disposition of its assets.

4. Bahn also took steps to circumvent Colliers' then existing internal accounting controls by making false statements, fabricating documents, and creating multiple email accounts in order that: (a) the Landmark 72 transaction appeared to be a legitimate real estate transaction; and (b) Colliers improperly recognized the commission revenue derived therefrom in its books and records, thereby violating Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1.

Respondent

5. **Joohyun Bahn, a/k/a Dennis Bahn**, age 40, is a citizen of South Korea and a permanent resident of the United States with a home in New Jersey. Bahn worked as a commercial real estate broker at the New York offices of Colliers from March 2014 to May 2015.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Related Entities and Individuals

6. **Colliers International Group Inc.**, is a Canadian corporation with headquarters in Toronto, Ontario. Colliers is a foreign private issuer that has a class of securities registered pursuant to Exchange Act Section 12(b) and listed on the NASDAQ stock market and the Toronto Securities Exchange. In June 2015, Colliers became a successor of the issuer, FirstService Corporation, following a spin-off from FirstService.

7. **Firm-1** is a brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services. Based in California, Firm-1 has a class of shares registered pursuant to Section 12(b) of the Exchange Act.

8. **The Fund** is the sovereign wealth fund of a country (“Country-1”) located in the Middle East. The Fund has global investments in banking, mining, automobile and commercial real estate sectors. As part of its objective, The Fund considered a wide range of investments for Country-1, including potential real estate investments.

9. **Foreign Official-1** was an officer and employee of the government of Country-1 located in the Middle East. Foreign Official-1 was then associated with the Fund until August 2014.

Bahn’s Scheme to Bribe Foreign Official-1

10. Landmark 72 is a commercial office building in Vietnam. The owner of Landmark 72 retained Bahn and Firm-1 in February 2013 first to find investors to refinance the property’s debt and later to sell the property. During the same period Bahn became acquainted with his accomplice, who led Bahn to believing that he had connections to Country-1’s officials who could arrange to purchase the property in return for bribes.

11. In February 2014, Bahn’s accomplice told him that Foreign Official-1 could influence The Fund to acquire Landmark 72 but that Foreign Official-1 required a payment to do so. On February 25, they exchanged text messages about Foreign Official-1’s payment demand and determined they would use “roses” as a code word for the bribe payment. Bahn’s accomplice wrote that he was negotiating for one half of the payment to be made upfront and the remainder when the deal was “inked.” Bahn replied, “whatever it takes to get it done”

12. In March 2014 Bahn left Firm-1 for Colliers. As part of his onboarding process at Colliers, Bahn received and agreed to be bound by Colliers’ code of conduct and its anti-bribery policies.

13. On March 7 Bahn received an email from his accomplice stating that Foreign Official-1 required an upfront payment of “250 Roses” [\$250,000] and a payment of “750 Roses” [\$750,000] after “approval/completion of contract.” Bahn responded on April 1 with the proposal that if The Fund would increase the purchase price from \$700 million to \$800 million, he could

increase the upfront payment to Foreign Official-1 from \$250,000 to \$500,000, and pay an additional \$2 million after the deal closed. Later that night an email purporting to be from Foreign Official-1 but presumably forged by Bahn's accomplice, instructed that "this final offer of \$800 [million] CANNOT BE AMENDED" and that the payment of "500 Roses" [\$500,000] had to be made by April 3, 2014.

14. During this period, Bahn caused Colliers and the building's owner to enter into two different versions of Colliers' brokerage services agreement. One version, which Bahn provided to the owner, set the purchase price for Landmark 72 at \$800 million, while the second version, given to Colliers, set the price at \$700 million.

15. In April 2014, Bahn discussed the need to fund the bribe to Foreign Official-1 with a coworker, who then introduced Bahn to a non-Colliers related business associate from whom Bahn borrowed \$500,000. In order to induce the business associate into making the loan, Bahn caused the building owner to send two wire transfers totaling \$500,000 to Colliers and represented to Colliers that the funds were a non-refundable down payment on its commission. Bahn knew that he had misrepresented the true purpose of the wire transfer to Colliers and that the company would book the \$500,000 as revenue. He also knew that approximately \$225,000 of that amount would come to him as his share of the commission.

16. On April 16, 2014, Bahn caused a check to be issued to an entity controlled by his accomplice with the intent that it would be forwarded to Foreign Official-1 as a bribe. Instead, Bahn's accomplice kept the money for himself.

17. From May through September 2014, as the transaction languished, Bahn took steps to create the appearance of progress. On June 30 Bahn emailed to Colliers and the building owner a letter he forged in Foreign Official-1's name purporting to reaffirm The Fund's commitment to the transaction. Bahn also sent proposed Letters of Intent to his accomplice for him to forward to Foreign Official-1. Receiving no response, Bahn reminded his accomplice on August 27, 2014 that if Foreign Official-1 closed the transaction there would be "2 million Roses waiting for him." On September 1, 2014, Bahn's accomplice sent Bahn a Letter of Intent, purportedly from The Fund.

18. In order to conceal the anticipated \$2 million payment to Foreign Official-1 and to repay the \$500,000 he had previously borrowed, Bahn in September 2014 devised a scheme to divert a portion of Colliers' commission. Bahn accomplished this through the preparation of a sham amendment to the services agreement between Colliers and the building owner.

**Bahn Misrepresents that the Landmark 72 Sale has Closed
Causing Colliers to Falsely Record Commission Revenue**

19. In the first week of 2015 Bahn falsely represented to Colliers' executives that the transaction had closed. Bahn provided a fabricated email confirmation purporting to be from the building owner stating that Colliers had earned its fee. Bahn then provided a revised confirmation

to clarify that the transaction had closed prior to the 2014 year end, thus causing Colliers to book its commission within the year.

20. Unbeknownst to Colliers, Bahn had forged each iteration of the confirmation and falsely claimed that each had come from the owner. Colliers' financial executives, its internal counsel, and an internal audit executive all relied on the fabricated confirmation and Bahn's misrepresentations in concluding that the payment could be booked by December 31, 2014. As a result, Colliers recorded the full commission fee as earned and recognized in 2014.

21. Bahn knew that The Fund had not committed to purchasing Landmark 72 because there was no contract between the owner and The Fund. Bahn also knew the closing had not occurred and that Colliers had not earned its fee. Bahn understood that his misstatements and fabricated confirmations caused Colliers to improperly recognize revenue on the purported transactions.

The Fund Rejects the Landmark 72 Transaction and Bahn's Scheme Unravels

22. Apart from his attempts to bribe Foreign Official-1, in 2015 Bahn separately initiated preliminary discussions with The Fund's real estate division. Early in its review process the real estate division determined that Landmark 72 was not a suitable investment and emailed Bahn its rejection of the transaction on April 10, 2015. The Fund subsequently sent a formal rejection to Bahn on April 20, 2015.

23. In mid-May, Bahn's coworker informed Bahn's supervisor of a Korean television news report that The Fund had never intended to buy Landmark 72 and that the The Fund letter of intent was a fraud. Bahn's supervisor directed Bahn to provide a timeline of his work on Landmark 72. Before he did so, Bahn on May 14, 2015 sent a LinkedIn message to Foreign Official-1:

This is very urgent. In regards to Landmark 72 deal in Hanoi, Vietnam, we were told that you promised to close the deal at USD 800MM after you receive \$500,000 from us. We gave [Bahn's accomplice] \$500,000 and he subsequently wired it to you.

Can you confirm this?

24. Foreign Official-1 forwarded the message to The Fund's Chief Compliance Officer and did not respond. On May 18, 2015, Bahn submitted the status report to his supervisor, making additional misrepresentations.

25. On May 27, 2015, The Fund delivered a cease-and-desist letter to Bahn and Colliers making clear that "[The Fund] is not interested in and has never attempted to buy Landmark 72." Colliers terminated Bahn's relationship with the company on May 28, 2015.

Legal Standards and Violations

26. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

Bahn Violated Exchange Act Section 30A

27. The anti-bribery provisions of the FCPA, Exchange Act Section 30A, make it unlawful for any United States issuer, or any employee or agent acting on its behalf, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift or promise to give anything of value to any foreign official for purposes of influencing any act or decision of such foreign official in his official capacity in order to assist such issuer in obtaining or retaining business for or with any person. 15 U.S.C. § 78dd-1.

28. As described above, while acting as Colliers' agent in his capacity as a broker, Bahn made use of interstate commerce by sending emails from the United States in furtherance of (i) his corrupt offers and promises to bribe Foreign Official-1 and (ii) his transfer of \$500,000 that he intended as a payment to Foreign Official-1, through which Bahn intended that the official would use his official position to secure the purchase of Landmark 72. By this conduct Bahn violated Exchange Act Section 30A.

Bahn Violated Exchange Act Section 13(b)(5) and Rule 13b2-1

29. Exchange Act Section 13(b)(5) provides that no person shall "knowingly circumvent . . . a system of internal accounting controls or knowingly falsify any book, record, or account." Exchange Act Rule 13b2-1 further provides that "no person shall, directly or indirectly, falsify or cause to be falsified, any book, record, or account." 15 U.S.C. § 13(b)(5).

30. As described above, Bahn knowingly circumvented Colliers' internal accounting controls and caused Colliers' books, records and accounts to be falsified through the falsified documents he provided and misrepresentations that he made to Colliers' executives, all of which caused Colliers improperly to recognize revenue on a non-existent transaction. By this conduct Bahn violated Exchange Act Section 13(b)(5) and Rule 13b2-1.

Bahn Caused Violations of Exchange Act Section 13(b)(2)(A)

31. The books and records provision of the FCPA, Exchange Act Section 13(b)(2)(A), requires every issuer with a class of securities registered pursuant to Exchange Act Section 12 to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A).

32. As described above, Bahn fabricated documents and made misstatements to Colliers' financial and legal executives that led to Colliers improperly recording revenue on a fictitious transaction. Colliers books and records were consolidated into FirstService's books and records. By this conduct Bahn caused violations of Section 13(B)(2)(A).

Criminal Disposition

33. Respondent has pleaded guilty to criminal conduct relating to the findings in the Order. Specifically, in *United States v. Bahn*, Crim. No. 16 CR 00831-ER-1 (S.D.N.Y. 2016), Respondent pleaded guilty to one count of conspiracy to violate the FCPA and one count of violating the FCPA [18 U.S.C. 371, 15 U.S.C. § 78dd-2].

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Bahn's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Bahn cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A), and 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder.

B. Pursuant to Section 21B of the Exchange Act, Respondent Bahn shall pay \$225,000 in disgorgement. Payment of this obligation shall be deemed satisfied by the restitution or forfeiture ordered in the criminal proceeding, *United States v. Bahn*, Crim. No. 16 CR 00831-ER-1 (S.D.N.Y. 2016).

By the Commission.

Brent J. Fields
Secretary