

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84292 / September 26, 2018

INVESTMENT ADVISERS ACT OF 1940
Release No. 5049 / September 26, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18842

In the Matter of

LEROY “LEE” K. YOUNG,

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 Leroy “Lee” K. Young (“Young” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) that the Commission has determined to accept. Respondent admits the facts set forth in Section III. below, acknowledges that his conduct violated the federal securities laws, admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and 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 finds¹ that:

1. Young, age 56, resides in Solana Beach, California. From 2013 through 2017, Young held himself out as an investment adviser to a purported hedge fund. From May to August 2013, Young was associated with a registered broker-dealer; Young was not otherwise registered or associated with any entity registered with the Commission during the relevant time period.

2. On September 25, 2018, a final judgment was entered by consent against Young, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Leroy "Lee" K. Young, et al., Civil Action Number 3:18-cv-02170, in the United States District Court for the Southern District of California.

3. The Commission's complaint alleged that, from at least January 2013 through December 2017, Young illegally raised at least \$362, 000 from at least 32 investors. Young falsely represented that he would use the investors' money for fees associated with selling bonds or, alternately, for fees associated with launching a hedge fund, when in reality he simply spent the investors' money on personal expenses. Young also falsely told investors that he would pay the promised returns from the proceeds of bond or hedge fund offerings, which never occurred. Young said that he could generate returns of ten times investors' principal investment in sixty days. To date, Young has not paid his investors the promised returns nor returned any of their principal investments.

IV.

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

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

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.

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