

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84922 / December 21, 2018

INVESTMENT ADVISERS ACT OF 1940
Release No. 5092 / December 21, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18276

In the Matter of

PATRIC KEN BACCAM a/k/a
Khanh Sengpraseuth,

Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940

I.

On November 8, 2017, the Securities and Exchange Commission (“Commission”) instituted proceedings 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 Patric Ken Baccam, a/k/a Khanh Sengpraseuth (“Baccam” or “Respondent”). After an initial decision had issued in this matter and Respondent declined to file a petition for review of that initial decision within the period prescribed by Rule 410 of the Commission’s Rules of Practice [17 C.F.R. § 201.410], the Commission remanded the case to Chief Judge Murray for reassignment to a new Administrative Law Judge (“ALJ”) pursuant to the Supreme Court’s decision in *SEC v. Lucia*, 138 S. Ct. 2044 (2018).

II.

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 paragraphs III.1, 2, and 3 which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

Respondent and the Division recognize that, according to *Lucia v. SEC*, 138 S. Ct. 2044 (2018), Respondent is entitled to a “new hearing” before “another ALJ (or the Commission itself).” 138 S. Ct. at 2055. Respondent knowingly and voluntarily waives any claim or entitlement to such a new hearing before another ALJ or the Commission itself. Respondent also knowingly and voluntarily waives any and all challenges to the administrative proceedings or any and all orders that were issued during or at the conclusion of those proceedings, whether before the ALJ, the Commission, or any court, based upon any alleged or actual defect in the appointment of ALJ James E. Grimes.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

Respondent

1. Baccam, 47, is a resident of California. From 2002 through 2011, Baccam was a registered representative associated with Centaurus Financial, Inc. (“Centaurus”), which was registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act and as an investment adviser pursuant to Section 203 of the Advisers Act. Baccam has not been associated with a registered broker-dealer or investment adviser since 2011.

Entry of the Injunction / Facts

2. On June 14, 2017, a final judgment by default was entered against Baccam, in the civil action entitled *Securities and Exchange Commission v. Patric Ken Baccam*, Case No. 5:17-cv-00172-SJO (SPx), in the United States District Court for the Central District of California, that permanently enjoined him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), and Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5.

3. As alleged in the Commission’s complaint, from at least October 2010 to December 2011, in connection with the offer and sale of promissory notes, Baccam acted as an unregistered broker, by selling the notes while acting as a representative of Centaurus and not disclosing those sales to the firm. Baccam offered and sold these and other promissory notes from October 2010 through July 2013, and in doing so told investors that funds raised from the sale of the notes would be used to finance real estate ventures engaged in “flipping” real property. The complaint also alleged that, from at least January 2011 to July 2013, in connection with the offer and sale of the notes, Baccam orchestrated a fraudulent scheme designed to deceive investors, by using funds raised from new note sales to make interest payments owed to earlier investors, inducing those earlier investors to purchase additional securities. Lastly, the complaint alleged that, from at least January 2011 to July 2013, in connection with the offer and sale of the notes, Baccam knowingly made material misrepresentations and omissions to potential investors regarding the safety of the investments, the viability of the real estate ventures, the experience of the note issuers, how investor funds would be used, and the rates of return that investors would receive.

Procedural History

4. The Commission commenced this proceeding on November 8, 2017, with an order instituting administrative proceedings (“OIP”) pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act. *In the Matter of Patric Ken Baccam a/k/a Khanh Sengpraseuth*, Securities Exchange Act of 1934 Release No. 82030, Investment Advisers Act of 1940 Release No. 4809 (Nov. 8, 2017).

5. The matter was assigned to Administrative Law Judge James E. Grimes (“ALJ Grimes”). Baccam’s responsive filing was due on December 18, 2017. Baccam submitted no response and did not participate in the prehearing conference that took place the same day. Baccam did not respond to the Court’s order to show cause as to why he should not be found in default.

6. On January 2, 2018, the Court held Baccam in default and deemed as true the allegations in the OIP, pursuant to Rule 155(a), 17 C.F.R. § 201.155(a). On January 30, 2018, the Division of Enforcement filed a motion for sanctions against Respondent, pursuant to Rule 250(a), 17 C.F.R. § 201.250(a).

7. On March 23, 2018, ALJ Grimes issued an initial decision, which granted the Division of Enforcement’s motion for sanctions, and barred Respondent from associating with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of any penny stock. Respondent did not file a petition of review with the Commission. No final order was entered by the Commission.

8. On June 21, 2018, the United States Supreme Court decided *Lucia v. SEC*, 138 S. Ct. 2044 (2018), in which the Court held, *inter alia*, that the Commission’s ALJs were not constitutionally appointed, and respondents impacted by the constitutional infirmity, such as Respondent here, are entitled to a “new hearing” before “another ALJ (or the Commission itself).” 138 S. Ct. at 2055.

9. On that same date, the Commission issued an order staying, for thirty days, any pending administrative proceeding initiated by an order instituting proceedings that commenced the proceeding and set it for hearing before an administrative law judge, including any such proceeding currently pending before the Commission. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10510, Securities Exchange Act of 1934 Release No. 83495, Investment Advisers Act of 1940 Release No. 4946, Investment Company Act of 1940 Release No. 33135 (June 21, 2018).

10. On July 20, 2018, the Commission issued an order further staying administrative proceedings for an additional thirty days to August 22, 2018. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10522, Securities Exchange Act of 1934 Release No. 83675, Investment Advisers Act of 1940 Release No. 4974, Investment Company Act of 1940 Release No. 33164 (July 20, 2018).

11. On August 22, 2018, the Commission issued an order reiterating its November 30, 2017 approval of the appointments of Chief Administrative Law Judge Brenda Murray and

Administrative Law Judges Carol Fox Foelak, Cameron Elliot, James E. Grimes, and Jason S. Patil to the Office of Administrative Law Judges in the Securities Exchange Commission, and allowed the stay to expire. *In re Pending Administrative Proceedings*, Securities Act of 1933 Release No. 10536, Securities Exchange Act of 1934 Release No. 83907, Investment Advisers Act of 1940 Release No. 4993, Investment Company Act of 1940 Release No. 33211 (Aug. 22, 2018).

12. The Commission ordered, with respect to any such proceeding currently pending before an ALJ or the Commission, including this matter, that respondents be provided with the opportunity for a new hearing before an ALJ who did not previously participate in the matter.

13. The Commission remanded all proceedings currently pending before the Commission, including this matter, to the Office of Administrative Law Judges for this purpose and vacated any prior Commission opinion.

14. On September 12, 2018, this case was reassigned to Chief ALJ Brenda Murray. *In re Pending Administrative Proceedings*, Chief Administrative Law Judge's Order Assigning Proceedings Post *Lucia v. SEC*, Admin. Proc. Release No. 5955 (ALJ Sept. 12, 2018).

15. On September 27, 2018, Chief ALJ Murray directed the parties to submit proposals for the conduct of further proceedings by October 17, 2018.

16. On October 9, 2018, the Division of Enforcement and Respondent reached a settlement in principle, in lieu of rehearing a matter that Respondent again does not plan to contest, which the Division of Enforcement recommends that the Commission approve.

17. On October 12, 2018, the Division of Enforcement filed an unopposed motion to stay the proceeding pending Commission consideration of Respondent's settlement offer, pursuant to 17 C.F.R. § 201.161(c)(2). On October 15, 2018, the Hearing Officer granted the motion and stayed the proceeding.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Respondent Baccam is hereby barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act; and

B. Respondent Baccam is hereby barred from participating in an offering of 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, pursuant to Section 15(b) of the Exchange Act.

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