

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 91059 / February 4, 2021

INVESTMENT ADVISERS ACT OF 1940
Release No. 5678 / February 4, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20218

In the Matter of

David Hu,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against David Hu (“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 the findings contained in paragraphs III(2) and (4) below, and 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. Hu is the chief investment officer and a fifty-percent owner of International Investment Group, LLC ("IIG"), a New York-based investment adviser.
2. On February 1, 2021, a final judgment was entered by consent against Hu, permanently enjoining him from future violations of Sections 206(1) and 206(2) of the Advisers Act, Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. David Hu, Civil Action Number 20-cv-5496 (DLC), in the United States District Court for the Southern District of New York.
3. The Commission's complaint alleged that Hu engaged in a scheme to defraud IIG's investment advisory clients. Specifically, the complaint alleged that Hu concealed losses in the portfolio of its flagship hedge fund by overstating the value of certain defaulted trade finance loans and by replacing defaulted loans with fake loans. In addition, the complaint alleged that IIG, at Hu's direction, engaged in a pattern of selling overvalued and/or fake trade finance loans to investment advisory clients in order to generate liquidity to meet various payment obligations, including redemption requests from earlier investors.
4. On January 28, 2021, Hu pleaded guilty to one count of securities fraud (15 U.S.C. § 78j(b) and 78ff; 17 C.F.R. § 240.10b-5), one count of wire fraud (18 U.S.C. §§ 1343 and 2), and one count of conspiracy to commit investment adviser fraud, securities fraud, and wire fraud (18 U.S.C. § 371) in United States v. David Hu, Crim. No. 1:20-CR-360 (S.D.N.Y.).
5. The count of the criminal information to which Hu pled guilty alleged, inter alia, that Hu engaged in a pattern of selling overvalued and/or fake trade finance loans to investment advisory clients in order to generate liquidity to meet various payment obligations, including redemption requests from earlier investors, and that Hu used the mails and other means and instrumentalities of interstate commerce to execute his scheme.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Hu 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.

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman
Secretary