

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96726 / January 23, 2023

INVESTMENT ADVISERS ACT OF 1940
Release No. 6223 / January 23, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21285

In the Matter of

David S.Y. Chang,

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 David S.Y. Chang (“Chang” 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 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.2, III.4, and III.6 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. From April 2007 to April 2022, David S.Y. Chang (CRD No. 5020283) was associated with a state-registered investment adviser. At all times relevant to these proceedings, Chang also acted as a broker. Chang, 42 years old, is a resident of Los Angeles, California.

2. On June 25, 2020, In the Matter of David S.Y. Chang, et al., Case Nos. SEU 2010-046 and SEU-2016-004, the State of Hawaii Department of Commerce and Consumer Affairs (“Department”) entered, by consent, a final order (“Hawaii Order”) revoking Chang’s registration as an investment adviser representative in Hawaii, effective September 30, 2020. Chang consented to the Hawaii Order without admitting or denying the findings and conclusions of the Department. The Hawaii Order concluded that Chang violated, *inter alia*, Section 485A-501(a)(1), Section 485A-501(a)(2), Section 485A-501(a)(3), and Section 485A-502(a) of the Hawaii Revised Statutes, which prohibit fraudulent, manipulative, or deceptive conduct in connection with the offer, sale or purchase of securities or the provision of investment advice.

3. The Hawaii Order found, *inter alia*, that from 2008 to 2016, Chang and his associated investment adviser received commissions for investments he solicited investment advisory clients to purchase, did not disclose to investment advisory clients that he was receiving such commissions, did not disclose to investment advisory clients that investment funds would be used to pay Chang’s personal debts and obligations and those of his other affiliated companies, engaged in deceit related to loans he took from investment advisory clients, and offered and sold unregistered securities. The Hawaii Order also found that a subset of Chang’s violations of Hawaii law “were directed toward, targeted, or were committed against persons, who at the time of the violation, were sixty two years of age or older.”

4. On May 25, 2021, In the Matter of WealthBridge, Inc. and David S.Y. Chang, Case No. SEC-2020-00046, the State Corporation Commission of the Commonwealth of Virginia entered, by settlement, a final order (“Virginia Order”) declaring that Chang is “permanently barred from registration in Virginia as an investment advisor, investment advisor representative, broker-dealer, broker-dealer agent, and agent of the issuer.”

5. The Virginia Order alleged that Chang and his associated investment adviser “failed to disclose to or make any filings with the [Virginia Division of Securities and Retail Franchising] regarding the [Hawaii Order] whether on their Form ADV, Form U-4, or otherwise,” in violation of the Virginia Commission’s Rules Governing Investment Advisors.

6. On April 25, 2022, In the Matter of WealthBridge Inc. and David S.Y. Chang, CRD Nos. 144198 and 5020283, the State of California Department of Financial Protection and

Innovation entered, by consent, a final order (“California Order”) declaring that Chang is “barred from any position of employment, management or control of any investment adviser, broker-dealer, or commodity adviser.”

7. The California Order found that Chang and his associated investment adviser “failed to timely disclose” the Hawaii Order and Virginia Order in their required filings.

IV.

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