

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101937 / December 17, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22364

In the Matter of

DAVID CHONG KYI

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against David Chong Kyi (“Respondent” or “Kyi”).

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 Respondent and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Exchange Act, Making Findings, and Imposing Remedial Sanctions and 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 at least May 2019 through October 2023 (the "Relevant Period"), SogoTrade, Inc. ("SogoTrade"), a registered broker-dealer, failed to file Suspicious Activity Reports ("SARs") with the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") when it knew, suspected, or had reason to suspect that its customers were facilitating illegal activity or engaging in activity with no business or apparent lawful purpose. Due to deficiencies in SogoTrade's design and implementation of its Anti-Money Laundering ("AML") policies and procedures, SogoTrade repeatedly failed to investigate its customers' engagement in suspicious activity and to file SARs when required. SogoTrade also failed to follow its written identity verification process and therefore failed to document accurately the procedures set forth in its Customer Identification Program ("CIP").

2. Specifically, SogoTrade provided an online discount brokerage platform to approximately 24,000, primarily retail, customers, many of whom were based in foreign jurisdictions. A significant number of these customers engaged in activity that regulatory guidance has identified as potentially suspicious, including depositing and immediately liquidating low-priced and thinly-traded securities and wiring the sales proceeds out of their SogoTrade accounts, engaging in coordinated and non-competitive trading, orchestrating cash movements structured to avoid law enforcement or compliance scrutiny, and making security deposits and cash movements significantly in excess of the customers' financial resources based on their customer profiles. Although SogoTrade's Written Supervisory Procedures ("WSPs") identified this activity as red flags of potential illegal activity, SogoTrade failed to either identify or investigate the activity and to file SARs on the overwhelming majority of occasions. Furthermore, SogoTrade allowed some of its foreign customers to open accounts at the firm without subjecting them to third-party identity verification measures and after accepting customer translations of foreign language documents, contrary to the requirements of the firm's CIP procedures.

3. At all relevant times, Kyi was SogoTrade's AML Compliance Officer ("AMLCO"), was primarily responsible for the design and implementation of SogoTrade's AML program, and, until the firm's establishment of a SAR Committee in December 2021, was solely responsible for deciding whether SogoTrade would investigate suspicious activity and whether it would file SARs. On numerous occasions, Kyi failed to investigate suspicious activity and failed to file SARs concerning suspicious activity that SogoTrade systems or personnel, or employees of SogoTrade's clearing firm, brought to his attention. When Kyi did investigate suspicious activity, he applied an inappropriate standard to determine whether to file a SAR—whether the customer

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.

had in fact engaged in fraud or other illegal activity—rather than the standard laid out in the Bank Secrecy Act (“BSA”) and implementing regulations. Kyi also had a practice of alerting customers that SogoTrade’s surveillance reports had identified their suspicious trading activity and would advise or direct employees to advise customers to keep their trading activities below the average daily volume threshold to avoid triggering firm review. Furthermore, Kyi failed to consistently and comprehensively review the firm’s AML surveillance reports. In addition, year-after-year during the Relevant Period, although it was his responsibility to do so under SogoTrade’s WSPs, Kyi failed to implement the firm’s independent AML auditor’s key recommendations to strengthen SogoTrade’s processes related to monitoring and investigation of suspicious activity. Finally, despite being responsible for implementing the firm’s AML WSPs, including its CIP, Kyi also failed to help ensure that SogoTrade adhered to its CIP procedures, which resulted in the firm’s failure to accurately document its CIP procedures.

4. As a result, Kyi willfully aided and abetted and caused SogoTrade’s violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

Respondent

5. Kyi, age 56, is a resident of Creve Coeur, Missouri. Kyi has been associated with various broker-dealers since 1996. Beginning in June 2008, Kyi became associated with a SogoTrade predecessor where he was a designated options principal and customer service manager. He later became a customer service manager at SogoTrade. In December 2014, Kyi was promoted to AMLCO. Kyi holds Series 4, 7, 9, 10, 24, 57, 63, and 99 licenses.

Other Relevant Entities

6. SogoTrade is incorporated in Delaware, headquartered in New York, NY, and maintains a branch office in Chesterfield, MO, where its AML compliance function, including Kyi, is located. In 2010, SogoTrade was registered with the SEC as a broker-dealer pursuant to its acquisition by Wang Investment Associates, Inc., an SEC-registered broker-dealer since July 1986. Following the acquisition, Wang Investments took the SogoTrade name. SogoTrade is an introducing broker-dealer and its primary source of revenue is commissions from customer trading. SogoTrade is affiliated with MarketRiders, Inc. (d/b/a SogoTrade Asset Management), an SEC-registered investment adviser, incorporated in California and headquartered in Chesterfield, MO, and with Sogo Crypto Technologies, LLC, a cryptocurrency trading platform incorporated in Delaware and headquartered in Chesterfield, MO.

Background

7. The BSA and its implementing regulations require that broker-dealers such as SogoTrade file SARs with FinCEN to report, among other things, a transaction (or a pattern of transactions of which the transaction is a part) conducted or attempted by, at, or through the broker-dealer involving or aggregating to at least \$5,000 that the broker-dealer knows, suspects, or has reason to suspect: (1) involves funds derived from illegal activity or is intended or conducted to

disguise funds or assets derived from illegal activities; (2) is designed to evade any requirement of the BSA; (3) has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the broker-dealer knows of no reasonable explanation of the transaction after examining the available facts, including the background and possible purpose of the transaction; or (4) involves use of the broker-dealer to facilitate criminal activity. 31 C.F.R. § 1023.320(a)(2) (the “SAR Rule”). Broker-dealers are required to file a SAR within 30 calendar days after the date of the initial detection of facts that may constitute a basis for filing a SAR. 31 C.F.R. § 1023.320(b)(3). If the broker-dealer cannot identify a suspect, it must file the SAR within 60 days of the initial detection of facts that may constitute a basis for filing a SAR. *Id.*

8. The BSA and its implementing regulations also require broker-dealers to “establish, document, and maintain a written Customer Identification Program appropriate for [the broker-dealer’s] size and business” pursuant to 31 C.F.R. § 1023.220(a) (the “CIP Rule”), which was jointly issued by the Commission and the U.S. Department of the Treasury. The broker-dealer’s CIP must include risk-based procedures for verifying the identity of each customer such as to enable the broker-dealer to form a reasonable belief that it knows the true identity of each customer. 31 C.F.R. § 1023.220(a)(2). Further, the broker-dealer’s CIP must include procedures for making and maintaining records of the customer’s identifying information and its verification of the customer’s identity. 31 C.F.R. § 1023.220(a)(3).

9. Rule 17a-8, which was promulgated under Section 17(a) of the Exchange Act, requires broker-dealers to comply with the reporting, recordkeeping and record retention requirements in regulations implemented under the BSA, including the SAR and CIP Rules. The failure to file a SAR when required is a violation of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. *See SEC v. Alpine Sec. Corp.*, 308 F. Supp. 3d 775, 798-800 (S.D.N.Y. 2018), *aff’d*, 982 F.3d 68 (2d Cir. 2020), *cert. denied*, *Alpine Sec. Corp. v. SEC*, 142 S. Ct. 461 (2021). The failure to accurately document CIP procedures is also a violation of these provisions.

10. Under Section 20(e) of the Exchange Act, “any person that knowingly or recklessly provides substantial assistance to another person in violation of a provision of [the act or title, or of any rule or regulation issued thereunder], shall be deemed to be in violation of such provision to the same extent as the person to whom such assistance is provided.” The Second Circuit has held that “substantial assistance” requires a showing “that the defendant ‘in some sort associate[d] himself with the venture, that he participate[d] in it as in something that he wishe[d] to bring about, [and] that he [sought] by his action to make it succeed.’” *SEC v. Apuzzo*, 689 F.3d 204, 206, 212 (2d Cir. 2012) (quoting *U.S. v. Peoni*, 100 F.2d 401, 402 (2d Cir. 1938)).

11. The Commission has held that one who aids and abets a primary violation, necessarily is also a cause of the violation, so no additional evidence is necessary to prove “causing.” *See, e.g., In re Ronald S. Bloomfield*, Exchange Act Rel. No. 71632, 2014 WL 768828, at *16 (Feb. 27, 2014); *In re Application of Eric J. Brown*, Exchange Act Rel. No. 66469, 2012 WL 625874, at *11 (Feb. 27, 2012), *aff’d sub nom., Collins v. SEC*, 736 F.3d 521, 2013 WL 6169572 (D.C. Cir. 2013).

Facts

A. SogoTrade's AML Compliance Program

12. Through its website, available in English and Chinese, SogoTrade solicited prospective domestic and foreign customers to open self-directed brokerage accounts to trade stocks, exchange-traded funds (“ETFs”), and options. SogoTrade promoted its brokerage platform to potential customers by advertising the ease of account opening and funding and the availability of discounted trades. During the Relevant Period, SogoTrade’s independent AML auditor consistently assigned the firm a “high” AML risk rating, based on SogoTrade’s customers’ profiles (including their geographic locations) and the products and services that SogoTrade offered, including trading of low-priced and thinly traded securities. Nonetheless, as described below, SogoTrade did not have a reasonably designed AML compliance program, which resulted in its routine failure to file SARs.

13. At all relevant times, Kyi was SogoTrade’s only dedicated AML compliance employee. Two other SogoTrade employees, one from the firm’s compliance department and one from its customer service department, assisted Kyi with AML-related tasks on a part-time basis. As AMLCO, under SogoTrade’s WSPs, Kyi was primarily responsible for the design and implementation of the firm’s AML program, including developing and updating its WSPs, monitoring of customer activity, implementing changes recommended by SogoTrade’s independent AML auditor, developing and conducting employee training, investigating potentially suspicious customer activity, filing SARs, and maintaining necessary documentation concerning the same. Kyi was solely responsible for deciding whether SogoTrade would investigate suspicious activity and whether it would file SARs until, in December 2021, the firm established a three-person SAR Committee, that included Kyi, to investigate suspicious activity and determine whether SARs should be filed.

14. At all relevant times, SogoTrade’s WSPs provided that it would file SARs for a “wide range of questionable activities” that may be indicative of money laundering. It included as examples: “trading that constitutes a substantial portion of all trading for the day in a particular security; trading or journaling between/among accounts, particularly between related owners; late day trading; heavy trading in low-priced securities; unexplained wire transfers, including those to known tax havens; [and] unusually large deposits of funds or securities.”

15. SogoTrade’s WSPs also incorporated FINRA guidance concerning red flags of money laundering.² The red flags SogoTrade identified included, among other things, instances when a customer: deposited penny stocks, liquidated them, and wired out proceeds; engaged in

² See FINRA Regulatory Notice 19-18, *Anti-Money Laundering (AML) Program: FINRA Provides Guidance to Firms Regarding Suspicious Activity Monitoring and Reporting Obligations* (May 2019); FINRA Regulatory Notice 09-05, *Unrestricted Resales of Unregistered Securities* (January 2009).

prearranged or other non-competitive trading, including wash or cross trades of illiquid securities; received inflows of funds or other assets well beyond the known income or resources of the customer; had an unexplained high level of account activity with very low levels of securities transactions; deposited funds then immediately requested that the funds be wired out; engaged in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the U.S. government's \$10,000 reporting requirements³; and/or attempted to make frequent or large deposits of currency.

16. As of 2019, the firm ran daily reports to identify potentially suspicious trading and money movement activity. Kyi was primarily responsible for reviewing these reports until April 2022, at which point two additional reviewers were designated to assist Kyi on a part-time basis. After April 2022, Kyi remained primarily responsible for reviewing certain reports and also supervised the review by the designees. In June 2022, SogoTrade added three additional reports intended to identify suspicious trading activity.

17. Throughout the Relevant Period, Kyi's design and implementation of SogoTrade's AML program presented recurring weaknesses. Kyi was alerted to many of these weaknesses, including by SogoTrade's independent AML auditor, but failed to promptly correct them.

18. First, Kyi did not apply the required standard for determining whether to file a SAR pursuant to the BSA and implementing regulations. It was Kyi's typical practice to determine whether a customer had engaged in actual fraud or other illegal activity before filing a SAR, rather than doing so when the firm suspected or had reason to suspect that activity involved funds derived from or was conducted to disguise funds derived from illegal activities; was designed to evade any requirement of the BSA; had no business or apparent lawful purpose or was not the sort in which the particular customer would normally be expected to engage; or involved the use of the broker-dealer to facilitate criminal activity.

19. In addition, Kyi had a practice of alerting customers that SogoTrade's surveillance reports had identified their suspicious trading activity and would advise or direct employees to advise customers to keep their trading activities below the average daily volume threshold to avoid triggering firm review.

20. Furthermore, after SogoTrade's independent AML auditor identified recurring weaknesses in SogoTrade's AML program in each of its annual reports during the Relevant Period, Kyi failed to take corrective action. First, beginning in 2019, the AML auditor flagged SogoTrade's practice of requesting translations of foreign identification documents from customers, which was inconsistent with SogoTrade's CIP procedures. Second, also beginning in

³ Structuring is the breaking up of transactions for the purpose of evading the Bank Secrecy Act reporting and recordkeeping requirements and, if appropriate thresholds are met, should be reported as a suspicious transaction under 31 C.F.R. § 103.18. FinCEN Ruling 2005-6, *FinCEN Ruling 2005-6 – Suspicious Activity Reporting (Structuring)* (July 15, 2005).

2019, the AML auditor recommended that the firm establish processes for identifying AML risk based on account geographic location and for conducting enhanced due diligence and monitoring of higher risk accounts. In 2022, the auditor additionally recommended that the firm establish processes to identify AML risk based on customer profiles and products and services offered, in addition to jurisdiction. Third, beginning in June 2020, after identifying suspicious activities for which SARs were not filed, the AML auditor recommended that SogoTrade examine its SAR filing decision criteria to ensure that suspicious activity was being appropriately reported. Fourth, in 2021, the auditor recommended that SogoTrade develop and implement a low-priced securities report to detect suspicious microcap trading and found that many of SogoTrade's foreign accounts did not have completed third-party background checks. Finally, the auditor also identified recurring failures to circulate AML WSPs to employees and to provide AML training to certain employees. Each of these weaknesses remained unaddressed during the Relevant Period.

21. In August 2021, SogoTrade and Kyi also received notice from regulators of the firm's failures to implement processes or tools to effectively detect activity consistent with the AML red flags laid out in the firm's WSPs, to implement processes and procedures concerning the investigation, escalation, resolution, and documentation of the SAR review process, and to implement its CIP procedures as documented in its WSPs.

B. Kyi Aided and Abetted and Caused SogoTrade's Failure to File SARs.

22. Throughout the Relevant Period, Kyi was aware of or should have been aware of numerous red flags of suspicious activity, which were identified in SogoTrade's WSPs and FINRA guidance and within the scope of the firm's AML monitoring. Yet, Kyi conducted investigations to determine whether a SAR should be filed or filed SARs for only a small fraction of the activity covered by these red flags. Accordingly, SogoTrade failed to file SARs when the firm was required to do so.

23. Throughout the Relevant Period, SogoTrade customers, many of whom were based in China, Malaysia, or Taiwan, routinely engaged in suspicious activity, including, among other things:

- a. Depositing then liquidating low-priced or over-the-counter ("OTC") securities, and wiring the sales proceeds out of their SogoTrade accounts;
- b. Engaging in cross-trading of the low-priced securities of China- and Malaysia-based issuers;
- c. Engaging in securities transactions that represented more than 20% of a low-priced or OTC security's daily trading volume (on many occasions the trading represented 90%-100% of the security's daily trading volume);
- d. Making securities deposits that substantially exceeded the customer's stated liquid net worth;

- e. Engaging in no trading during the Relevant Period, yet engaging in money movements exceeding \$5,000, and ranging up to more than \$99,000;
- f. Making cash transfers that may have been structured into multiple transactions to avoid triggering U.S. government reporting requirements, i.e. during a 7-day period, depositing or withdrawing \$9,999 or more with SogoTrade in one or more transactions between \$0 and \$9,999;
- g. Depositing cash in amounts greater than or equal to \$50,000 and, within 14 days of the deposit, transferring out 90%-100% of the amount of the deposit; or
- h. Conducting cash movements where the amount transacted significantly exceeded the customer's stated liquid net worth.

24. For example, in 2019, SogoTrade's clearing firm alerted Kyi that a SogoTrade customer appeared to be structuring cash movements. In correspondence with the clearing firm, Kyi agreed that the account appeared to be engaged in structuring, but Kyi did not file a SAR or further investigate the activity to assess whether a SAR should be filed.

25. Also in 2019, SogoTrade's clearing firm flagged potential insider trading activity by a SogoTrade customer. Kyi concluded that the trader "was just fortunate to guess correctly on the [company's] earnings." Kyi did not file a SAR or further investigate the activity to assess whether a SAR should be filed.

26. During 2019 and 2020, numerous customers deposited, then immediately withdrew, funds from their SogoTrade accounts. SogoTrade personnel informed Kyi of this activity and SogoTrade's independent AML auditor also flagged it in its reports. Kyi did not file SARs or further investigate the activity to assess whether SARs should be filed.

27. In 2020, two customers engaged in a pattern of purchasing mostly illiquid option positions in the open market and then selling the positions at significantly higher prices. Both accounts wired out the proceeds of the trading; Kyi reviewed and approved the wires. SogoTrade received regulatory inquiries concerning the securities the customers traded. Kyi did not file a SAR or further investigate the activity to assess whether a SAR should be filed.

28. Other customers made large deposits of low-priced securities, liquidated them, then wired the proceeds out of their SogoTrade accounts. For example, in 2020, two foreign customers opened accounts at SogoTrade, and shortly thereafter, transferred low-priced securities of foreign issuers into their accounts, liquidated the securities, and transferred out the proceeds. The firm's AML monitoring flagged the customers' trading because their trading represented a significant percentage of the average daily trading volume of two foreign issuers' securities. Kyi instructed SogoTrade personnel to contact the customers and instruct them to keep their trading below the trading volume threshold that would cause their accounts to be flagged. He also approved the

customers' wires from their accounts. Kyi did not file SARs or investigate further to determine whether SARs should be filed.

29. During the same year, shortly after opening a SogoTrade account, a foreign customer transferred a large amount of low-priced securities issued by a foreign issuer into the customer's account. Kyi received information indicating that the customer was a potential insider of the issuer. The following month, the customer deposited shares of the same issuer. Kyi approved the deposits and did not conduct any investigation concerning the customer's potential insider status. The customer sold all of the deposited shares and wired the proceeds to a bank account located in a country other than the customer's home country. The wires out of the customer's account appeared on multiple AML-related exception reports reviewed by Kyi. Kyi did not file a SAR or investigate further to determine whether a SAR should be filed.

30. Also in 2020, a foreign customer opened a SogoTrade account and deposited a large amount of the low-priced securities of a foreign issuer into the customer's account. The customer sold the securities and wired out the proceeds. Prior to opening this account, SogoTrade personnel informed Kyi that the customer provided information that overlapped with that of an account SogoTrade had closed previously due to suspicious activity. Kyi did not investigate this issue and proceeded with the account opening. Following a regulatory inquiry, Kyi identified the customer's high volume of trading in the security. Kyi did not file a SAR or investigate further to determine whether a SAR filing was warranted.

31. SogoTrade also processed trades and money movements for the omnibus account of a Hong Kong- and Taiwan-based broker-dealer whose customers engaged in activities that raised multiple red flags. Kyi did not file a SAR or investigate further to determine whether a SAR filing was warranted.

C. Kyi Caused SogoTrade's Failure to Accurately Document its CIP Procedures.

32. As AMLCO, Kyi was responsible for developing and implementing the firm's AML program, including its CIP. He also supervised SogoTrade's CIP during the Relevant Period. In addition, until September 6, 2021, Kyi's designated responsibilities in the firm's AML WSPs included "verifying [the] identity of online account holders, monitoring account activity, and maintaining records of the verification and account activity review." Kyi was also responsible for implementing recommendations of the firm's independent AML auditor related to CIP compliance.

33. At account opening, SogoTrade's CIP required new customers to fill out account opening information on its website and to upload identification documents; the CIP also required foreign customers to submit a copy of an unexpired government-issued photo identification, such as a passport or driver's license. SogoTrade used two different third-party services to verify customer information, depending on whether a customer was domestic or foreign. For foreign customer identity verification, the service provider covered 10 jurisdictions. Accounts opened for customers in foreign countries not covered by the service provider—approximately 25% of foreign accounts—were not subjected to a third-party background check. If customer information could

not be verified, SogoTrade personnel would request additional documentary evidence from the customer, typically a second form of identification. Under the firm's WSPs, foreign language documents were to be examined by SogoTrade personnel fluent in the language or verified using external translation applications. Customer translations of foreign documents were not acceptable.

34. During the Relevant Period, Kyi was notified of indications that SogoTrade was not complying with its written CIP procedures but failed to take remedial action. In its 2018 and 2019 reports, issued in March 2019 and June 2020, the firm's independent AML auditor flagged SogoTrade's acceptance of foreign language document translations from customers, contrary to SogoTrade's CIP, which specifically forbade accepting customer translations. Subsequent audit reports continued to recommend that SogoTrade establish a formal procedure for translation of foreign language documents and certification thereof. Kyi disregarded the auditor's repeated flags and permitted customers to provide their own foreign language document translations in violation of firm policy. In addition, in or around April 2021, a potential customer submitted a picture of a flower in place of an unexpired government-issued photo identification, such as a passport or driver's license, as required by SogoTrade's CIP procedures. Although at the time Kyi was responsible for verifying customer identities and for supervision of the CIP, Kyi permitted SogoTrade to open the account and did not identify the issue as potentially suspicious until the clearing firm flagged it to him. Finally, in August 2021, Kyi was notified of 10 foreign customers (of 16 reviewed by regulators) for which SogoTrade should have but failed to run third-party background reports. These included customers who engaged in the potentially suspicious options trading activities described above. Again, although Kyi was specifically responsible for verifying customer identities for the period during which the 10 accounts were opened, he failed to get the background checks for these account holders as required by SogoTrade's CIP procedures.

35. Accordingly, Kyi failed to help ensure that SogoTrade adhered to its written identity verification process, which caused the firm's failure to document accurately the procedures set forth in its CIP.

Violations

36. Based on the foregoing, SogoTrade willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

37. Based on the foregoing, Kyi willfully aided and abetted and caused SogoTrade's violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.

B. Respondent shall be, and hereby is, subject to the following limitations on his activities:

- (1) Respondent shall not act in a compliance capacity, including but not limited to in an anti-money laundering compliance capacity, with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization for a period of sixty (60) months.
- (2) Respondent shall certify, in writing, 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. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and any supplemental material shall be submitted to Tejal D. Shah, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the compliance limitation. .

C. Respondent shall, within fourteen (14) days of entry of this order, pay a civil money penalty of \$25,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Kyi as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Tejal D. Shah, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by

Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary