

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 31, 2005**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12025**

**In the Matter of**

**Won Sok Lee and  
Yung Bae Kim,**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
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  
AND NOTICE OF HEARING**

**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 Won Sok Lee (“Respondent” or “Lee”) and Yung Bae Kim (“Respondent” or “Kim”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENTS**

1. **Won Sok Lee** -- Lee, 35, controlled and was a principal of K.L. Group, LLC, KL Florida, LLC and KL Triangulum Management, LLC (collectively, the “Investment Advisers”), three unregistered investment advisers incorporated in 2001, 2002, and 2003, respectively. These investment advisers advised, controlled, and managed the following six hedge funds: KL Group Fund, LLC; KL Financial Group Florida, LLC; KL Financial Group DB Fund, LLC; KL Financial Group DC Fund, LLC; KL Financial Group IR Fund, LLC; and KL Triangulum Group Fund, LLC (collectively, the “Hedge Funds”). While he engaged in the conduct described in paragraph II.B.4 below, Lee also owned and controlled Shoreland Trading, LLC, a broker-dealer registered with the Commission. Lee is a resident of Singer Island, Florida who also maintained a private mailbox address in North Palm Beach, Florida. His present whereabouts are unknown.

2. **Yung Bae Kim** – Kim, 34, controlled the Investment Advisers and Shoreland with Lee, from approximately 2001 until the Commission instituted a civil action against Kim, Lee, and other defendants on March 2, 2005. He resided in Irvine, California and

West Palm Beach, Florida and also maintained a private mailbox address in North Palm Beach, Florida. His present whereabouts are unknown.

**B. ENTRY OF THE PERMANENT INJUNCTION**

3. On August 15, 2005, the United States District Court for the Southern District of Florida entered an Order of Default Judgment of Permanent Injunction and Other Relief against Lee and Kim in the civil action entitled Securities and Exchange Commission v. K.L. Group, LLC, et al., Case No, 05-80186-CIV-Ryskamp/Vitunac, permanently enjoining each of them from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act.

4. The Commission’s complaint in that action alleged that, from as early as 1999 through February 2005, Lee and Kim and another defendant fraudulently convinced investors to invest and remain invested with the Hedge Funds through misrepresentations and omissions to investors concerning the returns on and security of investments in the Hedge Funds. The complaint alleged Lee and Kim committed this fraud through, among other things, fraudulent offering materials, brochures, website postings, and account statements.

**III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford each Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 15(b) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 203(f) of the Advisers Act.

**IV.**

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that each Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If either Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, that Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 221(f) and 201.310.

This Order shall be served forthwith upon each Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Jonathan G. Katz  
Secretary