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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

GAC AJWx

CV 06-06775

Case No.

**COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS**

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10
11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE
14 COMMISSION,
15 Plaintiff,
16 vs.
17 HYUN SOO JANG a/k/a KEVIN JANG;
18 KANGSAN KIM a/k/a BLAINE KIM;
UNUS CAPITAL MANAGEMENT, INC.;
and PEOPLEN INVESTMENT, CORP.,
19 Defendants.

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77t(b),
6 77t(d)(1) & 77v(a), Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the Securities
7 Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78(u)(d)(1), 78u(d)(3)(A), 78u(e)
8 & 78aa, and Sections 209(e)(1) and 214 of the Investment Advisers Act of 1940
9 (“Investment Advisers Act”), 15 U.S.C. §§ 80b-9(e)(1) & 80b-14. Defendants have,
10 directly or indirectly, made use of the means or instrumentalities of interstate commerce,
11 of the mails, or of the facilities of a national securities exchange in connection with the
12 transactions, acts, practices and courses of business alleged in this complaint.

13 2. Venue is proper in this district pursuant to Section 22(a) of the Securities
14 Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and
15 Section 214 of the Investment Advisers Act, 15 U.S.C. § 80b-14, because certain of the
16 transactions, acts, practices and courses of conduct constituting violations of the federal
17 securities laws occurred within this district.

18 **INTRODUCTION**

19 3. This case concerns a fraud perpetrated by two individuals of Korean
20 descent, Hyun Soo Jang (“Jang”) and Kangsan Kim (“Kim”), primarily against persons
21 of Korean descent living in Southern California. From at least January 2003 through
22 August 2005, Jang and Kim raised approximately \$4.5 million from about 40 investors,
23 by falsely representing that they would invest their clients’ money in securities.
24 Instead, Jang and Kim misappropriated at least \$3 million of investors’ funds for their
25 own use. In addition, Jang used over \$500,000 to repay existing investors with money
26 that had been deposited by new investors. In August 2005, Jang fled to South Korea.

27 4. Jang and Kim perpetrated their fraud using two now-defunct companies
28 they controlled: Unus Capital Management, Inc. (“Unus”), which for a period of time

1 was a state-registered investment advisory firm that recommended securities to clients;
2 and PeopleN Investment, Corp. (“PeopleN”), an unregistered broker-dealer that
3 supposedly executed trades as directed by Unus. Jang and Kim made themselves and
4 Unus known to Korean-speaking persons through daily morning stock reports, which
5 they provided on Korean-language radio stations broadcasting in Los Angeles. Unus
6 was generally identified as a sponsor of these reports. In addition, Unus advertised its
7 services as an investment advisory firm on the radio, and in at least one Korean-
8 language newspaper. Jang and Kim also offered seminars in which they discussed the
9 stock market and investment opportunities.

10 5. Jang and Kim had clients execute investment advisory agreements with
11 Unus, which in most cases provided that Unus would direct the purchase and sales of
12 securities for the clients. In most cases, the agreements identified PeopleN as the
13 designated broker to be used by Unus. Clients were told to make their checks payable
14 to PeopleN. Clients were informed that they could access their account statements
15 through PeopleN’s Internet site, and also received paper account statements. The
16 account statements falsely listed clients’ investments, when in fact, Jang and Kim had
17 misappropriated the clients’ funds and no such investments were made.

18 6. PeopleN’s Internet site falsely represented that it was a “licensed” broker-
19 dealer, and falsely stated that PeopleN was a member of the “NYSE,” “NASDAQ,” and
20 “SIPC.” In fact, PeopleN was not registered as a broker-dealer with the Commission or
21 the NASD, and was not a member of the New York Stock Exchange (“NYSE”), the
22 NASDAQ stock market, or Securities Investor Protection Corp. (“SIPC”).

23 7. In late 2004, Unus withdrew its state-registration as an investment advisory
24 firm. However, Jang and Kim continued to falsely represent that Unus was a registered
25 investment adviser to prospective clients even after the state-registration was terminated.

DEFENDANTS

27 8. Hyun Soo Jang, age 39, was living in Los Angeles, California until August
28 2005, when he boarded a flight bound for South Korea. Beginning in early 2001, Jang

1 was responsible for the operations of PeopleN, and served as its president and chief
2 executive officer. At various times, Jang also held himself out as an investment adviser
3 who was affiliated with Unus, as well as the executive vice president of Unus.

4 9. Kangsan Kim, age 34, resides in Anaheim, California. Kim controlled
5 Unus and served as its president and chief executive officer during 2003 and 2004.
6 Kim was the chief financial officer of PeopleN from approximately May 2001 until at
7 least September 2002. Kim held Series 7 and 24 licenses with the NASD that lapsed in
8 October 2005, and currently holds a Series 63 license that will lapse in November 2006.
9 Kim held himself out as an investment adviser and held out Unus as a registered
10 investment advisory firm into early 2005. Kim earned a bachelor's degree in
11 accounting from Ohio State University.

12 10. Unus Capital Management, Inc., is a California corporation which had an
13 office in Los Angeles. Kim was the president and chief executive officer of Unus. In
14 November 2002, Unus became registered as an investment adviser with the State of
15 California. Unus's registration was withdrawn on November 25, 2004, after Unus filed
16 with the State of California a Form ADV-W, in which it claimed to have ceased
17 operations and represented that it had no clients. On August 3, 2006, Unus's corporate
18 powers, rights and privileges were suspended by the California Secretary of State, and
19 the company no longer is engaged in business activities.

20 11. PeopleN Investment, Corp., is a California corporation owned by Jang.
21 Jang operated PeopleN out of Unus's office in Los Angeles, and maintained a "virtual
22 office" in San Francisco, California, where it purported to be based and where a third-
23 party service provider answered telephone calls and forwarded messages and mail to
24 Jang in Los Angeles. PeopleN held itself out to the public as a registered broker-dealer,
25 and member of the NYSE, NASDAQ, and SIPC. The company is no longer engaged in
26 business activities.

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THE FRAUDULENT ACTIVITY

The Defendants' Sales Activities

3 12. From at least January 2003 through August 2005, defendants Jang and Kim
4 engaged in an investment scheme that raised approximately \$4.5 million from about 40
5 investors in Southern California's Korean language-speaking community, through Kim's
6 Los Angeles-based investment advisory firm that recommended securities to clients, and
7 Jang's San Francisco-based brokerage firm that purported to execute trades as directed
8 by Unus. Unus raised approximately \$3.5 million that was to have been invested on
9 behalf of clients by PeopleN, and an additional \$1 million that was to have been invested
10 on behalf of an existing client through an account at another nationally known broker-
11 dealer.

12 13. Unus attracted investors through morning stock reports hosted by Jang and
13 Kim that aired on two Korean-language radio stations, in which Jang and/or Kim
14 discussed stock market conditions. Through these reports, Jang and Kim portrayed
15 themselves as trustworthy experts in the stock market, in part because they were on the
16 radio. Some listeners subsequently called Unus to retain the firm to provide investment
17 advice.

14. Jang and Kim also advertised in at least one Korean-language newspaper,
15 and held seminars at which they discussed the stock market and investments.

20 15. After being contacted by interested investors, the defendants falsely
21 portrayed Unus and PeopleN as legitimate, regulated securities businesses. Jang was
22 the primary contact for prospective clients, although at times both Jang and Kim
23 solicited investments together. Jang or Kim represented to potential investors that they
24 were experienced investment advisers, and that Unus would select stocks, bonds and
25 mutual funds that would be purchased and sold by PeopleN for the client's account.

26 16. Jang and Kim variously represented their affiliation with PeopleN to
27 prospective clients. For example, Jang and Kim told one prospective client that they were
28 also employed by PeopleN. However, Jang and Kim did not disclose this affiliation to

1 another client, who found it reassuring that her money would be held by a separate entity,
2 rather than by Unus.

3 17. Once prospective clients decided to invest, in most instances Jang or Kim
4 directed them to execute investment advisory agreements which stated that Unus would
5 "enter orders for the client's account with PeopleN Investment as the Designated Broker"
6 and also provided that "[a]ll assets in the client's account shall be held for safekeeping
7 with PeopleN Investment as Custodian." Typically, the investment advisory agreements
8 provided that Unus would receive annual management fees between 1.25% to 2.25% of
9 the assets under management, although at times lower fees were negotiated.

10 18. Unus's new clients were instructed by Jang or Kim to make their checks
11 payable to PeopleN. Subsequently, clients would receive letters on either PeopleN or
12 Unus letterhead, confirming that their requests to open accounts had been approved, and
13 explaining how they could access an electronic account statement at PeopleN's Internet
14 site. At least one of these letters on Unus letterhead was signed by Jang, as "Executive
15 Vice President." Other letters were purportedly signed by "Brian Miller," who does not
16 appear to have been affiliated with either Unus or PeopleN.

17 19. PeopleN's Internet site, located at <http://www.peopleninvestment.com>,
18 represented that PeopleN was "licensed to do business as a Broker/Dealer" in all but
19 certain specified states. The Internet site displayed on the home page that PeopleN was
20 a member of the NYSE, NASDAQ, and SIPC. Elsewhere, the Internet site touted
21 PeopleN's ability to offer quality service and "deep discount commissions on all [client]
22 brokerage transactions" while providing "the safeguards and accurate record keeping
23 [of] 'full service' brokerage firms." The Internet site further explained: "We are a
24 member of SIPC, which protects securities customers of its members up to \$500,000
25 (including \$100,000 for claims for cash)."

26 20. PeopleN's Internet site disclosed that the firm charged fees of "\$19.95 per
27 transaction up to 1,000 shares, plus \$0.02 per share thereafter on all stock orders."
28 However, in some cases the investment advisory agreements that clients entered into

with Unus stated that PeopleN would not charge any fees for equity trades.

21. Jang and Kim also continued to hold out Unus as a registered investment adviser after the firm had withdrawn its registration with the California Department of Corporations.

22. At least one prospective client received a professionally prepared brochure, which described Unus's mission, its "risk management system," and its investment philosophy. This brochure repeatedly misrepresented that Unus was a "registered investment advisor."

23. In June 2005, when an existing Unus client expressed an interest in investing more money using a different broker-dealer, Jang told the client that Unus could execute trades through Ameritrade. Jang later directed the client to sign a second Unus investment advisory agreement that named "Ameritrade Advisors" as the designated broker, which the client believed to be affiliated with the nationally known brokerage company, Ameritrade, Inc. Jang also directed the client to make the check payable to "Ameritrade Advisors" in the amount of \$1 million. In fact, at the time Jang so directed the client to sign the investment advisory agreement and accepted the check payable to "Ameritrade Advisors", Unus had no professional relationship with Ameritrade, Inc. Rather, Jang had recently opened a personal bank account in which he purported to be doing business as "Ameritrade Advisors." Jang endorsed and deposited the client's \$1 million check into this personal account, and then withdrew the money before he fled the United States.

MISREPRESENTATIONS AND OMISSIONS

Misuse of Investors' Funds

24. Contrary to the representations made to investors that their funds would be invested in securities, from January 2003 through August 2005, of the approximately \$4,500,000 of investor funds received, Jang (who had sole signatory power over the bank accounts into which investor funds were deposited) misappropriated more than \$3,500,000.

1 25. Jang wrote checks totaling more than \$250,000 to himself, his wife, and
2 his brother, taking investors' funds from two PeopleN accounts. Jang deposited nearly
3 \$250,000 of investors' funds into a personal brokerage account held in his name at
4 Ameritrade, Inc. Jang wrote numerous checks payable to cash totaling more than
5 \$700,000 on the PeopleN accounts. Jang used more than \$275,000 in investors' funds
6 for personal expenses. Jang disbursed approximately \$50,000 to pay business
7 expenses.

8 26. Jang also used over \$500,000 of investors' funds deposited by new
9 investors to pay existing clients alleged returns on their investments.

10 27. In addition, Jang deposited a \$1 million check made payable to
11 "Ameritrade Advisors" into his personal bank account and withdrew the money when
12 he fled the United States.

13 28. Finally, Jang gave Kim more than \$200,000 from the investors' funds, and
14 transferred over \$300,000 to Unus. Kim, who had signatory power over Unus's bank
15 account, wrote himself checks totaling over \$10,000, and withdrew in excess of
16 \$50,000 using checks payable to cash or in which the payee was left blank. Kim also
17 used more than \$100,000 to fund Unus's operations.

Misrepresentations and Omissions About Operations

19 29. The defendants' businesses were a sham, designed to attract clients by
20 presenting themselves as legitimate, regulated entities. Jang and PeopleN did not invest
21 client funds as represented, but instead the defendants together misappropriated
22 approximately two-thirds of the money entrusted to them. The defendants also deceived
23 clients by misrepresenting PeopleN as a "licensed" or registered broker-dealer, and
24 member of various securities industry associations. In addition, defendants deceived
25 clients by continuing to hold Unus out as a registered investment adviser after it requested
26 withdrawal of its registration as an investment adviser with the California Department of
27 Corporations, and that withdrawal had been declared effective.

28 30. Unus's investment advisory agreements with clients, which were signed by

1 Jang or Kim, falsely represented that PeopleN would invest and safeguard clients'
2 monies. In fact, the defendants did not invest or safeguard clients' monies. In addition,
3 Jang misrepresented to prospective clients, at times in Kim's presence, that PeopleN
4 would purchase securities on the client's behalf, as directed by Unus.

5 31. After receiving funds from clients, defendants fabricated and provided to
6 clients fabricated PeopleN account statements, and provided online access to false account
7 information, which purported to reflect the portfolio positions and recent account activity.
8 After receiving fictitious account statements, some clients invested additional funds. In
9 fact, the account statements and purported account activity were entirely false.

10 32. The defendants misrepresented to investors who accessed the PeopleN
11 Internet site that PeopleN was a "licensed" broker and member of various securities
12 industry associations. Contrary to representations on PeopleN's Internet site, at no time
13 was PeopleN registered with either the Commission or the NASD, or a member of the
14 NYSE, NASDAQ, or SIPC.

15 33. Jang and PeopleN failed to disclose that funds provided by new investors were
16 used to pay returns to existing investors.

17 34. Jang did not possess a Series 24 license that was required for him to operate a
18 registered broker-dealer, and had not passed the Series 7 examination to become a general
19 securities representative capable entering orders to purchase or sell securities for clients at
20 a registered broker-dealer.

21 35. Jang and Kim met with potential clients to solicit investments after Unus
22 withdrew its registration as an investment adviser. Although Kim caused Unus's
23 registration to be withdrawn on or about October 26, 2004, Jang and Kim continued to
24 hold Unus out to clients as a registered investment adviser until mid-August 2005.

25 36. One individual invested more than \$200,000 in April 2005, following a
26 meeting in which both Jang and Kim furnished their business cards identifying Unus as a
27 "registered investment advisor." The client also received a Unus brochure during the
28 meeting, which repeatedly described Unus as a "registered investment advisor" and

emphasized the firm's integrity. In fact, at the time Unus was no longer a registered investment adviser.

37. At least three other individuals invested money and entered into investment advisory agreements with Unus after meeting with Jang in July and August 2005. The investment advisory agreements affirmatively represented that Unus was registered as an investment adviser with the California Department of Corporations. In fact, at the time Unus was no longer a registered investment adviser.

DEFENDANTS ACTED WITH SCIENTER

38. Jang, and through him PeopleN, misrepresented to prospective clients that their money would be invested in securities. Jang knew, or was reckless in not knowing, that the representations were false, because he had sole signatory power over the two PeopleN accounts into which client funds were deposited, and Jang did not purchase securities for client accounts. Instead, Jang misappropriated much of the money, and turned over substantial sums to Kim and Unus. Jang also used funds from new investors to pay off existing investors.

39. Jang, and through him PeopleN, misrepresented to existing clients the performance of their accounts. Clients received fabricated PeopleN account statements purporting to reflect their securities holdings, when Jang knew, or was reckless in not knowing, that no such investments had been made. A true and correct redacted copy of an account statement that was furnished to a client is attached hereto as Exhibit A. Jang also used new clients' funds to pay existing clients who sought to withdraw some or all of their funds from their PeopleN accounts. Jang failed to inform existing clients that he was using new clients' funds to pay them, and failed to inform clients that they were being provided with fabricated account statements.

40. Jang knew, or was reckless in not knowing, that PeopleN was not registered as a broker or dealer and was not a member of various securities industry organizations. Yet, he permitted PeopleN's Internet site to misrepresent that the firm was "licensed" as a broker-dealer and a member of the NYSE, NASDAQ and SIPC.

1 41. Jang knowingly deceived a Unus client by instructing the client to make a
2 \$1 million check payable to “Ameritrade Advisors,” and leading the client to believe
3 that the funds were being deposited with an affiliate of Ameritrade, Inc., when in fact,
4 Jang had opened a personal account with a d/b/a of “Ameritrade Advisors,” and Jang
5 deposited the client’s \$1 million check into his personal account.

6 42. Jang knew or was reckless in not knowing that Unus’s registration as an
7 investment adviser had been withdrawn in 2004, yet he continued to hold out Unus as a
8 registered investment adviser in 2005.

9 43. Jang, and through him PeopleN, acted with scienter.

10 44. Kim, and through him Unus, solicited at least one prospective client to
11 invest with Unus several months after he directed the filing of a request for withdrawal
12 of the firm’s registration with the California Department of Corporations, and the
13 request was declared effective. Kim deceived the prospective client by providing a
14 business card to this individual which falsely identified Unus as a “registered
15 investment advisor.” In fact, Kim knew, or was reckless in not knowing, that Unus was
16 no longer registered as an investment adviser.

17 45. Kim, and through him Unus, knew, or was reckless in not knowing, that
18 Unus received payments from PeopleN that were far in excess of the fees to which Kim
19 and Unus would have been entitled had they performed *bona fide* advisory services.
20 Kim knew, or was reckless in not knowing, that PeopleN and Jang were not investing
21 client funds as promised, because of the excessive payments Unus and Kim received.

22 46. Kim knew, or was reckless in not knowing, that PeopleN was not registered
23 as a broker or dealer. Kim knew in 2001 that PeopleN was not registered as a broker-
24 dealer, when he and Jang decided to form an investment advisory firm and discussed the
25 possibility of registering a broker-dealer at some indefinite future date. Kim was at
26 minimum reckless in not ascertaining whether PeopleN was, in fact, registered, at the
27 time Kim and Jang made such representations to investors.

28 47. Kim knew, or was reckless in not knowing, that Jang did not possess the

1 required securities licenses to operate a brokerage firm or trade securities on behalf of
2 clients. As the supervisor of the Los Angeles branch office of a broker-dealer with
3 which Kim and Jang were associated from August 27, 2001 to September 30, 2002, Kim
4 knew, or was reckless in not knowing, that Jang did not possess a license to act as a
5 general securities representative capable of entering client orders, or a license that would
6 have been required to operate a registered broker-dealer, such as defendants represented
7 PeopleN was. Kim was reckless in not ascertaining whether Jang was, in fact, in
8 possession of the requisite securities licenses.

48. Kim, and through him Unus, acted with scienter.

FIRST CLAIM FOR RELIEF

FRAUD IN THE OFFER OR SALE OF SECURITIES

Violations of Section 17(a) of the Securities Act (Against Defendants PeopleN, Jang and Kim)

14 49. The Commission realleges and incorporates by reference paragraphs 1
15 through 48 above.

16 50. Defendants PeopleN, Jang and Kim, and each of them, by engaging in the
17 conduct described above, directly or indirectly, in the offer or sale of securities by the
18 use of means or instruments of transportation or communication in interstate commerce
19 or by use of the mails:

- a. with scienter, employed devices, schemes, or artifices to defraud;
 - b. obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
 - c. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

27 51. By engaging in the conduct described above, defendants PeopleN, Jang
28 and Kim, and each of them, violated, and unless restrained and enjoined will continue

1 to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

2 **SECOND CLAIM FOR RELIEF**

3 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**
4 **SECURITIES**

5 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**
6 **(Against All Defendants)**

7 52. The Commission realleges and incorporates by reference paragraphs 1
8 through 48 above.

9 53. The defendants, and each of them, by engaging in the conduct described
10 above, directly or indirectly, in connection with the purchase or sale of a security, by
11 the use of means or instrumentalities of interstate commerce, of the mails, or of the
12 facilities of a national securities exchange, with scienter:

- 13 a. employed devices, schemes, or artifices to defraud;
- 14 b. made untrue statements of a material fact or omitted to state a
15 material fact necessary in order to make the statements made, in the
16 light of the circumstances under which they were made, not
17 misleading; or
- 18 c. engaged in acts, practices, or courses of business which operated or
19 would operate as a fraud or deceit upon other persons.

20 54. By engaging in the conduct described above, each of the defendants
21 violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the
22 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

23 **THIRD CLAIM FOR RELIEF**

24 **FRAUD BY AN INVESTMENT ADVISER**

25 **Violations of Sections 206(1) and 206(2) of the Investment Advisers Act**
26 **(Against Defendants Unus, Jang and Kim)**

27 55. The Commission realleges and incorporates by reference paragraphs 1
28 through 48 above.

56. Defendant Unus, by engaging in the conduct described above, directly or indirectly, by the use of the mails or means or instrumentalities of interstate commerce:

- a. with scienter, employed devices, schemes, or artifices to defraud clients or prospective clients; or
 - b. engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon clients or prospective clients.

57. By engaging in the conduct described above, defendant Unus violated, and unless restrained and enjoined will continue to violate, Sections 206(1) and 206(2) of the Investment Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2).

58. Defendants Jang and Kim, and each of them, by engaging in the conduct described above, knew of Unus's violations, their role in furthering it, and substantially assisted Unus's violations of Sections 206(1) and 206(2) of the Investment Advisers Act.

59. By reason of the foregoing, defendants Jang and Kim aided and abetted violations of, and unless restrained and enjoined will continue to aid and abet violations of, Sections 206(1) and 206(2) of the Investment Advisers Act.

FOURTH CLAIM FOR RELIEF

FAILURE TO REGISTER AS A BROKER-DEALER

Violations of Section 15(a) of the Exchange Act

60. The Commission realleges and incorporates by reference paragraphs 1 through 48 above.

61. Defendants PeopleN and Jang, by engaging in the conduct described above, directly or indirectly, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of securities, without being registered as a broker or dealer in accordance with Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

62. By engaging in the conduct described above, defendants PeopleN and Jang violated, and unless restrained and enjoined will continue to violate, Section 15(a) of

the Exchange Act, 15 U.S.C. § 78o(a).

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that defendants committed the alleged violations.

II.

Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining defendant PeopleN and its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

III.

Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining defendant Unus and its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Sections 206(1) and 206(2) of the Investment Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2).

IV.

Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining defendant Jang and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the

1 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5,
2 and Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and from aiding and
3 abetting violations of Sections 206(1) and 206(2) of the Investment Advisers Act, 15
4 U.S.C. §§ 80b-6(1) & 80b-6(2).

5 **V.**

6 Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently
7 enjoining defendant Kim and his officers, agents, servants, employees, and attorneys,
8 and those persons in active concert or participation with any of them, who receive
9 actual notice of the judgment by personal service or otherwise, and each of them, from
10 violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the
11 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5,
12 and from aiding and abetting violations of Sections 206(1) and 206(2) of the
13 Investment Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2).

14 **VI.**

15 Order defendants PeopleN, Unus, Jang and Kim to disgorge all ill-gotten gains
16 from their illegal conduct, together with prejudgment interest thereon.

17 **VII.**

18 Order defendants Jang and Kim to pay civil penalties under Section 20(d) of the
19 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. §
20 78u(d)(3), and Section 209(e) of the Investment Advisers Act, 15 U.S.C. § 80b-9(e)(1).

21 **VIII.**

22 Retain jurisdiction of this action in accordance with the principles of equity and
23 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
24 all orders and decrees that may be entered, or to entertain any suitable application or
25 motion for additional relief within the jurisdiction of this Court.

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2 **IX.**
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5 Grant such other and further relief as this Court may determine to be just and
6 necessary.
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10 DATED: October 24, 2006
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WILLIAM S. FISKE
Attorney for Plaintiff
Securities and Exchange Commission

PEOPLENINVESTMENT

Account number	Taxpayer Id.	Statement Period	Page
PNI-P0022	[REDACTED]	07/17/03-07/31/04	1/4

Professional Advisory Account

Contents of This Statement

- Message Box
- Summary Page
- Settled Securities Transaction
- Current Portfolio Position

Messages Related to This Statement

Dear Valued customer
This is yearly professional advisory account statement. The statement should accurately reflect all transactions, asset being held, the correct name and address and tax identification number of the account owner.

T.415.855.0581 F.415.397.6309 / 425 Market St. Suite 2200 San Francisco, CA 94105

PEOPLEN INVESTMENT

Account number	Taxpayer Id.	Statement Period	Page
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Professional Advisory Account

Asset Summary	This Period	Year-To-Date
Account Credit Balance	318,117.05	318,117.05
Long Stock Value	0.00	0.00
Short Stock Value	0.00	0.00
Long Option Value	0.00	0.00
Short Option Value	0.00	0.00
Corporate Fixed Income	0.00	0.00
U.S. Govt. Securities	0.00	0.00
Municipal Bonds	0.00	0.00
Money Market Funds	0.00	0.00
Other Assets	10,800.00	10,800.00
Total Asset Value	318,117.05	318,117.05
Account Debit Balance	2,671.31	2,671.31
Total Net Worth/Equity	320,788.36	320,788.36

Income Summary	This Period	Year-To-Date
Money Market Income	0.00	0.00
Dividend Inc/Exp (Net)	0.00	0.00
Municipal Int/Exp (Net)	0.00	0.00
Corporate Int/Exp (Net)	0.00	0.00
U.S. Govt. Int/Exp (Net)	0.00	0.00
Fee/Expense (Net)	(4675.19)	(4675.19)
Other Inc/Exp (Net)	0.00	0.00
Total Income/Expense (Net)	(4675.19)	(4675.19)

Account Balance Reconciliation	This Period	Year-To-Date
Opening Balance	270,000.00	315,695.34
Securities Sold	0.00	0.00
Securities Purchased	(280,800.00)	0.00
Transfers/Recvs./Dells.	0.00	0.00
Dividend Income	0.00	0.00
Dividend Expense	0.00	0.00
Interest Income	0.00	0.00
Interest Expenses	0.00	0.00
Fee/Expense	(4675.19)	(4675.19)
Contribution	13,471.31	0.00
Withdrawals	0.00	0.00
P & L Debits	0.00	0.00
P & L Credits	0.00	0.00
Current Balance	320,788.36	320,788.36

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PEOPLE N INVESTMENT

Account number	Taxpayer Id.	Statement Period	Page
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Professional Advisory Account

Date	Long (Bought or Received)	Short (Sold or Delivered)	Description	Debit Amount	Credit Amount
2003-07-17	1,163.7329		Dodge & Cox Stock Fund Price @ 96.60	112,320.00	
2003-07-17	6,525.1740		Dodge & Cox Income Fund Price @ 12.91	84,240.00	
2003-07-17	5,369.0247		Royce Special Equity Fund Price @ 15.69	84,240.00	

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PEOPLENINVESTMENT

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Professional Advisory Account

Current Security As of 07/31/04	Shares As of 07/31/04	Price As of 07/31/04	Amount As of 07/31/04
DODGX	1,162.7329	\$116.02	\$134,900.27
DODIX	6,525.1740	\$12.70	\$82,869.71
RYSEX	5,369.0247	\$18.69	\$100,347.07
Total			\$318,117.05