

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81447 / August 21, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18121

In the Matter of

ALLEN CHI,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 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 that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Allen Chi (“Respondent” or “Chi”).

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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, 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:

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.

Summary

1. From approximately September 2012 through February 2014 (the “Relevant Period”), Chi facilitated the purchase of limited liability company membership interests issued by Suncor Fontana, LLC, Suncor Hesperia, LLC, and Suncor Care Lynwood, LLC (the “Suncor Securities”) by Chinese investors seeking to obtain United States visas through the Immigrant Investor or “EB-5” Program. Chi, through Mason Investments, LLC (“Mason Investments”), a now-dissolved entity that he controlled, recommended the Suncor Securities to potential investors, helped effect the purchases, and received transaction-based compensation. Throughout the fund-raising efforts, neither Chi nor Mason Investments was registered as a broker-dealer or associated with a registered broker-dealer. By virtue of his conduct, Chi violated Section 15(a)(1) of the Exchange Act.

Respondent and Related Party

2. Respondent Allen Chi, age 41, is a resident of Arcadia, California. During the Relevant Period, Chi was not registered with the Commission as a broker-dealer or associated with a registered broker-dealer. Subsequent to the Relevant Period, in May 2014, Chi became associated with a registered broker-dealer.

3. Mason Investments was a Delaware limited liability company formed by Chi in 2008. Mason Investments was based in Alhambra, California during the Relevant Period. Chi was the founder, sole owner, and control person of Mason Investments until it was dissolved in April 2015. Mason Investments was never registered with the Commission in any capacity.

Other Relevant Entities

4. Suncor Fontana, LLC, Suncor Hesperia, LLC, and Suncor Care Lynwood, LLC (the “Suncor Companies”) are California limited liability companies formed purportedly to develop sub-acute nursing care facilities. The Suncor Companies raised money by offering and selling the Suncor Securities to investors seeking to qualify for the EB-5 program. The Suncor Companies and the Suncor Securities have never been registered with the Commission in any capacity. Neither Chi nor Mason Investments had any interest in the Suncor Companies.

Background

5. The United States Congress created the Immigrant Investor Program, also known as “EB-5,” in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. The program offers EB-5 visas to individuals who invest \$1 million in a new commercial enterprise that creates or preserves at least 10 full-time jobs for qualifying U.S. workers (or \$500,000 in an enterprise located in a rural area or an area of high unemployment).

6. During the Relevant Period, the Suncor Companies raised approximately \$20 million through the sale of Suncor Securities to EB-5 investors. The Suncor Companies represented that the proceeds of the offerings would be used to develop sub-acute nursing care

facilities in California. However, the Suncor Companies and their principals misused and misappropriated investor funds.

7. In November 2015, the Commission filed a civil injunctive action against the Suncor Companies, their two principals, and three related entities in the Central District of California (*SEC v. Robert Yang, et al.*, Civ. Action No: 5:15-cv-02387 SVW (C.D. Cal., Nov. 19, 2015)). On December 11, 2015, the District Court appointed a receiver for the estates of the Suncor Companies and related entities and extended the temporary asset freeze ordered by the District Court on November 25, 2015 to all investor-derived assets of the Suncor Companies. On June 23, 2016, the District Court entered judgments against the Suncor Companies and their principals for violations of the anti-fraud provisions of the federal securities laws.

Respondent Acted as an Unregistered Broker in Connection with the Suncor Securities Offerings

8. Chi, pursuant to agreements between Mason Investments and the Suncor Companies, facilitated the purchase of Suncor Securities by Chinese investors interested in participating in the EB-5 program. Directly and through Mason Investments, Chi performed activities necessary to effectuate transactions in Suncor Securities, including: performing due diligence on the Suncor Companies; advising the Suncor Companies on the structure of the EB-5 investments; helping to prepare solicitation materials; recommending and advising on the purported merits of the Suncor Securities to potential investors; acting as a liaison between the Suncor Companies and the investors; facilitating the execution of investment agreements; and facilitating the transfer and/or documentation of investment funds to the Suncor Companies.

9. In exchange for Respondent's role in facilitating investor purchases of Suncor Securities, Chi, through Mason Investments, received transaction-based compensation from the Suncor Companies in the form of commissions based on a percentage of the amount invested.

Violations

10. As a result of the conduct described above, Respondent violated Section 15(a)(1) of the Exchange Act which makes it unlawful for any broker or dealer which is either a person other than a natural person or a natural person not associated with a broker or dealer to make use of the mails or any means or instrumentality of interstate commerce "to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security" unless such broker or dealer is registered in accordance with Section 15(b) of the Exchange Act.

Chi's Remedial Efforts

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

IV.

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

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Chi shall cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act.

B. Respondent shall, within 14 days of the entry of this Order, pay disgorgement of \$2,401,693 (representing transaction-based compensation paid by the Suncor Companies) and prejudgment interest of \$245,788.88, to the receiver for the Suncor Receivership Estate, Stephen J. Donell ("Receiver"), appointed in *SEC v. Robert Yang, et al.*, C.A. No: 5:15-cv-02387 SVW (C.D. Cal.), for distribution to injured investors.

If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment to the Receiver must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Receiver's bank account; detailed ACH transfer/Fedwire instructions upon request; or
- (2) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Suncor Receivership Estate and hand-delivered or mailed to:

Stephen J. Donell
c/o Joshua del Castillo
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa Street, 9th Floor
Los Angeles, CA 90071-3301

If, after discharge of the Receiver, payment in full has not been made, Respondent shall send payment to the Securities and Exchange Commission.

Payment to the Securities and Exchange Commission 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 Allen Chi as 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 Kurt L. Gottschall, Associate Regional Director, U.S. Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961.

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.

Brent J. Fields
Secretary