

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75362 / July 6, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16675

In the Matter of

**Wisteria Global, Inc. and
Hiroshi Fujigami,**

Respondents.

**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
CEASE-AND-DESIST ORDERS**

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 Wisteria Global, Inc. (“Wisteria”) and Hiroshi Fujigami (“Fujigami”) (collectively “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this 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 Cease-and-Desist Orders (“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 persons or entities in this or any other proceeding.

Summary

1. These proceedings involve investments in Luca To-Kalon Energy, LLC and Luca Oil, LLC, which were formed to invest in oil and gas ventures in Texas, Montana, North Dakota and onshore wells in the Gulf of Mexico. From 2011 to 2013, Fujigami, through his wholly-owned and controlled business Wisteria, solicited investments of about \$30.8 million in Luca To-Kalon and Luca Oil from more than 400 Japanese investors, who invested in pooled investment groups. Wisteria was paid a total of approximately \$3.6 million in commissions in connection with Fujigami's solicitation. Respondents retained about \$1.8 million of the commissions. Respondents were not registered with the Commission in any capacity.

2. By effecting securities transactions for the Japanese investors, Wisteria and Fujigami acted as unregistered broker-dealers in violation of Section 15(a) of the Exchange Act.

Respondents

3. Wisteria Global, Inc. is a California corporation with its principal place of business in Saratoga, California. Wisteria is owned and controlled by Fujigami and is not registered with the Commission in any capacity. Wisteria received \$3.6 million in transaction-based compensation, which Fujigami split with his Japanese partner.²

4. Hiroshi Fujigami is the principal and owner of Wisteria. He retained approximately \$1.8 million of the \$3.6 million that Wisteria received in commissions based on his solicitation of Japanese investors. Fujigami has never held securities licenses or been registered with the Commission in any capacity. Fujigami, age 44, is a resident of Saratoga, California.

Other Relevant Entities and Individuals

5. Luca To-Kalon Energy, LLC ("Luca To-Kalon") is a Texas limited liability company through which Japanese investors purportedly invested in oil and gas development projects. Luca To-Kalon was formed for the purported purpose of acquiring, developing and operating oil and natural gas wells in Texas, Montana, North Dakota and the Gulf of Mexico. Wisteria and Fujigami raised about \$9 million for the Luca To-Kalon fund.

6. Luca Oil, LLC ("Luca Oil") is a Texas limited liability company through which investors purportedly invested in oil and gas development projects. Luca Oil was formed for the purported purpose of acquiring, developing and operating oil and natural gas wells in Montana, North Dakota and the Gulf of Mexico. Wisteria and Fujigami raised about \$21 million for the Luca Oil fund.

7. Bingqing Yang ("Yang") is the President and Chief Executive Officer of Luca Resources Group, LLC, which is the manager of both the Luca To-Kalon and Luca Oil funds. Yang controls all of the Luca entities. Yang, age 44, is a resident of Fremont, California.

² Fujigami's business partner is a Japanese national who lives in Macau.

8. Luca Resources Group, LLC (“Luca Resources”) is a Delaware limited liability company organized in 2011 with its principal place of business in Houston, Texas. Luca Resources is owned and controlled by Yang. Luca Resources serves as manager to Luca Oil and Luca To-Kalon, providing management services relating to identifying and developing oil and gas prospects.

Luca Oil and Luca To-Kalon’s Oil and Gas Investments

9. Yang marketed the Luca Oil, Luca To-Kalon and other Luca investment vehicles as having successful oil and gas holdings, primarily to Chinese-American investors in the United States and to Japanese investors in Japan. Yang made material misrepresentations or omissions to these investors, engaged in a fraudulent scheme and misappropriated investor funds.

10. Since 2008, Luca Oil has solicited investors and pooled the investments to buy interests in oil and gas ventures in Texas, Montana, North Dakota and the Gulf of Mexico. Since 2011, Luca To-Kalon has solicited investors and pooled the investments to buy interests in oil and gas ventures in Montana, North Dakota and the Gulf of Mexico. Luca Oil and Luca To-Kalon were both managed by a manager, Luca Resources, that was purportedly to select the wells or exploration properties for the Funds, sell the oil and gas produced, and distribute any profits to the investors. Yang controlled Luca Resources and selected the wells that Luca Oil and Luca To-Kalon participated in and determined how much each fund would invest in each well.

Respondents’ Solicitations

11. Starting in 2011, Fujigami, through Wisteria, and his Japanese business partner recruited more than 400 hundred Japanese investors to invest in Luca Oil and Luca To-Kalon. Fujigami arranged an investment seminar in Japan in 2011 at which Yang directly solicited Japanese investors. Fujigami also arranged for Yang to meet with Japanese investors on at least three occasions at Luca’s offices in Fremont, California and Houston, Texas, where they also toured oil fields. Fujigami acted as facilitator and translator during all of Yang’s contacts with Japanese investors, including the meetings in the U.S. and through YouTube videos directed at the Japanese investors.

12. As a result of Fujigami and Wisteria’s solicitations, the Japanese investors invested a total of about \$30.8 million in Luca Oil and Luca To-Kalon. Respondents were compensated as a percentage of the investor funds they raised, and retained \$1,793,783 of the \$3.6 million they received in transaction-based compensation.

Violations

13. As a result of the conduct described above, Respondents acted as unregistered broker-dealers in willful violation of Section 15(a) of the Exchange Act,³ which prohibits certain

³ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C.

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persons from inducing or attempting to induce the purchase or sale of securities unless registered with the Commission as brokers or dealers.

Civil Penalties, Disgorgement and Prejudgment Interest

14. Wisteria and Fujigami have submitted sworn Statements of Financial Condition dated March 17, 2015 and March 27, 2015, and other evidence, and have asserted their inability to pay a civil penalty, prejudgment interest and full disgorgement.

Undertaking

15. Respondent Fujigami has undertaken to:

(i) appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoint Respondent Fujigami's attorney as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondent Fujigami's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consent to personal jurisdiction over Respondent Fujigami in any United States District Court for purposes of enforcing any such subpoena.

IV.

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

Accordingly, pursuant to Sections 15(b)(6) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents Wisteria and Fujigami shall cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Wisteria is censured.

C. Respondents Wisteria and Fujigami shall, within one year of the entry of this Order, pay disgorgement of \$1,793,783, which represents profits gained as a result of the conduct described herein to the Securities and Exchange Commission, but payment of such amount except for \$1,138,985 and prejudgment interest are waived based on Wisteria and Fujigami's sworn

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Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

representations in their Statements of Financial Information dated March 17, 2015 and March 27, 2015, respectively. Payment of the initial \$104,198 of disgorgement shall be made within ten (10) days of the entry of this Order. Payment of an additional \$46,142 of disgorgement shall be made within sixty (60) days of the entry of this Order. The payment required by this Order shall be made to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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

D. Payments by check or money order must be accompanied by a cover letter identifying Hiroshi Fujigami and Wisteria Global, Inc. as Respondents 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 Erin E. Schneider, Associate Regional Director, U.S. Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California 94104, with a copy to Steven D. Buchholz, Assistant Regional Director, U.S. Securities and Exchange Commission at the same address. Based upon Wisteria and Fujigami's sworn representations in their Statements of Financial Information dated March 17, 2015 and March 27, 2015, respectively, and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondents.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement referenced in paragraph IV.C above. Such Fair Fund may be added to or combined with any other fair fund created in a related civil injunctive action or any proceeding arising from the same or substantially similar facts as those alleged herein. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil 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, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they 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 Respondents 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.

F. The Division of Enforcement (“Division”) may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondents provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondents was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondents may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

G. Respondent Fujigami 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

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.

H. Any reapplication for association by Respondent Fujigami 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, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondents, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

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