

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2496 / March 16, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12240

In the Matter of

John Kim,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-3(f)] against John Kim (“Kim” or “Respondent”).

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, and the findings contained in Section III.2 and III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that

1. Kim was a principal and head portfolio manager for a group of affiliated hedge funds, the first of which, KL Group Fund, started in 1999. From 2001 until March 2005, Kim acted as an unregistered investment adviser to the affiliated hedge funds. From 2003 until March 2005, Kim was a managing member and control person of KL Florida, LLC, an unregistered investment adviser that advised the affiliated hedge funds. Since the inception of the various affiliated hedge funds, Kim and others raised at least \$81 million from investors. Kim, 44 years old, is a resident of Jupiter, Florida.

2. On March 2, 2006, a judgment was entered by consent against Kim, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)]; Section 10(b) of the Securities Exchange Act of 1934 [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 Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)] in the civil action entitled Securities and Exchange Commission v. K.L. Group, LLC, et al., Case Number 05-80186-CIV-Ryskamp/Vitunac, in the United States District Court for the Southern District of Florida.

3. The Commission's complaint in the civil action alleged that Kim and other defendants fraudulently overstated the value of the hedge funds they controlled, the returns on investments in those hedge funds, and investors' account values, while the hedge funds lost millions of dollars.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Kim be, and hereby is barred from association with any investment adviser.

Any reapplication for association by the Respondent 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 Respondent, 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.

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

Nancy Morris
Secretary