

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9167 / December 21, 2010

SECURITIES EXCHANGE ACT OF 1934
Release No. 63585 / December 21, 2010

INVESTMENT ADVISERS ACT OF 1940
Release No. 3125 / December 21, 2010

INVESTMENT COMPANY ACT OF 1940
Release No. 29542 / December 21, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14169

In the Matter of

**AMERICAN PEGASUS LDG, LLC,
AMERICAN PEGASUS
INVESTMENT MANAGEMENT,
INC., BENJAMIN P. CHUI,
CHARLES E. HALL, JR., AND
TRIFFANY MOK**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, SECTIONS 203(e), 203(f), AND 203(k)
OF THE INVESTMENT ADVISERS ACT OF
1940, SECTION 9(b) OF THE INVESTMENT
COMPANY ACT OF 1940, AND RULE 102(e)
OF THE COMMISSION'S RULES OF
PRACTICE, 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 Section 8A of the Securities Act of 1933 ("Securities Act"), Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against American Pegasus LDG, LLC ("APLDG"), American Pegasus Investment Management, Inc. ("APIM"), Benjamin P. Chui ("Chui"), Charles

E. Hall, Jr. (“Hall”), and Triffany Mok (“Mok”) (collectively “Respondents”), and pursuant to Rule 102(e)(1)(iii) of the Commission’s Rules of Practice against Hall.¹

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, Section 9(b) of the Investment Company Act of 1940, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds that:

Summary

The Respondents in this matter— two investment advisory firms, their CEO Benjamin P. Chui, their portfolio manager Triffany Mok, and their general counsel Charles E. Hall, Jr.—failed to disclose conflicts of interest, misused client assets, and engaged in improper self-dealing.

During 2007 through 2009, the two advisory firms, American Pegasus Investment Management, Inc. and its successor American Pegasus LDG, LLC (“APLDG”), managed up to \$150 million in assets held by several offshore hedge funds invested in subprime automobile loans and life settlements. In 2007, a holding company owned by Chui, Hall, and Mok purchased a finance company that was the sole supplier of subprime auto loans to the largest hedge fund (the “Auto Loan Fund” or “the Fund”). As directed by Chui, the holding company used roughly \$18.5 million of the Auto Loan Fund’s cash to pay for the purchase.

After the finance company purchase, Chui, Hall, and Mok had a fundamental conflict of interest because they stood to gain by having the Fund continue using their finance company over

¹ Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

any other suppliers that might better serve the Fund. Yet they failed to disclose this conflict to the Fund's independent directors and investors for nearly two years. In addition, Chui falsely claimed to prospective investors that the Auto Loan Fund used only finance companies that were independent of the advisory firms.

After they acquired the finance company, Chui, Hall, and Mok allowed it to run up large debts to the Auto Loan Fund. Also, Chui caused the Fund to make about \$12 million in undisclosed loans to separate life settlement hedge funds he managed to cover those funds' operating costs.

According to its offering memorandum, the Auto Loan Fund invested primarily in subprime auto loans. By December 2008, however, approximately 40 percent of the Fund's assets consisted of debts and other obligations owed by the various related entities mentioned above—with APLDG charging the Fund fees to manage these same assets. Then, in an early 2009 effort led by Chui, much of this related-party debt was forgiven through a transaction where the finance company bought a distressed auto loan portfolio for \$12 million and immediately sold it to the Auto Loan Fund for over \$38 million, a mark-up of over 300 percent.

Respondents

1. American Pegasus LDG, LLC ("APLDG") is a Delaware limited liability company formed in January 2007 and headquartered in San Francisco, California. Since July 2007, APLDG has been registered with the Commission as an investment adviser.
2. American Pegasus Investment Management, Inc. ("APIM") is a Delaware corporation formed in 1997 and domiciled in San Francisco, California. It was registered with the Commission as an investment adviser from 2005 until July 2009. APLDG replaced APIM as the investment adviser to the Auto Loan Fund in August 2008.
3. Benjamin P. Chui ("Chui"), age 39, is a resident of San Carlos, California. Chui has been the majority owner of APLDG since its inception. He was APLDG's CEO and one of its managing members from its inception until October 2010. He has been the sole owner of APIM and its CEO since its inception.
4. Triffany Mok ("Mok"), age 38, is a resident of Fremont, California. Mok has worked for APIM and APLDG since 2005, first as the Auto Loan Fund's assistant portfolio manager and then as its portfolio manager. She owns 1.6 percent of APLDG.
5. Charles E. Hall, Jr. ("Hall"), age 56, is an attorney licensed in California and a resident of Carlisle, Pennsylvania, where he maintains a law office. Hall was APLDG's chief compliance officer from its inception until February 2009, and one of its managing members from its inception until March 2010. He was the general counsel to APIM from 2005 until April 2010, and APLDG's general counsel from its inception until April 2010. Hall owns 22.5 percent of APLDG.

Background

6. American Pegasus SPC (“the SPC”) is a “segregated portfolio company” organized under the laws of the Cayman Islands and domiciled there. Within the SPC are several segregated portfolios that operate as hedge funds. Starting no later than 2005, APIM and its successor firm APLDG (collectively “the Advisers”) provided investment advisory services to these hedge funds, which at times held up to roughly \$150 million in assets. The bulk of the assets—up to roughly \$100 million—were held in the American Pegasus Auto Loan Fund Segregated Portfolio (“Auto Loan Fund” or “Fund”). The remaining assets were principally held by several “life settlement” funds that invested in life insurance policies, and by one hedge fund, the American Pegasus Auto Loan Fund (Dist) Segregated Portfolio (“Dist Fund”), that invested exclusively in the Auto Loan Fund.

7. According to its offering memorandum, the Auto Loan Fund would seek to generate returns from investing in subprime auto loans. Together, Chui and Mok handled portfolio management for the Fund and determined how to invest its assets during 2005 through 2009.

8. As detailed above, Hall was general counsel to the Advisers, APLDG’s chief compliance officer, and/or a managing member of APLDG at various times starting in 2005.

Chui, Hall, and Mok Failed to Disclose Their Purchase of the Fund’s Key Supplier and the Resultant Conflict of Interest

9. In late June 2007, Synergy Equity LLC (“Equity”), a holding company owned by Chui, bought Synergy Acceptance Corp. (“Acceptance”), a finance company that sold portfolios of subprime auto loans and loan servicing to the Auto Loan Fund. In mid-July 2007, Hall and Mok became joint owners of Equity along with Chui.

10. Although Equity bought Acceptance, Chui used roughly \$18.5 million from the Auto Loan Fund for the purchase. Specifically, Chui arranged for the Fund to prepay loan origination fees to Acceptance, knowing that about \$5 million of that money would go immediately to the seller of Acceptance. For the remainder of the purchase money, Chui had Equity borrow roughly \$13.5 million from the Fund and used that money to pay the seller. The loan terms, which were contained in promissory notes signed by Chui (on behalf of the Fund) and Hall (on behalf of Equity), did not require Equity to pay the Fund any principal or interest for ten years. Mok knew that the Fund’s money was used to pay for Acceptance. After the purchase, Hall became Acceptance’s CEO and he and Chui served on its board of directors.

11. During 2007 through 2009, Acceptance sold subprime auto loan portfolios to the Auto Loan Fund. Sales contracts between Acceptance and the Fund obligated Acceptance to service the portfolios by performing tasks including collecting payments from borrowers, repossessing vehicles from borrowers who failed to pay, and repairing and reselling repossessed vehicles. During the same period, Acceptance was the sole finance company providing auto loans and loan servicing to the Fund, and Acceptance derived virtually all of its income from the Fund.

12. Chui, Hall, and Mok's ownership of Acceptance (through Equity) created a pervasive conflict of interest. As owners of Acceptance, Chui, Mok, and Hall had an incentive to use it over any other finance company that might better serve the Fund. This incentive was particularly acute because Chui and Hall planned to use Acceptance's earnings to pay back Equity's \$13.5 million in loans from the Fund. In addition, Acceptance would benefit by "selling high" to maximize profits in its dealings with the Fund, and the Fund would benefit by "buying low" to maximize its own performance. Thus, Chui and Mok faced competing interests every time they directed the Fund to buy auto loans or services from Acceptance.

13. Respondents did not disclose the purchase of Acceptance or the resultant conflict of interest to the Auto Loan Fund's independent directors or investors for nearly two years. During 2007 through 2009, the directors of the SPC (which includes the Auto Loan Fund) were Chui and two individuals who were independent of the Advisers. Chui was responsible for communicating with the two independent directors on behalf of the Advisers. Neither Chui nor any other Respondent disclosed the purchase of Acceptance to the independent directors until approximately March 2009. Also, investors first learned of the purchase in approximately April 2009, when it was disclosed in the Fund's audited financial statements.

The Fund's Assets Were Misused to Support Related Parties

14. Rather than generating earnings to pay back the \$13.5 million that Equity borrowed from the Auto Loan Fund, Acceptance was unprofitable and used additional money from the Fund to maintain its operations. To help cover its operating costs, Acceptance retained auto loan payments it collected for the Fund and other money it owed the Fund. Also, Chui directed the Fund to prepay \$4.5 million in repossession costs to Acceptance (in addition to the prepaid loan origination fees described above).

15. As a result of this conduct, by December 2008, Acceptance owed the Auto Loan Fund about \$15.7 million in prepaid fees and costs and money Acceptance had retained to pay for its operations, while Equity still owed the Fund the millions it had borrowed. Chui, Hall, and Mok knew or were reckless in not knowing that Acceptance was unprofitable and running up millions of dollars in debts to the Fund during 2007 and 2008. Also, none of the Respondents disclosed to the SPC's two independent directors that a company owned by Chui, Hall, and Mok was incurring this mounting debt to the Fund.

16. Chui also used the Auto Loan Fund's assets for the benefit of the Advisers' other hedge fund clients. Chui served as the portfolio manager for the life settlement funds in the SPC. From April 2007 through May 2009, Chui had the Auto Loan Fund make approximately 60 loans totaling \$12 million to several of the life settlement funds. These interfund loans were unsecured and payable on demand with low interest rates. The life settlement funds used the borrowed money to cover investor redemptions, premiums on the insurance policies in which the funds invested, and sales commissions. Thus, Chui treated the assets of the Auto Loan Fund as available to fund the operations of the life settlement funds.

17. The interfund loans generated additional conflicts of interest. The lender, the Auto Loan Fund, would benefit from high interest rates and prompt payment; the borrowers, the life settlement funds, would benefit from low rates and delayed payment. As the manager of both the lender and the borrowers, Chui thus had a conflict. Mok was aware of the interfund loans.

18. Neither Chui nor Mok kept the SPC's two independent directors apprised of the number, dollar amount, or terms of the interfund loans. The Auto Loan Fund's investors first learned about the loans to the life settlement funds through the April 2009 release of the Fund's audited financial statements.

19. The offering memorandum used to sell shares in the Auto Loan Fund stated that the Fund's "investment objective" was "to earn a steady return by purchasing sub-prime auto loans issued in the United States." The offering memorandum further stated that the Advisers expected to invest the Fund's assets only in subprime auto loans, U.S. Treasury securities, and interest-rate derivatives for hedging. As a result of the conduct above, however, by December 2008, roughly 40 percent of the Auto Loan Fund's assets consisted of debts and other obligations owed to the Fund by Equity, Acceptance, and the life settlement funds. Thus, nearly half of the Fund's assets consisted of debts and obligations owed by entities that were owned and/or controlled by one or more of Chui, Hall, and Mok.

20. The Auto Loan Fund paid the Advisers advisory fees for managing its assets. These fees were based on the value of the Fund's assets—assets that included the debts and obligations owed by Equity, Acceptance, and the life settlement funds. Thus, a substantial portion of the fees the Advisers charged the Fund were for "managing" what were simply debts and obligations that were generated by and benefited related parties, i.e., entities owned and/or controlled by one or more of Chui, Hall, and Mok. This portion of the fees was improper because concentrating nearly half of the Fund's assets in debts and obligations that benefited related parties was contrary to the Fund's investment objective and investment strategy set forth in its offering memorandum. This portion of the fees was also improper because the SPC's independent directors had not been informed of or consented to the related-party debts and obligations or the conflicts of interest they involved. The Advisers also charged the Dist Fund advisory fees, a substantial portion of which were improperly based on the related-party debts and obligations.

21. During 2007 and 2008, Hall earned a salary from Acceptance as its CEO. In addition, Hall borrowed significant sums from Acceptance to cover personal expenses including payments on luxury vehicles, jewelry purchases, and income tax. Hall put his interests ahead of the Fund's interests by borrowing heavily from Acceptance for himself when he knew or recklessly failed to know that Acceptance was unprofitable, using the Fund's money to cover its operating costs, and running up large debts to the Fund.

**Chui, Hall, and Mok Retired Acceptance and Equity's Debts
Through Improper Self-Dealing**

22. In February 2009, Acceptance bought an auto loan portfolio for \$12 million. Acceptance agreed to pay the seller \$2 million in cash at closing and \$10 million over time. As

authorized by Chui and known to Hall, the Auto Loan Fund agreed to act as a guarantor that was obligated to pay the \$10 million if Acceptance did not. As Chui, Hall, and Mok knew, the loan portfolio included some performing loans, but roughly half of it consisted of “deficiency balances,” i.e., remaining balances on loans where the borrowers were already in default.

23. On the same day that Acceptance completed its purchase of the portfolio for \$12 million, it sold the portfolio to the Auto Loan Fund for approximately \$38.2 million, i.e., for over three times what Acceptance paid for it.

24. The Fund paid for the portfolio in part by relieving Acceptance and Equity of debts they owed the Fund totaling about \$33.8 million. This debt included the roughly \$15.3 million in principal and interest that Equity owed the Fund for the 2007 purchase of Acceptance. As the remaining payment for the portfolio, the Fund provided Acceptance and Equity with additional consideration worth roughly \$4.4 million. No respondent disclosed the Fund’s purchase of the portfolio to the SPC’s independent directors.

25. Chui directed and approved all aspects of this transaction. Hall and Mok understood the transaction and participated in it by drafting, reviewing, signing, and/or processing documents used to effect the transaction.

26. In December 2009, Chui and Hall rescinded the Auto Loan Fund’s purchase of the deficiency balances, and Acceptance agreed to refund the \$21.5 million it charged the Fund for the balances. Acceptance, which was struggling financially and had minimal assets, had no ability to pay the refund.

Misrepresentations to Investors

27. After Equity acquired Acceptance, Chui told multiple prospective investors in the Auto Loan Fund that the Fund used several finance companies that were all independent of the Advisers. These statements were false because Acceptance, a company Chui owned with Mok and Hall through Equity, was the sole finance company used by the Fund.

28. The Advisers provided prospective investors with the Fund’s offering memorandum, which was drafted by Hall and approved by Chui and Mok. After Equity bought Acceptance, the Fund continued to raise new investor funds using the offering memorandum.

29. The offering memorandum stated that the Fund would buy auto loans from “finance companies,” but did not disclose that Chui, Mok, and Hall owned the Fund’s sole source of auto loans and loan servicing, Acceptance, and had purchased it with the Fund’s money. In addition, the memorandum stated that the Advisers would earn fees for managing the Fund’s assets, yet omitted that a substantial portion of those assets were not subprime auto loans, but obligations owed to the Fund by entities owned and/or controlled by one or more of Chui, Hall, and Mok. The memorandum did not disclose that the life settlement funds used the Auto Loan Fund’s money to cover their operating costs.

30. Attached to the offering memorandum was a copy of Part II of a Form ADV completed by either APIM or APLDG, depending on the time period. It indicated that “from time to time” APIM or APLDG might cause a client to buy securities owned by it or a related person, but did not disclose that the Fund obtained all of its auto loans and loan servicing from a related party (Acceptance). It also disclosed the preceding five years of “business background” for key personnel of the Advisers including Chui, Hall, and Mok, but omitted any mention of their affiliation with Acceptance.

31. After Equity acquired Acceptance, the Advisers filed with the Commission iterations of the Form ADV, signed by Chui or Hall, that included these statements and omissions. Also, APIM provided a version of Part II of the form with these statements and omissions to persons who were already investors in the Auto Loan Fund.

32. After Equity acquired Acceptance, the Dist Fund continued to raise new investor funds based on an offering memorandum and Form ADV Part II with the same omissions as the Auto Loan Fund. Hall drafted this offering memorandum and Chui approved it.

33. The Advisers provided investors and prospective investors with periodic “Performance Sheets,” which stated that the Auto Loan Fund “directly sources . . . subprime US auto loans,” included charts showing auto loan default rates, and otherwise reinforced the impression that subprime auto loan investments were driving the Fund’s performance. From July 2007 through January 2009, the sheets showed an 18 percent increase in the Fund’s net asset value per share. During this period, however, investors were not informed through the performance sheets or otherwise that the assets underlying the Fund’s performance became increasingly concentrated in obligations owed by Acceptance, Equity, and the life settlement funds, rising to the level of 40 percent of the Fund’s overall assets in 2008. Chui and Mok participated in creating the format for the performance sheets, and Mok reviewed the sheets before they went to investors.

Violations

34. As a result of the conduct described above, Respondents willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

35. As a result of the conduct described above, APLDG, APIM, Chui, and Mok willfully violated Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibit fraudulent conduct by an investment adviser.

36. As a result of the conduct described above, Hall willfully aided and abetted and caused APLDG and APIM’s violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

37. As a result of the conduct described above, APLDG, APIM, Chui, and Hall willfully violated Section 207 of the Advisers Act which makes it “unlawful for any person

willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein.”

38. As a result of the conduct above, APLDG and APIM willfully violated, and Chui, Hall, and Mok willfully aided and abetted and caused APLDG and APIM’s violations of, Section 206(3) of the Advisers Act, which prohibits an investment adviser from, “acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction.”

Undertakings

Respondents have undertaken as follows:

39. Within five (5) days of the entry of this Order, APLDG will permanently forgive and cancel a total of \$850,000 in its claims against the Auto Loan Fund and the Dist Fund for accrued but unpaid advisory fees and certain reimbursement. Within fifteen (15) days of the entry of this Order, APLDG shall provide to the Commission’s staff a written accounting of the claims forgiven. The accounting shall be in a form deemed acceptable by the staff and certified under penalty of perjury by signature of APLDG’s Chief Compliance Officer or Chief Operating Officer.

40. Chui shall not serve as a director of American Pegasus SPC or any of its segregated portfolios.

41. Hall shall not serve as a director of American Pegasus SPC or any of its segregated portfolios.

42. Mok shall not serve as a director of American Pegasus SPC or any of its segregated portfolios.

43. Mok shall provide to the Commission, within thirty (30) days after the end of the 12-month suspension period described below, an affidavit that she has complied fully with the sanctions described in Sections IV.A, IV.G, and IV.L below.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(e), 203(f), and 203(k) of the Advisers Act, Section 9(b) of the Investment

Company Act, and Rule 102(e)(1)(iii) of the Commission's Rules of Practice it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), 206(3), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

B. APLDG, APIM, Chui, and Hall cease and desist from committing or causing any violations and any future violations of Section 207 of the Advisers Act.

C. Chui be, and hereby is barred from association with any investment adviser, and is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, with the right to reapply for association after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

D. Any reapplication for association by Chui 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 Chui, 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.

E. Hall be, and hereby is barred from association with any investment adviser, and is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, with the right to reapply for association after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

F. Any reapplication for association by Hall 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 Hall, 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.

G. Mok be, and hereby is suspended from association with any investment adviser, and prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, for a period of twelve (12) months, effective on the second Monday following the entry of this Order.

H. Respondents are censured.

I. APLDG and APIM are jointly and severally liable for, and shall pay, disgorgement in the amount of \$850,000, representing improper advisory fees they received. This payment obligation shall be offset and deemed satisfied by performance of the undertakings in Section III.39 above.

J. Chui shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$175,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Chui as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Michael S. Dicke, Associate Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, CA 94104.

K. Hall shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$100,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Hall as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Michael S. Dicke, Associate Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, CA 94104.

L. Mok shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$75,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Mok as a Respondent in these proceedings, the file number of these

proceedings, a copy of which cover letter and money order or check shall be sent to Michael S. Dicke, Associate Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, CA 94104.

M. Effective immediately, Hall is denied the privilege of appearing or practicing before the Commission as an attorney for three (3) years. Furthermore, after three (3) years from the date of this Order, Hall has the right to apply for reinstatement by submitting an affidavit to the Commission's Office of the General Counsel truthfully stating, under penalty of perjury, that he has complied with this Order, that he is not subject to any suspension or disbarment as an attorney by a court of the United States or of any state, territory, district, commonwealth, or possession, and that he has not been convicted of a felony or misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice.

N. APLDG shall comply with the undertakings enumerated in Section III.39 above; Chui shall comply with the undertaking enumerated in Section III.40 above; Hall shall comply with the undertaking enumerated in Section III.41 above; and Mok shall comply with the undertakings enumerated in Sections III.42 and III.43 above.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, Section 9(b) of the Investment Company Act of 1940, and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders ("Order"), on the Respondent and their legal agents.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

Thomas J. Eme, Esq.
U.S. Securities and Exchange Commission
44 Montgomery St., Suite 2600
San Francisco, CA 94104

Mr. Benjamin P. Chui
c/o Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111

Charles E. Hall, Jr.
c/o Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111

Ms. Triffany Mok
c/o Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111

American Pegasus LDG, LLC
Attn: Mr. Henry Carter, General Counsel and Chief Compliance Officer
c/o Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111

American Pegasus Investment Management, Inc.
Attn: Mr. Benjamin P. Chui, Registered Agent
c/o Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111

Alan Sparer, Esq.
Sparer Law Group
100 Pine Street, 33rd Floor
San Francisco, CA 94111
(Counsel for all respondents)

Paul J. Bazil, Esq.
Pickard & Djinis LLP
1990 M Street, N.W., Suite 600
Washington, DC 20036
(Counsel for Benjamin Chui and Triffany Mok)