

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68456 / December 18, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15136

In the Matter of

**Biremis Corporation,
Peter Beck, and
Charles Kim**

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 A
CEASE-AND-DESIST ORDER**

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 Biremis Corporation (“Biremis”), and public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Exchange Act against Peter Beck (“Beck”) and Charles Kim (“Kim,” and together with Biremis and Beck, the “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents Biremis, Beck, and Kim 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 Proceedings¹ Pursuant to Sections 15(b) and 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.

¹ The Cease-and-Desist Proceedings are as to Biremis only.

III.

On the basis of this Order and Respondents' Offers, the Commission finds² that:

Summary

1. From at least January 2007 through June 2010 (the "Relevant Period"), Respondent Biremis, a broker-dealer registered with the Commission, and Respondents Beck and Kim, Biremis' co-founders and co-owners, failed reasonably to supervise certain associated persons who were day traders and who repeatedly used Biremis' order management system to engage in a manipulative trading practice known as "layering" on U.S. securities markets. Contrary to their supervisory obligations and despite repeated indications of this practice, Biremis and its President and Chief Executive Officer Beck failed to establish procedures or a system for applying procedures that would reasonably be expected to prevent and detect the traders' manipulative trading. In addition, Beck and Biremis Vice President Kim, who had supervisory authority over the traders, both failed to respond to repeated red flags indicative of layering. Finally, Biremis failed to file Suspicious Activity Reports regarding the manipulative trading and failed to retain instant messages related to its broker-dealer business.
2. Beck and Kim operated a worldwide day trading business that contained 4,000 to 5,000 day traders in over 30 different nations (the "Overseas Traders"). The Overseas Traders were given access to many nations' securities markets, including the U.S. securities markets. Beck and Kim operated this business through Biremis and multiple affiliated corporations, all of which functioned in practice as one business (collectively, the "Biremis Business").
3. The Biremis Business exercised control over the Overseas Traders and their activities. In particular, the Biremis Business backed the Overseas Traders' trading with its own capital; determined the amount of its capital available to each individual Overseas Trader as buying power³; enforced daily loss limits on each Overseas Trader; monitored each Overseas Trader's profit and loss performance; and had the ability to reprimand, restrict, suspend, or terminate the Overseas Traders. The Overseas Traders were controlled by or under

² The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

³ Within the Biremis Business, the term "buying power" was used to mean the maximum amount of the Biremis Business' capital which any given Overseas Trader could commit for orders to buy or short sell stocks at any given instant, plus the total value of long and short positions held by that Overseas Trader at that instant (marked to market in real time).

common control with the firm, and accordingly, were associated persons of a broker or dealer (*i.e.*, Biremis) within the meaning of Section 3(a)(18) of the Exchange Act.⁴

4. The Overseas Traders served as a proprietary trading force of the Biremis Business. Among other things, their trading was funded by the Biremis Business; they traded through the proprietary high-speed order management system of the Biremis Business; and they traded subject to restrictions established and enforced by the Biremis Business. Moreover, the Biremis Business received a share, generally 17%, of the profits earned by the Overseas Traders.
5. During the Relevant Period, certain of these Overseas Traders engaged in a manipulative trading strategy typically known as “layering,” “spoofing,” or “gaming” (hereinafter, collectively, “layering”). In general, layering occurs when a trader creates a false appearance of market activity by entering multiple non-*bona fide* orders on one side of the market, at generally increasing (or decreasing) prices, in order to move that stock’s price in a direction where the trader intends to induce others to buy (or sell) at a price altered by the non-*bona fide* orders. The layering was widespread and pervasive throughout the Biremis Business. This trading by the Overseas Traders violated Exchange Act Section 9(a)(2), which at the time of the misconduct, prohibited effecting a series of transactions in any security registered on a national securities exchange with respect to such security creating actual or apparent active trading in such security, or raising or depressing the price of such security, when done for the purpose of inducing the purchase or sale of such security by others.
6. Biremis, Beck, and Kim all failed reasonably to supervise those Overseas Traders who engaged in layering and violated Exchange Act Section 9(a)(2). Beck was responsible for establishing procedures reasonably designed to prevent and detect manipulative trading and a system for their implementation. Beck and Biremis failed to establish such procedures and systems to prevent and detect manipulative trading by the Overseas Traders. In addition, both Beck and Kim had the authority to affect the conduct of the Overseas Traders, including the authority to reduce or take away their buying power or to reprimand, restrict, suspend and terminate them. Throughout the Relevant Period, both Kim and Beck were aware of repeated red flags indicative of the manipulative trading, yet they failed to respond to those red flags. Their failure to respond to these red flags allowed the illegal conduct to continue.
7. During the Relevant Period, Biremis also failed to file Suspicious Activity Reports regarding the manipulative trading, and failed to retain instant messages related to its business as such. Accordingly, Biremis also willfully violated Exchange Act Section 17(a), which requires registered broker-dealers to make and keep certain records; Rule 17a-4(b)(4) thereunder, which requires registered broker-dealers to preserve electronic communications relating to their business as such; and Rule 17a-8 thereunder, which

⁴ In relevant part, Section 3(a)(18) of the Exchange Act defines an *associated person of a broker or dealer* to mean “any person directly or indirectly controlling, controlled by, or under common control with such broker or dealer.”

requires registered broker-dealers to comply with the recordkeeping, retention, and reporting obligations of the regulations under the Bank Secrecy Act, including the requirement to file Suspicious Activity Reports to report suspicious activity conducted or attempted by, at, or through that broker-dealer.

Respondents

8. Respondent Biremis Corporation, a wholly-owned subsidiary of BRMS Holdings, Inc., a holding company, was formed as a Massachusetts corporation in 2003 and became a Canadian corporation in 2011, and an Anguillan corporation in 2012. Since 2004, it has been registered with the Commission as a U.S. broker-dealer pursuant to Section 15(b) of the Exchange Act. Biremis was run from an office located at 55 St. Clair Avenue West, 9th Floor, in Toronto, Canada. In filings with the Commission and FINRA, it listed its principal place of business at an address in Boston, but that address was a commercial business service which received and forwarded Biremis' mail to Toronto. Biremis had no employees, operations, or books or records in the United States. Through their ownership of BRMS Holdings, Inc., Peter Beck and Charles Kim owned 75% and 25% respectively of Biremis.
9. In 2008, 2010 and 2011, FINRA fined Biremis \$5,000, \$20,000 and \$25,000 respectively (and censured it in 2010 and 2011) for failing to properly transmit order data to FINRA's Order Audit Trail System ("OATS"). In 2010, Nasdaq censured Biremis and fined it \$10,000 for supervisory deficiencies concerning the prevention of erroneous orders and transactions. Also in 2010, FINRA censured Biremis and fined it \$50,000 for failing to establish, maintain and enforce supervisory procedures which would have prevented it from employing for over a year and a half a Controller who was statutorily disqualified from the securities industry as a result of a Canadian criminal conviction for embezzlement. In 2011, the United Kingdom Financial Services Authority found Biremis affiliate Swift Trade, Inc. to have committed market abuse through layering on the London Stock Exchange and fined it GBP 8 million. In 2012, the Ontario Securities Commission ("OSC") found Biremis, Swift Trade, Inc. and four other securities businesses affiliated with Biremis, Beck or Beck's family trust jointly and severally liable for financial management deficiencies, trade review deficiencies, books and records violations, and non-compliance with dealer registration requirements under the Ontario Securities Act. The OSC also barred Biremis and Swift Trade from trading or acquiring securities in Ontario for six years.
10. Respondent Peter Beck is the co-founder, President, and sole director of Biremis and affiliated companies. During the Relevant Period, Beck owned 75% of BRMS Holdings, Inc., the holding company which wholly owns Biremis. Beck holds Series 24, 55, and 63 licenses. Beck, age 57, resides in Toronto, Ontario, Canada and San Jose, Costa Rica.
11. In 2002, NASD censured Beck, suspended him for 30 days, and fined him \$101,000 for placing "wash" trades in the over-the-counter equities market in violation of NASD rules and Exchange Act Section 10(b) and Rule 10b-5 thereunder. In 2010, FINRA fined Beck \$10,000 and suspended him for six weeks for failing to establish, maintain and enforce

supervisory procedures which would have prevented Biremis from employing for over a year and a half a Controller who was statutorily disqualified from the securities industry as a result of a Canadian criminal conviction for embezzlement. In 2009, the OSC reprimanded Beck and ordered him to pay \$20,000 in costs for his acknowledgement that his non-willful lack of disclosure in OSC testimony about the beneficial ownership and effective control of Barka Co. Limited – then Swift Trade’s largest customer – resulted in the OSC being misled about the actual beneficial ownership and effective control of Barka. In 2012 the OSC reprimanded Beck, barred him for two years from acting as an officer or director of a registrant, and found him jointly and severally liable with Biremis, Swift Trade, Inc. and four other securities businesses affiliated with Biremis, Beck or Beck’s family trust for CAD 400,000 as a consequence of failing to supervise adequately his Chief Compliance Officer and authorizing, permitting or acquiescing in his securities-related companies’ non-compliance with Ontario securities law.

12. Respondent Charles Kim is the co-founder and Vice President of Biremis and affiliated companies. During the Relevant Period, Kim owned 25% of BRMS Holdings, Inc., the holding company which wholly owns Biremis. Kim holds a Series 7 license. Kim has no prior disciplinary history. Kim, age 40, resides in Toronto, Ontario, Canada.

Background

Overview of the Biremis Business

13. During the Relevant Period, Beck and Kim ran a day-trading business, in which sole proprietors, corporations, or partnerships could open and operate trading floors with access to securities markets worldwide, including in the United States. At various times, the Biremis Business had as many as 200 different trading floors (the “Trading Floors”) in over 30 nations, including Canada, Russia, Bangladesh, Nigeria, Venezuela, and Uzbekistan, with the majority of the Trading Floors located in China. None of the Trading Floors were located in the United States. Some of the individuals who owned or managed these Trading Floors (“Trading Floor Operators”) had previously worked for Beck and Kim in Canada. The Trading Floor Operators recruited Overseas Traders who traded on the Trading Floors.
14. The Biremis Business was headquartered in Toronto and operated through a complex structure of multiple companies affiliated with Biremis, Beck, or Beck’s family trust. Biremis served as the registered U.S. broker-dealer arm of this business through which the Overseas Traders placed orders on U.S. markets. An Ontario corporation, Swift Trade, Inc., recruited and trained the Trading Floor Operators. Another Ontario corporation, Orbixa Management Services Inc., owned and supported ProsperPro, the Biremis Business’ proprietary order management system, and employed a Toronto-based staff who worked for all three companies. A Costa Rican corporation, Omira Corporation S.A., provided further software and technical support from a satellite office in San Jose, Costa Rica under the supervision of the Toronto-based staff. Although each was separately incorporated, these entities functioned as one business.

15. To open a Trading Floor, the Trading Floor Operator entered into a market access agreement with Opal Stone Financial Services, S.A., a corporation incorporated in Uruguay and domiciled in Costa Rica. In testimony before the Commission Staff, Beck, Kim, and Biremis' general counsel testified that Opal Stone was Biremis' "customer" and described Opal Stone as the broker-dealer which serviced and maintained the accounts of the Trading Floors, and held the books and records relating to the Overseas Traders. Thus, according to Biremis, the Overseas Traders were customers of Opal Stone and Opal Stone was a customer of Biremis. During the Relevant Period, Biremis routinely responded to regulatory inquiries regarding the layering activity by attributing the trading to Opal Stone and describing it as a Costa Rica based "customer" of Biremis.
16. Opal Stone, however, was incorporated at Beck's direction and was owned by a Bermuda family trust established and controlled by Beck, who was a beneficiary of the trust. Opal Stone had no employees or office of its own; its address of record was actually the address of Omira Corporation.
17. The Biremis Business, the Trading Floors, and the Overseas Traders operated as one integrated business. For example, the Trading Floor Operators as well as the staff and management of the Biremis Business frequently referred to the Trading Floors as "offices," "branches," "affiliates" or "affiliated trading floors" of the Biremis Business; the Toronto headquarters was called the "head office." They also frequently referred to themselves collectively as "the company." In correspondence with one U.S. exchange, the Biremis Business characterized the Overseas Traders as "employees" of the Biremis Business.

Biremis Controlled the Overseas Traders Who Therefore Were Associated Persons

18. Once a Trading Floor was opened, the Overseas Traders received buying power and assistance from the Biremis Business. First, although the Trading Floor Operators were required to deposit \$10,000 with the Biremis Business to protect against losses, the Biremis Business provided the Trading Floors millions of dollars in buying power for U.S. markets alone. In February 2009, for example, 187 then-active Trading Floors had an aggregate buying power of \$2.48 billion on U.S. markets alone.
19. Second, the Biremis Business provided the Overseas Traders with access to ProsperPro, the Biremis Business' proprietary order management system that allowed the Overseas Traders to quickly access markets in the U.S. as well as in Canada, the United Kingdom, Europe and Japan.
20. Third, the speed with which the Overseas Traders were able to trade in the U.S. markets was enhanced by means of the direct market access⁵ that Biremis received from U.S. broker-dealers.

⁵ Broker-dealers provide access to the trading markets in a number of ways. One way is through a "sponsored" access arrangement whereby a broker-dealer permits customers to enter orders into a trading center that bypass the broker-dealer's trading system and are routed directly to the trading center. Another way is through "direct market" access, which is an arrangement whereby a broker-dealer permits customers to enter orders into a trading center but such orders flow through the broker-dealer's trading systems prior

21. In addition, the Biremis Business worked closely with the Trading Floors in many other respects. For example, when new Trading Floors were established, Kim personally trained the Trading Floor Operators and the Biremis Business provided them a template for the layout and operation of a Trading Floor.
22. Once established, the Trading Floors received continuous support from the Biremis Business, which advised them on methods of recruiting traders, incorporated them into the Biremis Business' internal telephone, e-mail, and instant messaging systems, provided real-time technical assistance during trading sessions, communicated updates on system and market developments via instant messages, conference calls, and written "trader alerts," and periodically conducted office visits and regional conferences of Trading Floor Operators.
23. As part of this arrangement, the Biremis Business received a share – generally 17% – of the profits earned by each Trading Floor, with the remainder being divided between that floor's Trading Floor Operators and the Overseas Traders. Based on all of the above, the Overseas Traders were a proprietary trading force of the Biremis Business: they traded using capital provided by Beck and Kim; traded for the benefit of the Biremis Business; used the order management system and direct market access relationships of the Biremis Business; and were subject to the Biremis Business' rules and monitoring.
24. The Biremis Business exercised substantial, additional control over the Overseas Traders. As a condition of trading on the Trading Floors, the Biremis Business prohibited the Overseas Traders from trading for other accounts or through other order management systems. For each Overseas Trader, the Biremis Business established a unique user identification, which it used to grant, supervise and control that trader's market access, loss limits, and buying power.
25. The Biremis Business provided each Overseas Trader with buying power, often in substantial amounts. Kim determined the amount of buying power granted to each Overseas Trader, and set those amounts in ProsperPro. As a general matter, larger amounts of buying power were provided to those Overseas Traders who were most profitable, and lesser amounts to those who were not. Large amounts of buying power could facilitate layering by allowing traders to submit many non *bona fide* orders for stocks.
26. Moreover, the Biremis Business set daily loss limits for each individual Overseas Trader. Biremis Business employees, using guidelines set and enforced by Beck and Kim, determined the loss limits set for each Overseas Trader, and entered those limits into

to reaching the trading center. On November 3, 2010, the Commission adopted Rule 15c3-5 to require brokers and dealers to utilize risk controls in connection with market access thereby eliminating the practice known as "unfiltered" access to an exchange or an ATS. See Securities Exchange Act Release No. 63241 (November 3, 2010), 75 FR 69792 (November 15, 2010).

ProsperPro. The Biremis Business maintained the ability to terminate the market access of any Overseas Trader who exceeded his or her limits on any day. For example, when an Overseas Trader reached 125% of his/her loss limits, the Biremis Business began sending warnings for the trader to reduce his/her exposure; when the Overseas Trader reached 200% of his or her loss limits, the Biremis Business remotely closed out his/her trading positions.

27. Beck and Kim had final authority over Biremis Business policies regarding buying power and loss limits as well as over the buying power levels and loss limits of individual Overseas Traders. Beck and Kim also strictly enforced a policy prohibiting any Overseas Trader from holding a stock overnight. Moreover, throughout the Relevant Period, Beck, Kim, and other Biremis Business employees had the authority to reprimand, restrict, suspend or terminate Overseas Traders or entire Trading Floors for a variety of reasons.
28. Based on all of the above, the Overseas Traders were controlled by, or under common control with, Biremis, and therefore were associated persons of a broker or dealer, as defined in Section 3(a)(18) of the Exchange Act.

The Manipulative Trading

29. During the Relevant Period, certain Overseas Traders manipulated the markets for U.S. listed stocks by engaging in the practice of layering.
30. Layering uses non-*bona fide* orders (*i.e.*, orders that the trader does not intend to execute) to induce others to buy or sell a security at a price not representative of prices set by actual supply and demand.
31. Specifically, a layering trader places a *bona fide* buy (or sell) order that he/she desires to be executed at an advantageous price, and also enters multiple non-*bona fide* limit sell (or buy) orders for the purpose of attracting interest to the *bona fide* order. The non-*bona fide* orders are placed on the opposite side of the market at decreasing (or increasing) prices with the intent of lowering (or raising) the price at which the layering trader buys (or sells).
32. Thus, this strategy creates a false picture of the pricing of, and/or demand for, a stock in order to induce, or trick, other market participants, often those using algorithmic⁶ trading platforms, to execute against the layering trader's *bona fide* order. Immediately after the

⁶ A trading algorithm is a set of computer instructions incorporating steps required to trade according to a certain strategy or to execute orders according to certain guidelines. Trading algorithms function by interpreting near-instantaneous streams of trading data – including the prices and quantities of bids, asks, and executions for stocks. Using pre-programmed criteria, algorithms evaluate such data within fractions of a second in order to ascertain market trends. Some algorithms are programmed to identify market trends and immediately submit orders designed to profit from those trends before the algorithm's time advantage over other market participants disappears. Other algorithms are programmed to identify a means for executing orders within optimal price ranges or timeframes. The specific workings of each algorithm differ according to the criteria and objectives dictated by its programmer. Orders submitted by algorithms are often known as "programmed orders."

execution of the *bona fide* order, the layering trader cancels the open, non-*bona fide* orders, which were intended only to temporarily alter the market prices and/or displayed liquidity for the stock. Often, the layering trader then repeats this strategy on the opposite side of the market to close out the position.

33. Throughout the Relevant Period, hundreds of Overseas Traders on at least ten different Trading Floors associated with Biremis engaged repeatedly in layering manipulations on U.S. securities markets. Such traders induced other market participants to trade in certain securities by placing layers of orders in those securities with the purpose of having those non-*bona fide* orders alter the national best bid and offer (“NBBO”) of the securities and alter the displayed liquidity in the securities. These orders sent false signals regarding the supply and demand for such securities, which other market participants misinterpreted as reflecting true supply and demand. Thus, the Overseas Traders’ deceptive orders were intended to induce, and did induce, other market participants into buying (or selling) stocks from (or to) the Overseas Traders at prices that had been artificially raised (or lowered) to the advantage of the Overseas traders.

Example of Layering by an Overseas Trader

34. The layering activity is illustrated by the activity of an Overseas Trader, who traded using the Biremis Business user identification “FUFUZENG.” This individual traded on one of three Trading Floors established in Asia by a Trading Floor Operator who had previously traded for Beck and Kim in Canada. These Trading Floors were among the most profitable in the Biremis Business and repeatedly engaged in layering throughout the Relevant Period. On September 4, 2008, this trader layered the stock of Colonial Properties Trust (NYSE: “CLP”).
35. That day, as of 11:00:58 a.m., the National Best Offer (“inside ask”) for CLP was \$19.19 and the National Best Bid (“inside bid”) was \$19.15. At that moment, the trader began placing orders to sell CLP shares. Over the next 31 seconds, the trader submitted 28 consecutive orders to NASDAQ (OUCH), NASDAQ (RASH), a dark pool operated by a broker-dealer, and NYSE, each to sell 100 shares of CLP at prices successively decreasing from \$19.21 to \$19.13. In addition, the trader periodically interspersed the 100-share orders with seven other sell orders submitted to NASDAQ (RASH), each for 14,000 shares at several cents above the prevailing inside ask. These 14,000-share “pressure orders” falsely signaled to the marketplace that – in addition to the 100-share sell orders near the prevailing inside ask – there was additional and substantial interest in selling the stock at price levels above the prevailing inside ask. When viewed in combination with other displayed orders, the “pressure orders” created the appearance of a liquidity imbalance, *i.e.*, a substantial difference between the quantities of shares demanded for purchase and the quantities offered for sale
36. By 11:01:29 a.m., as a result of these orders, the inside ask declined seven cents to \$19.12. Then the trader switched sides, placing a buy order on NYSE for 3,800 CLP shares at \$19.12. After receiving an execution for this order, the trader then cancelled all 35 of the

sell orders within eleven seconds. By 11:01:42 a.m., the inside bid reverted to \$19.14 and the inside ask reverted to \$19.17.

37. Less than a second after submitting his last cancellation, the trader switched sides, conducting the manipulation in reverse. At 11:01:42 a.m., with the inside bid for CLP at \$19.14 and the inside ask at \$19.17, the trader submitted 57 buy orders, each for 100 shares, at prices that successively rose from \$19.08 to \$19.19 over the course of 47 seconds. As before, the trader submitted these orders among NASDAQ (OUCH), NASDAQ (RASH), a dark pool operated by a broker-dealer, and NYSE. Again, as the trader pushed the inside bid up, he also interspersed his 100-share buy orders with nine pressure orders each to buy 10,200 or 10,300 shares, each at a price several cents below the prevailing inside bid.
38. As the trader submitted the last of these orders, the inside bid for CLP had risen to \$19.19 and the inside ask stood at \$19.22. Then, within four seconds, the trader entered an order to sell 3,800 shares of CLP at the elevated price of \$19.19, which immediately executed. Within twenty-two seconds of this sale, the trader then cancelled the open buy orders that were still outstanding. Twenty seconds later, the inside bid reverted to \$19.08 and the inside ask reverted to \$19.13.
39. In total, the trader submitted 35 sell orders, demonstrating substantial selling interest and depressing CLP's price from \$19.19 to \$19.12, before buying 3,800 shares of CLP and cancelling all of his non-*bona fide* sell orders. Then the trader submitted 57 buy orders while inflating CLP's price from \$19.14 to \$19.19 before selling 3,800 shares, and cancelling his open non-*bona fide* buy orders. For this series of transactions, the trader made \$266 of illicit profits (excluding commissions or fees) in two minutes and 35 seconds.
40. Over the next few minutes, the trader repeated this process several more times. In each instance, the trader submitted a series of non-*bona fide* orders at ascending (or descending) prices on one side of the market, causing the stock's price to move in the direction of the non-*bona fide* orders. In each instance, the trader then obtained an execution on the opposite side of the market at the altered price, before cancelling the initial market-moving orders.
41. Notably, each time the trader submitted a series of non-*bona fide* orders on one side of the market, the trader drove the inside bid up (or the inside ask down). In addition, when viewed in combination with other displayed orders, the pressure orders created the appearance of a liquidity imbalance. Market participants that use trading algorithms often program their algorithms to react to such market signals.

The Overseas Traders' Layering Violated Exchange Act Section 9(a)(2)

42. The Layering by the Overseas Traders violated Section 9(a)(2) of the Exchange Act, which forbids any person "[t]o effect, alone or with one or more other persons, a series of transactions in any security . . . creating actual or apparent active trading in such security,

or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.”

43. In the example above, the Overseas Trader’s non-*bona fide* orders created actual or apparent active trading in the security. For example, in the first instance, the trader submitted and cancelled 35 sell orders within 42 seconds, representing non-*bona fide* offers to sell 86,900 shares. In the second instance, the trader submitted 66 buy orders within 58 seconds, representing non-*bona fide* offers to buy 95,500 shares. The trader’s non-*bona fide* orders also altered the price of the security, first depressing its inside ask from \$19.19 to \$19.12, and then inflating its inside bid from \$19.14 to \$19.19.
44. The Overseas Trader’s intent to induce others to trade at disadvantaged prices is evident from his repeated submission of orders at rising (or declining) prices, his opportunistic executions on the opposite side of the market after these non-*bona fide* orders had altered the stock’s price to his advantage, and his prompt cancellation of the non-*bona fide* orders before they could be executed. The trader’s intent to induce market participants using algorithmic platforms is also evident in his usage of 100-share orders interspersed with pressure orders for much higher share quantities at prices several cents away from the inside bid or inside ask in order to induce the purchase or sale of securities by others who used trading algorithms that focus on changes to the NBBO or liquidity imbalances.

Biremis, Peter Beck, and Charles Kim Failed Reasonably to Supervise the Overseas Traders’ With a View to Preventing the Layering Manipulations

45. Although the Biremis Business was capable of monitoring the trading of each Overseas Trader, it generally lacked adequate anti-manipulation surveillance systems or procedures, and specifically lacked any systems or procedures to detect or prevent the layering trading on U.S. markets, which violated Section 9(a)(2) of the Exchange Act. Moreover, the compliance staff of the Biremis Business lacked the training or experience to identify manipulative trading patterns and was ineffective in detecting or investigating instances of suspected manipulation.
46. For example, the Biremis Business had several automated trading reports purportedly intended to detect illegal trading, such as wash trading or collusive trading. In practice, however, review of such reports was not consistently conducted, and was assigned to junior personnel who lacked the training or experience to understand the trading patterns they reviewed, and were ineffective in following up on their findings.
47. In 2009, the Biremis Business implemented a surveillance system for the purpose of detecting layering by reviewing for excessive quantities of cancelled orders. However, this system was implemented only for orders that the Biremis Business submitted to non-U.S. exchanges, such as Toronto, London or Tokyo. Biremis did not use this system to monitor for layering on U.S. markets until mid-2010, despite the fact that trades on U.S. markets accounted for approximately two-thirds of its gross trading revenues.

48. Beck was responsible for establishing supervisory procedures and systems for their implementation that were reasonably designed to prevent and detect manipulative layering on U.S. markets. Beck failed reasonably to establish such procedures and systems. If he had developed such supervisory procedures and systems, it is likely that Biremis and Beck would have prevented and detected the violations of Section 9(a)(2) by the Overseas Traders.
49. Beck and Kim also had the authority to affect the conduct of the Overseas Traders, including the authority to reprimand, restrict, suspend and terminate the Overseas Traders. For example, Kim was responsible for determining the amount of buying power allocated to each Overseas Trader, based on factors such as that trader's profitability. Moreover, as described below, Kim frequently communicated with the Trading Floor Operators concerning the Overseas Traders' activities and provided instruction to them concerning their trading activities.
50. Throughout the Relevant Period, Beck and Kim were aware of repeated red flags indicating that certain of the Overseas Traders were engaged in layering in securities on U.S. markets and that such trading might violate the federal securities laws. Notwithstanding their awareness of these red flags, Beck and Kim did not respond adequately to them.
51. For example, as early as September 2006, a U.S. broker-dealer which provided direct market access to Biremis explicitly informed Beck in writing that an Overseas Trader was layering on U.S. markets and that such trading violated anti-manipulation provisions of the federal securities laws.
52. In response to this broker-dealer's complaints, the Biremis Business prepared in September 2006 a "Trader Alert" entitled "Price Manipulation," which advised that orders intended to "influence other market participants to buy or sell" and "posting orders with no intent of having them filled constitutes market manipulation." However, the Biremis Business only disseminated this Trader Alert among its personnel in its Toronto head office, and not to the Trading Floor Operators or Overseas Traders.
53. Beck and Kim were aware that certain of the Overseas Traders used a strategy that involved submitting non-*bona fide* orders (and subsequently cancelling them) in order to induce market participants who operated algorithmic trading platforms to trade. In testimony before the Commission Staff, Kim admitted that he had been aware that Overseas Traders associated with Biremis submitted orders in order to get other market participants using trading algorithms to react to those orders.
54. In April and May 2007, the Trading Floor Operator who owned three frequently layering Trading Floors (including the Trading Floor described in paragraph 34), sent Beck and Kim multiple e-mails in which he described how certain Overseas Traders on those Trading Floors traded against orders (commonly called "programmed orders") submitted by market participants using trading algorithms.

55. In particular, this Trading Floor Operator wrote of the traders' strategy to "make money from those stupid programmed orders." The Trading Floor Operator admitted that many of the traders on his Trading Floors "place orders to close the spread," meaning that they placed orders to raise the inside bid or lower the inside ask, thereby narrowing (or "closing") the spread between the bid and ask prices.
56. This Trading Floor Operator further explained that the traders "use[d] small-size orders . . . to test the programmed orders" and described the importance of using a computer keyboard shortcut to immediately cancel non-*bona fide* orders before those orders could be executed. This "mass cancellation" function was a feature of ProsperPro, the Biremis Business' proprietary order management system.
57. Beck and Kim were also aware that certain Overseas Traders searched for "hidden liquidity" - *i.e.*, stocks that other parties sought to trade in dark pools⁷ - using a feature of the ProsperPro system known as the "Scanner." The Scanner automatically submitted orders sequentially for each of hundreds of stock ticker symbols until an execution for one of those symbols signaled another party's interest in that stock.
58. On three occasions over the course of 2007, a second U.S. broker-dealer explicitly warned Beck that the broker-dealer's internal surveillance tool had detected suspicious trading activity from Biremis. Specifically, the broker-dealer's "anti-gaming" tool had detected instances in which orders from Biremis obtained executions in that broker-dealer's dark pool at prices favorable to Biremis shortly after the stock price had abruptly risen or declined in the open market. After the third such instance, the broker-dealer terminated Biremis' access to its dark pool.
59. In January 2008, Biremis admitted to this broker-dealer that operators of other U.S. trading facilities (*i.e.*, exchanges, dark pools, or electronic communications networks) had previously conveyed to Beck that certain of the Overseas Traders used trading strategies deemed unsuitable by those facilities.
60. Over the course of the spring of 2008, a third U.S. broker-dealer warned Beck and Kim that certain of the Overseas Traders were "gaming" U.S. stocks by moving those stocks' "NBBO up or down" in order to "buy or sell the stock at the disadvantaged price." This broker-dealer provided Biremis with access to multiple dark pools, which Biremis made available to its Overseas Traders. As a result of complaints from other U.S. trading facilities, this broker-dealer attempted to implement several restrictions intended specifically for Biremis' Overseas Traders. These restrictions included minimum share quantities for orders, as well as restrictions on the Overseas Traders' access to the complaining trading facilities. This broker-dealer informed Beck and Kim of these restrictions and the reasons for imposing them.

⁷ Dark pools are a type of alternative trading system. They are essentially private trading systems in which participants can transact their trades without displaying quotations to the public. The largest dark pools are sponsored by securities firms often to execute the orders of customers as well as proprietary orders of the firms.

61. Notwithstanding these restrictions, the layering manipulations by the Overseas Traders continued. In July 2008, this broker-dealer made additional complaints in an e-mail to Kim and Biremis' trade desk director, noting that Overseas Traders associated with Biremis would frequently "[r]un up the stock, then short it in the DarkPool, then let it roll over." Kim relayed these complaints to Beck.
62. Some of these complaints related to another frequently layering Trading Floor. This Trading Floor was also among the most profitable in the Biremis Business and was established by another individual who had formerly traded for Beck and Kim in Canada. In response to these complaints, that Trading Floor Operator e-mailed Kim and Biremis' trade desk director, noting that the trader "started buying the stock at around 7.39/7.40 and raised the stock until 7.49 where he sold." Kim relayed this information to Beck.
63. Despite these red flags, Kim e-mailed Trading Floor Operators, relaying the view that, although layering was illegal on certain foreign markets, it was legal on U.S. markets. For example, in September 2008, Kim e-mailed one Trading Floor Operator, writing, "the [London Stock Exchange] laws are very strict about any type of gaming on their markets. For example, you cannot put in bids/offers and cancel them like we do on U.S. markets."
64. In March 2009, Biremis' trade desk director prepared a "Compliance Guide Book" and shared it with Kim. The Guide Book expressly: described the layering strategy used by certain of the Overseas Traders to "influence or trick computer programs into taking action"; noted these strategies were "manipulative in nature"; and further noted that this conduct constituted market manipulation in violation of U.S. securities laws.
65. In August 2009, Biremis' newly-installed Chief Compliance Officer prepared and shared with Beck a proposal for Biremis to filter its trading data for suspicious trading patterns, including layering. This document again described the layering conduct and identified several "high risk" Trading Floors frequently engaging in layering (including the Trading Floors described in paragraphs 34 and 62).
66. Also in August 2009, that Chief Compliance Officer requested a meeting with Beck and Kim to discuss several frequently layering Trading Floors, warning Beck and Kim that "most [Trading Floor Operators] seem to think we pay [compliance] only lip service." About three hours later, the Chief Compliance Officer e-mailed Beck a list of Trading Floors that frequently engaged in layering (including the Trading Floors described in paragraph 34). About one hour later, Kim e-mailed the Trading Floor Operators, informing them that their access to numerous non-U.S. markets was immediately terminated as a result of regulatory complaints. Nonetheless, Kim's e-mail specifically told these Trading Floors that they would be able to continue trading on U.S. markets. Consequently, Overseas Traders continued to layer on U.S. markets until June 2010.
67. In September 2009, Kim again e-mailed a Trading Floor Operator telling him that layering was legal on U.S. markets by saying "[t]here are many things that you can do on American

markets that you CANNOT do on the [Toronto Stock Exchange]. For example, pushing stocks or bidding and offering stocks and canceling your orders is a no-no.”

68. As noted herein, Beck and Kim had the authority to restrict or terminate the access of the Overseas Traders to U.S. markets for, among other things, regulatory infractions. However, notwithstanding the above-discussed red flags, Beck and Kim failed to follow-up on these red flags and failed to take any steps to prevent and detect manipulative layering by the Overseas Traders in securities on U.S. markets. In addition, Beck established neither any procedures nor any system to implement procedures reasonably designed to prevent and detect the manipulative layering by the Overseas Traders on U.S. markets between January 2007 and June 2010. If Beck and Kim had followed-up on the red flags of suspicious trading by the Overseas Traders and if Beck had established reasonable procedures and systems, it is likely that Biremis, Beck and Kim would have prevented and detected the violations of Section 9(a)(2) by the Overseas Traders.

Biremis Failed to File Suspicious Activity Reports for Any of the Layering Incidents

69. In April 2002, Congress passed and President Bush signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA PATRIOT Act” or “Patriot Act”). The Patriot Act amended provisions of the Bank Secrecy Act⁸ (“BSA”) and substantially expanded a broker-dealer’s obligations to detect and prevent money laundering. Exchange Act Section 17 and Rule 17a-8 thereunder require broker-dealers to comply with the recordkeeping, record retention, and reporting obligations of the BSA and the regulations thereunder. These regulations mandate, among other things, that broker-dealers report suspicious transactions by filing a Suspicious Activity Report (“SAR”) with the Financial Crimes Enforcement Network (“FinCEN”) to report any transaction (or a pattern of transactions of which the transaction is a part) involving or aggregating funds or other assets of at least \$5,000 that it “knows, suspects, or has reason to suspect”: (1) involves funds derived from illegal activity or is conducted to disguise funds derived from illegal activities; (2) is designed to evade any requirements of the BSA; (3) has no business or apparent lawful purpose and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts; or (4) involves use of the broker-dealer to facilitate criminal activity.⁹
70. The failure to file a SAR as required by these regulations is a violation of Exchange Act Section 17(a) and Rule 17a-8 thereunder. Despite red flags alerting Biremis personnel that the layering activity lacked an apparent lawful purpose, Biremis failed to file a single SAR for the layering activity during the Relevant Period, thereby contravening its own written compliance policies.

⁸ The Bank Secrecy Act is the name commonly used for the Currency and Financial Transactions Reporting Act of 1970, 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and 31 U.S.C. §§ 5311-5330.

⁹ 31 C.F.R. 1023.320(a)(2).

71. In addition, on at least three instances in 2008, Biremis failed to report that certain Overseas Traders engaged in apparent wash trades and/or matched orders involving shares valued at millions of dollars. On February 13, 2008, certain Overseas Traders transacted over 60 percent of that day's volume in Papa John's International Inc. (NASDAQ: "PZZA"), including 404 trades between certain Overseas Traders. Using PZZA's lowest share price that day, the aggregate value of this activity was \$16.8 million. Also, on April 2, 2008, the Biremis Business accounted for 63 percent of that day's volume in Associated Estates Realty Corp. (NYSE: "AEC"), including 865 trades solely between Overseas Traders. The value of AEC shares traded by the Overseas Traders that day was approximately \$7.9 million. Likewise, on June 5, 2008, certain Overseas Traders transacted over 16 percent of that day's volume in Jo-Ann Stores, Inc. (NYSE: "JAS"), including 236 trades between certain Overseas Traders, representing approximately \$57.2 million. No SAR was filed in any of these instances, a violation of Exchange Act Section 17(a) and Rule 17a-8 thereunder.
72. Moreover, Biremis' "Anti-Money Laundering Compliance Program," dated July 1, 2004 and in effect throughout the Relevant Period, called for Biremis to "monitor account activity for unusual size, volume, pattern or type of transactions" and to file a SAR for any suspicious activity conducted or attempted through the Biremis Business and involving or aggregating \$5,000 or more if the activity lacked a "business or apparent lawful purpose." By failing to do so, Biremis failed to document accurately its Anti-Money Laundering Compliance Program in violation of Exchange Act Section 17(a) and Rule 17a-8 thereunder.

**Biremis Failed to Preserve Instant Message Communications
Related to its Business As Such**

73. Under Exchange Act Rule 17a-4(b)(4), registered broker-dealers are required to preserve "originals of all communications received and copies of all communications sent (and any approvals thereof) by the member, broker or dealer (including inter-office memoranda and communications) relating to its business as such, including all communications which are subject to rules of a self-regulatory organization of which the member, broker or dealer is a member regarding communications with the public."
74. In April 2010 and February 2011, Biremis received subpoenas from the Commission Staff requiring the firm to produce instant messages of persons associated with Biremis, including Trading Floor Operators and Biremis Business officers and employees during the Relevant Period. Apart from incomplete instant message collections backed up by a handful of persons on their own initiative, Biremis was unable to produce the required records because it had never configured its instant messaging system to preserve instant messages.
75. The instant message system played a central role in the operation of the Biremis Business. Each Trading Floor received access to it, enabling instant communications with the Biremis Business head office as well as with the other Trading Floors. The Biremis Business required Trading Floor Operators to monitor this system throughout trading

sessions, including so that they could be alerted of any Overseas Trader who exceeded his/her daily loss limits. The Trading Floors used the instant message system to ask questions of the Biremis Business head office or to inform it of system problems, such as outages, stock quotations that were not updating, or orders that were not being filled.

76. The instant message system enabled the Biremis Business head office to promptly support, and to simultaneously communicate with, all the Trading Floors. One former Biremis Business officer estimated that ninety percent of all Biremis Business communications took place on this system. Another stated that without the system, the Biremis Business could never have grown as it did to approximately 200 Trading Floors worldwide.
77. The few instant messages produced to the Commission Staff confirm that Biremis used this instant message system to communicate with the Trading Floors about its operations on U.S. markets. For example, Biremis used instant messaging to address technical problems affecting the traders' ability to trade (*e.g.*, slow execution speeds, outages, or inability to view quotations). Biremis also used instant messaging to update the Trading Floors regarding market developments such as U.S. markets declaring self-help under Regulation NMS or issues affecting specific U.S. stocks. Thus, the instant message communications related to Biremis' broker-dealer business as such.

Violations

78. Exchange Act Section 15(b)(4)(E) provides for the imposition of sanctions against a broker or dealer who "has failed reasonably to supervise, with a view to preventing violations of the [federal securities laws], another person who commits such a violation, if such other person is subject to his supervision." Section 15(b)(6) incorporates by reference Section 15(b)(4)(E) and allows for the imposition of sanctions against persons associated with a broker or dealer for failing reasonably to supervise.
79. Biremis was responsible for supervising the Overseas Traders, who were directly or indirectly controlled by, or under common control with, Biremis, and thus were associated persons of the firm. The Commission has emphasized that a broker-dealer's responsibility to supervise persons subject to its supervision by means of effective, established procedures "is a critical component in the federal investor protection scheme regulating the securities markets." *See e.g., Dean Witter Reynolds, Inc.*, Exchange Act Release No. 46578 (October 1, 2002).
80. Notwithstanding its obligation to supervise the Overseas Traders and despite repeated red flags indicating that certain Overseas Traders were engaged in manipulative layering trades, Biremis failed throughout the Relevant Period to implement procedures, or a system for applying procedures, to detect and prevent the Overseas Traders' violations of Exchange Act Section 9(a)(2). Thus, Biremis failed reasonably to supervise the Overseas Traders with a view to preventing their market manipulation.
81. Beck had the authority and responsibility for developing Biremis' supervisory procedures and a system to implement such procedures. Beck failed reasonably to supervise the

Overseas Traders because he failed to ensure that Biremis had procedures, as well as a system to implement procedures, to prevent and detect manipulative trading by the Overseas Traders in violation of Exchange Act Section 9(a)(2).

82. Beck had the responsibility, ability, and authority to affect the conduct of the Overseas Traders, including the authority to reprimand, restrict, suspend, and terminate them. He also failed reasonably to supervise the Overseas Traders because he failed to respond to red flags, as described above, that should have alerted him to the Overseas Traders' repeated layering manipulations in violation of Section 9(a)(2) of the Exchange Act. "The supervisory obligations imposed by the federal securities laws require a vigorous response even to indications of wrongdoing." *In the Matter of John H. Gutfreund, et al.*, 51 S.E.C. 93, 108, Exchange Act Release No. 31554 (Dec. 3, 1992). "In large organizations it is especially imperative that those in authority exercise particular vigilance when indications of irregularity reach their attention . . . Red flags and suggestions of irregularities demand inquiry as well as adequate follow-up and review. When indications of impropriety reach the attention of those in authority, they must act decisively to detect and prevent violations of the federal securities laws." *See, e.g., In the Matter of Edwin Kantor*, 51 S.E.C. 440, 447 Exchange Act Release No. 32341 (May 20, 1993) (internal quotations omitted). If Beck had responded reasonably to the red flags of layering by the Overseas Traders, he could have prevented and detected the Overseas Traders' violations of Section 9(a)(2) of the Exchange Act.
83. Kim possessed and exercised supervisory authority over the Overseas Traders in his conduct of his duties at Biremis Business. "[D]etermining if a particular person is a 'supervisor' depends on whether, under the facts and circumstances of a particular case, that person has a requisite degree of responsibility, ability or authority to affect the conduct of the employee whose behavior is at issue." *Gutfreund* at 113, Exchange Act Release No. 31554 (Dec. 3, 1992).
84. Kim had the responsibility, ability or authority to affect the conduct of the Overseas Traders in that he had final discretion over each Overseas Trader's amount of buying power, as well as the power to terminate or restrict their access to Biremis' order management system. Kim also had the authority to restrict, suspend and terminate the access of the Overseas Traders. Kim also helped establish the Trading Floors on which the Overseas Traders traded, trained the Trading Floor Operators using the Biremis Business' template for trading floor setup and operation, and misinformed those Trading Floor Operators that layering strategies were legal on U.S. markets. Kim failed reasonably to supervise the Overseas Traders, in that he failed to respond to the red flags that should have alerted him to the Overseas Traders' repeated layering manipulations in violation of Section 9(a)(2) of the Exchange Act.
85. Biremis also willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder which require registered brokers and dealers to comply with the reporting, recordkeeping and record retention requirements of the rules promulgated under the BSA, by failing to file Suspicious Activity Reports reporting the Overseas Traders' layering manipulations and the wash trades and/or matched orders among certain of the Overseas

Traders, and by failing to document accurately its Anti-Money Laundering Compliance Program.

86. Biremis also willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder which require registered brokers and dealers to make, keep current, and furnish to the Commission such records as the Commission proscribes by rule, by failing to retain instant messages relating to its business as such.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

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

- A. Pursuant to Section 21C of the Exchange Act, Respondent Biremis shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rules 17a-4(b)(4) and 17a-8 thereunder.
- B. Pursuant to Section 15(b)(4) of the Exchange Act, the broker-dealer registration of Respondent Biremis shall be, and hereby is, revoked.
- C. Pursuant to Section 15(b)(6) of the Exchange Act, Respondents Beck and Kim shall be, and hereby are:
 - barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent; 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.
- D. Any reapplication for association by a 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.

E. Respondent Peter Beck shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$250,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment 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 Peter Beck as a 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 Ms. Antonia Chion, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5720.

F. Respondent Charles Kim shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$250,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment 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 Charles Kim as a 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 Ms. Antonia Chion, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5720.

By the Commission.

Elizabeth M. Murphy
Secretary