STATE OF NEW JERSEY
BUREAU OF SECURITIES
153 Halsey Street
P.O. Box 47029
Newark, New Jersey 07101
Telephone: (973) 504-3600

IN THE MATTER OF Kwen Young Chun (CRD # 3136403), Respondent.	**ADMINISTRATIVE CONSENT ORDER**

BEFORE LAURA H. POSNER, BUREAU CHIEF

The New Jersey Bureau of Securities (the "Bureau") is the State agency with the responsibility to administer and enforce the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"). N.J.S.A. 49:3-67 authorizes the Bureau Chief, Laura H. Posner ("Bureau Chief"), to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary and appropriate in the public interest, for the protection of investors, or consistent with the purposes fairly intended by the provisions of the Securities Law.

Pursuant to the authority granted to the Bureau Chief under the Securities Law, and after investigation, careful review, and due consideration of the facts, and statutory provisions set forth herein, the Bureau Chief hereby finds that there is good cause, it is in the public interest, and it will preserve resources to enter into an Administrative Consent Order ("Consent Order") with Kwen Young Chun (CRD # 3136403) ("Chun"), and Chun hereby agrees to resolve any and

all issues in controversy regarding the specific conduct described herein on the terms set forth in this Consent Order.

The Bureau Chief makes the following findings of fact and conclusions of law, which Chun admits:

FINDINGS OF FACT

1. Chun, residing in Midland Park, New Jersey, was registered with the Bureau as: (i) an agent of MetLife Securities, Inc. ("MetLife"), since about February 3, 1999; and (ii) an investment adviser representative of MetLife since about May 23, 2013.
2. Between at least September 2005 and April 2014, Chun engaged in dishonest or unethical conduct with regard to at least eight of his customer accounts. Specifically, without customer knowledge or consent, Chun caused hundreds of thousands of customer funds to be either diverted or loaned to either Chun's personal bank account, a Columbia Bank account – which he controlled and opened using the identity of one of his customers, Customer M.K. ("Fictitious Bank Account") – or a post office box in Hyde Park, New York that he also controlled and maintained. Customer funds were then used by Chun for his own personal benefit or transferred into accounts held by his wife and daughter for their own personal use and benefit. To conceal his conduct, among other things, Chun created fictitious account statements.
3. Specifically, on September 7, 2005, Chun transferred funds totaling $3,816.93 from Customer M.B.'s life insurance policy without Customer M.B.'s knowledge or consent. Chun deposited the check into his personal bank account, which he controlled.
4. Between December 21, 2005 and August 14, 2013, Chun took out loans and otherwise transferred funds totaling $109,291.42 from Cutomer N.Y.'s life insurance policies

without Customer N.Y.'s knowledge or consent. Chun had one check sent to a post office box in New Hyde Park, New York that he controlled and deposited the remaining checks into his personal bank account, which he controlled.

5. Between approximately December 2, 2010 and December 27, 2013, Chun made six unauthorized disbursements from Customer M.K.'s annuity and life insurance policies totaling approximately $186,025.00 and deposited the funds into the Fictitious Bank Account, which he controlled. Chun caused Customer M.K. to be reimbursed $125,000.00.

6. In 2005, Customer J.Q. purchased from Chun a MetLife life insurance policy. Between March 2011 and April 2014, Chun told Customer J.Q. to take out a loan on his life insurance policy and then Chun would invest the money with MetLife in a product that would earn him higher interest. As a result, between March 2011 and April 2014, Customer J.Q. wrote thirteen (13) checks totaling $83,859.95 and gave them to Chun. Chun never procured the investment for Customer J.Q., but rather deposited the checks into: (i) his personal bank accounts he controlled; and (ii) the Fictitious Bank Account, which he controlled.

7. Between March 28, 2011 and March 31, 2013, Chen gave Customer J.Q. five fabricated statements purporting to show his investment with MetLife. The statements set forth deposits, accrued interest, and account balances.

8. In or about December 2010 and May 2012, Customer C.L. transferred to Chun a total of at least $38,000.00 for an unspecified investment. Chun did not procure any type of

investment for Customer C.L., but rather, deposited the checks into the Fictitious Bank Account, which he controlled.

9. In or about August 2013, Chun purportedly sold Customer H.M. a "financial savings account" with MetLife. Customer H.M. wrote two checks totaling $100,000.00 for the "financial savings account." Chun did not procure any investment for Customer H.M., but rather, on August 15, 2013, deposited the funds into the Fictitious Bank Account, which Chun controlled.

10. In or about March 20, 2014, Chun caused a check in the amount of $25,000.00 to be drawn from MetLife life insurance policies belonging to Customer Y.P. and then sent the check to Chun's residence in Midland Park, New Jersey, all without Customer Y.P's knowledge or consent. Chun then deposited the funds into the Fictitious Bank Account, which he controlled. Customer Y.P. did not complete or sign the MetLife withdrawal form used to draw the funds from Y.P.'s MetLife life insurance policies.

11. In or about March 2014, Chun caused three checks totaling $16,954.47 to be drawn from Customer H.K.'s MetLife life insurance policies and then sent to Chun's residence in Midland Park, New Jersey, all without Customer H.K's knowledge or consent. On May 16, 2014, Chun then deposited the funds into the Fictitious Bank Account, which he controlled.

12. On or about August 11, 2014, the Financial Industry Regulatory Authority ("FINRA") and Chun entered into an Acceptance, Waiver and Consent ("AWC"), which found that:

    a. Between approximately December 2, 2010 and December 27, 2013, Chun made nine unauthorized disbursements from Customer M.K.'s MetLife Annuity and MetLife Insurance Policy totaling approximately $201,144.00;

b. Chun forged Customer M.K.'s name on seven MetLife annuity withdrawal forms and requested two loans from Customer M.K.'s MetLife Insurance Policy. The seven withdrawals and two loans were all effected without Customer M.K.'s knowledge or consent;

c. Chun, via electronic funds transfer and direct deposit, directed the funds to a checking account that he opened in Customer M.K.'s name without M.K.'s authorization or knowledge; and

d. Chun was the beneficiary of the checking account. As a result, Chun converted approximately $201,144.00 of Customer M.K.'s funds for his own use and benefit.

13. The findings in the AWC include that Chun's conduct violated FINRA Rule 2150(a), which prohibits improper use of client funds, and FINRA Rule 2010, which prescribes equitable and honorable business practices and conduct.

14. Chun consented to the imposition of sanctions barring him from association with any FINRA member.

CONCLUSIONS OF LAW

CHUN WAS THE SUBJECT OF A FINRA ORDER BARRING HIM FROM ASSOCIATING WITH FINRA MEMBERS

N.J.S.A. 49:3-58(a)(1)
N.J.S.A. 49:3-58(a)(2)(vi)

15. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

16. Pursuant to N.J.S.A. 49:3-58(a):

> The Bureau Chief may by order deny, suspend, or revoke any registration if [she] finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vi) is the subject of an order entered within the past five years by any . . . self-regulatory organization . . . suspending or expelling him from a national securities or commodities exchange or national securities or commodities association.

17. Having consented to a bar from association with any FINRA member, Chun has been expelled from a national securities association. Accordingly, the Bureau has proper grounds to revoke Chun's registration agent and investment adviser representative registrations pursuant to N.J.S.A. 49:3-58(a)(2)(vi).

18. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the revocation of Chun's agent and investment adviser representative registrations is in the public interest.

CHUN ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE SECURITIES BUSINESS, BANKING, INSURANCE BUSINESS OR INVESTMENT ADVISORY BUSINESS

N.J.S.A. 49:3-58(a)(1) and (a)(2)(vii)
N.J.A.C. 13:47A-6.3(a)(28), (a)(30), (a)(31), (a)(32), (a)(33)

19. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

20. Pursuant to N.J.S.A. 49:3-58(a)(2)(vii):

> The Bureau Chief may by order deny, suspend, or revoke any registration if [she] finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vii) has engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business....

21. Chun engaged in dishonest and unethical business practices as defined in N.J.A.C. 13:47A-6.3(a)(28), (a)(32), and (a)(33) by the following conduct including, but not limited to:

    a. Failing to comply with any applicable provision of the Conduct Rules of FINRA;

    b. Signing customer signatures for both banking and insurance transactions, without his customers' knowledge and/or consent; and

    c. Falsely completing MetLife forms, without his customers' knowledge and/or consent.

22. Accordingly, the Bureau Chief has proper grounds to revoke Chun's agent and investment adviser representative registrations with the Bureau under N.J.S.A. 49:3-58(a)(2)(vii) or take other appropriate action under N.J.S.A. 49:3-58.

23. Based on the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), the action against Chun is in the public interest.

IT IS on this 24th day of July 2015, **ORDERED AND AGREED THAT**:

24. Chun is hereby assessed a civil monetary penalty in the amount of **$80,000.00**, which is suspended and will not be collected by the Bureau, for the aforementioned dishonest and unethical conduct in the eight customer accounts. The suspension of the civil monetary penalty is predicated upon the specific facts of this case including, but not limited to,

those contained in the FINRA AWC and the federal criminal prosecution pending against Chun in the United States District Court, District of New Jersey, United States v. Chun, Case No. 15-cr-00366 (SDW), and his obligations to make payments therein, as well as his financial status;

25. Chun's agent registration is hereby **REVOKED** pursuant to N.J.S.A.49:3-58(a)(1) and N.J.S.A. 49:3-58 (a)(2)(vi);

26. Chun's investment adviser representative registration is hereby **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58 (a)(2)(vi);

27. Chun individually, and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under their control or direction, is permanently barred from being a partner, officer, or director of an issuer, broker-dealer or investment adviser or from occupying a similar status or performing a similar function or from directly or indirectly controlling an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser or from being employed or associated with a broker dealer or investment adviser in any capacity in the State of New Jersey;

28. Chun agrees that he will never apply to the Bureau to become a registered broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative, as defined by the Securities Law;

29. Chun is hereby **DENIED** all exemptions contained in N.J.S.A. 49:3-50(a)(9), (10), and (11) and N.J.S.A. 49:3-50(b); and

30. The exemptions to the registration requirement provided by N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby **REVOKED** as to Chun.

ADDITIONAL PROVISIONS

31. Chun agrees that for purposes of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.
32. New Jersey law shall govern this Consent Order and enforcement thereof.
33. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau or any other governmental agency, or any person may take in any future or pending action not specifically encompassed herein.
34. This Consent Order shall not bind any person not a party hereto, except as provided herein.
35. Chun has read this Consent Order, understands it, and agrees to be bound by its terms.
36. This Consent Order is fully integrated and contains the entire settlement terms between Chun and the Bureau. No employee, attorney, official or representative of the Bureau or the State of New Jersey has made any additional promise or representation to Chun regarding this Consent Order.
37. This Consent Order shall be deemed the final decision as to Chun.
38. Chun consents to the entry of this Consent Order and voluntarily waives an opportunity for a hearing after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2).
39. Chun voluntarily waives any right to assert any defense or to raise any challenge that he otherwise may have had to this Consent Order.

40. This Consent Order may be signed in counterparts and/or by facsimile, each of which shall be deemed an original.

NEW JERSEY BUREAU OF SECURITIES

LAURA H. POSNER
BUREAU CHIEF

Consent to the Form, Content and Entry
of this Administrative Consent Order

COHN LIFLAND PEARLMAN
HERRMANN & KNOPF LLP

By: _____ Dated: 7/23/15
Joshua P. Cohn, Esq. (Attorney Id. No. 019951987)
Attorney for Kwen Young Chun

Chun, the undersigned, has read this Administrative Consent Order, has been advised of his right to review it with counsel before signing it, understands it, and agrees to be bound by its terms.

_____ Date: 7/23/15
Kwen Young Chun