

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037137202**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Eul Hyung Choi, Respondent
General Securities Representative, General Securities Principal, and
Financial and Operations Principal
CRD No. 1592055

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Eul Hyung Choi ("Respondent" or "Choi") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Choi first became registered with FINRA through a member firm as a General Securities Representative ("GSR") from February 24, 1987 to May 4, 1990, as a General Securities Principal ("GSP") from February 24, 1988 to May 4, 1990, as Financial and Operations Principal ("FINOP") from January 21, 1988 to May 4, 1990, and as a Registered Options Principal ("ROP") from June 14, 1989 to May 4, 1990. Subsequently, he was associated with several member firms where he was registered in various capacities as a GSR, GSP, FINOP, ROP and Equity Trader Limited Representative. Choi has been registered with FINRA through SH Investment & Securities, as a GSR and as a GSP from January 13, 2012 to March 13, 2015, and as FINOP from November 15, 2013 to March 13, 2015.

SH Investment & Securities ("SHI" or "Firm") has been a member of FINRA since December 4, 2002. Since December 2002, the Firm has primarily conducted business under various names during different time periods as follows: CHK Global from December 4, 2002 through March 20, 2006; Shin Han Global Securities from March 20, 2006 through January 3, 2011; MITAA Global Securities from January 3, 2011 through March 5, 2012; and SHI from March 5, 2012 to the present. SHI conducts a general securities business on a retail basis and operates from one main office in Los Angeles, California. It currently employs approximately 13 registered representatives.

RELEVANT DISCIPLINARY HISTORY

Choi has the following relevant formal disciplinary history:

On or about November 11, 2003, without admitting or denying the findings, Choi, through an AWC, agreed to the entry of findings that he caused a member firm to utilize the instrumentalities of interstate commerce to engage in the securities business while failing to have and maintain sufficient net capital in violation of SEC Rule 15c3-1 and NASD Rule 2110. Choi was censured and fined \$10,000, jointly and severally, with a member firm. (AWC No. C02030066).

On or about May 8, 2003, without admitting or denying the findings, Choi, through an AWC, agreed to the entry of findings that he caused a member firm to permit registered persons to act in capacities requiring registration while their registrations were inactive due to failure to complete in a timely manner the regulatory element of the continuing education requirement. This conduct violated NASD Rules 1120(a) and 2110. Choi was fined \$20,000, jointly and severally, with a member firm. (AWC No. C02030023).

On or about March 18, 2003, without admitting or denying the findings, Choi, through an AWC, agreed to the entry of findings that he instructed a registered representative to sign the representative's name on approximately 22 new account forms and to backdate the forms, by placing the date of June 23, 1999 on the forms, which was the date the representative became registered with NASD. This conduct violated NASD Rule 2110. Choi was fined \$5,000. (AWC No. C10030016).

On or about December 7, 2000, without admitting or denying the findings, Choi, through an AWC, agreed to the entry of findings that he failed to maintain a continuing and current education program for its covered registered persons on behalf of a member firm for the years 1996 through 1999 in violation of Membership and Registration Rule 1120(b) and Conduct Rule 2110. The member firm was also found to have operated an "Office of Supervisory Jurisdiction" as that term is defined in Conduct Rule 3010(g)(1) between March 1999 through

August 1999 in violation of Conduct Rule 2110 and Article IV, Section 8 of the NASD By-Laws. Choi was fined \$10,000, jointly and severally, with a member firm. (AWC No. C02000066).

On or about May 4, 1995, Choi was the subject of a Complaint filed in a disciplinary action (*District Business Conduct Committee vs. Hamni Securities, Inc. et al.*, Complaint No. C02950014). The DBCC found that Choi permitted one of a member firm's employees to engage in securities business without the benefit of registration with the NASD in any capacity, and compensated this employee \$21,527 for such activities when the employee was not registered. On appeal, the National Business Conduct Committee affirmed the DBCC's findings against Choi and modified the sanctions. Choi was fined \$5,000, jointly and severally, with a member firm. *District Business Conduct Committee vs. Hamni Securities, Inc. et al.*, Complaint No. C02950014, 1996 NASD Discip. LEXIS 2 (NBCC May 9, 1996).

OVERVIEW

Choi failed to cause SHI to file with FINRA an application for approval of a change in equity ownership of the Firm. As a result, Choi violated NASD Rule 1017 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

In or about September 2011, KKC acted as the President, Chief Executive Officer and majority shareholder of MITAA Wilshire Investment LLC ("MITAA"). As of September 2011 and continuing through December 2011, MITAA directly owned approximately 95% of SHI, with KKC acting as an indirect owner of SHI through his ownership interest in MITAA.

Pursuant to a Stock Purchase and Sale Agreement ("Sale Agreement"), executed on January 4, 2012, KKC agreed to sell his entire controlling ownership interest in SHI, held by MITAA, to Eul Hyung Choi ("Choi"). KKC agreed to a purchase price for the shares in the amount of \$107,500, which was to be paid in two installments. On January 4, 2012, Choi paid the first installment payment in the amount of \$90,000 to KKC. The \$90,000 payment consisted of a \$70,000 payment directly to KKC, and the remaining \$20,000 included a loan from SHI to KKC, which Choi authorized SHI to forgive for the benefit of KKC. The second installment payment was to be made with a promissory note in the amount of \$17,500, due and payable on December 31, 2012. As a result of the Sale Agreement and payment of the first installment payment to KKC, Choi was appointed the Director, Chief Executive Officer, and Chief Financial Officer of SHI, and he acted in such capacities at SHI since January 4, 2012. Additionally, the Sale Agreement provided that KKC's shares of MITAA would be endorsed for transfer to Choi as of January 4, 2012, the date on which the first installment payment was made.

Although Choi did not make the second installment payment, he nonetheless became a direct owner with control of more than 25% of the equity of SHI as of January 4, 2012. Specifically, Choi directly owned approximately 84% of the outstanding shares of SHI as a result of his initial installment payment of \$90,000 on January 4, 2012 pursuant to the Sale Agreement.

NASD Rule 1017 requires member firms to file an application for the approval of a change in the equity ownership of the firm that results in one person or entity directly or indirectly owning or controlling 25% or more of the firm's equity.

SHI never filed the required application for approval of the above-described changes in ownership and control that occurred at the Firm.

Based on the foregoing, Choi violated NASD Rule 1017 and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

1. A 30-calendar day suspension from association with any FINRA member firm in any capacity;
2. To requalify as a General Securities Principal by passing the Series 24 examination, prior to either acting in that capacity with any FINRA member or registering with any FINRA member as a General Securities Principal, following his suspension; and
3. A fine of \$15,000.00, for which Choi and SH Investment & Securities shall be jointly and severally liable.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 30-calendar day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

- 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;**
- 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;**
- 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and**
- 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

3/20/2015

Date (mm/dd/yyyy)



Eun Hyung Choi, Respondent

Accepted by FINRA:

06/01/2015

Date

Signed on behalf of the
Director of ODA, by delegated authority



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