

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016047873501**

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

RE: Bae Keun Yu (CRD No. 4139775)
General Securities Representative

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Bae Keun Yu entered the securities industry in February 2000 and was registered with FINRA through consecutive associations with several FINRA member firms. Yu was registered with FINRA as a General Securities Representative through SH Investment & Securities from February 2013 through March 2015 and through Kayan Securities, Inc. from March 2015 through April 2017. Yu is not currently registered or associated with a member firm. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws. Yu has no disciplinary history.

OVERVIEW

In September 2013, Yu formed a corporation—Optima Koam Investment, Inc.—to invest in Korean securities and opened a securities account for Optima Koam at a Korean broker-dealer. From November 2013 through March 2017 (the "relevant period"), Yu purchased shares in Korean initial public offerings ("IPOs") for Optima Koam and then sold them after the companies were listed on the Korea Stock Exchange. Yu failed to provide any notice to his employer

member firms about his involvement with Optima Koam until December 2016. He also failed to notify SH Investment & Securities that he intended to open an account at the foreign broker-dealer and failed to notify Kayan Securities of the existence of his account at the foreign broker-dealer.

Based on the foregoing, Yu violated: (i) FINRA Rules 3270 and 2010 by failing to provide his employer member firms with prior written notice of his involvement with Optima Koam; and (ii) NASD Rule 3050(d) and FINRA Rule 2010 by failing to notify SH Investment & Securities of his intention to open an account at a foreign broker-dealer and by failing to notify Kayan Securities that he had previously established a securities account at a foreign broker-dealer.

FACTS AND VIOLATIVE CONDUCT

In September 2013, Yu formed Optima Koam to invest in Korean securities and, since then, has served as the company's sole owner, President, Chief Executive Officer, Secretary, and Chief Financial Officer. Shortly after forming the company, Yu opened an Optima Koam account at a Korean broker-dealer. During the relevant period, Yu used that account to execute approximately 100 transactions. Through these transactions, Optima Koam purchased shares in Korean IPOs costing about \$600,000 and then sold them after the companies were listed on the Korea stock exchange.

Undisclosed Outside Business Activity **(Violation of FINRA Rules 3270 and 2010)**

FINRA Rule 3270 provides that "[n]o registered person may be [a] . . . sole proprietor, officer, director or partner of another person . . . or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member." A violation of FINRA Rule 3270 also is a violation of FINRA Rule 2010.

Yu formed Optima Koam in September 2013 to invest in Korean securities, is its sole owner and officer, and has received compensation from the company. Yu never disclosed his involvement with Optima Koam to SH Investment & Securities (the firm through which he was registered from February 2013 through March 2015) and failed to inform Kayan Securities (the firm through which he was registered from March 2015 through April 2017) of his involvement with Optima Koam until December 2016.

By virtue of the foregoing, Yu violated FINRA Rules 3270 and 2010.

Undisclosed Foreign Brokerage Account
(Violation of NASD Rule 3050(d) and FINRA Rule 2010)

NASD Rule 3050 (effective through April 2, 2017)¹ governed the disclosure obligations of associated persons who seek to open or maintain securities accounts at brokerage firms other than their employer member. NASD Rule 3050(d)(1) required an associated person to notify his employer member of his intention to open an account at a foreign broker-dealer prior to the execution of any transactions in the account. If an account was established at a foreign broker-dealer prior to the person's association with the member, then NASD Rule 3050(d)(2) required an associated person to notify the member of the account "promptly after being so associated." A violation of NASD Rule 3050 also constitutes a violation of FINRA Rule 2010.

Yu violated NASD Rule 3050(d) and FINRA Rule 2010 by: (i) failing to give SH Investment & Securities notice of his intention to open an account at a foreign broker-dealer prior to executing any transactions in the account in 2013 and (ii) failing to notify Kayan Securities promptly after associating with that firm in 2015 that he had previously established a securities account at a foreign broker-dealer.

By virtue of the foregoing, Yu violated NASD Rule 3050(d) and FINRA Rule 2010.

B. I also consent to the imposition of the following sanction:

- A four-month suspension from associating with any FINRA member firm in any capacity.²

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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.

¹ On April 3, 2017, FINRA Rule 3210 replaced NASD Rule 3050. Because the misconduct at issue took place prior to April 2017, NASD Rule 3050 applies.

² Yu submitted a sworn financial statement and demonstrated an inability to pay. In light of Yu's financial status, no monetary sanctions have been imposed.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
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. I 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. I 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 my: (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. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; that I have 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 me to submit it.

08/14/2017
Date (mm/dd/yyyy)


Bae Keun Yu (CRD No. 4139775)
Respondent

Accepted by FINRA:

August 15, 2017
Date

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


Joel T. Kornfeld
Senior Regional Counsel
FINRA Department of Enforcement
300 South Grand Ave., Suite 1600
Los Angeles, CA 90071-3126
Tel: 213.613.2643
Fax: 213.617.1570
Email: joel.kornfeld@finra.org