

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73161 / September 22, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16141

In the Matter of

SELJIN KI,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT
TO SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934

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 Seijin Ki (“Respondent” or “Ki”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent, age 43, is a resident of Toronto, Canada and was the Chief Financial Officer of Lightlake Therapeutics, Inc. (“Lightlake”). Ki was also President and Chief Executive Officer of Church & Crawford, Inc. (“Church & Crawford”). Respondent participated in offerings of Lightlake and Church & Crawford stock, which are penny stocks. On August 8, 2013, Respondent pleaded guilty to two counts of wire fraud and two counts of mail fraud in *U.S. v. Seijin Ki*, 12-CR-10366-WGY (D. Mass.). On December 4, 2013, he was ordered to forfeit \$33,000, and, on December 11, 2013, was sentenced to 15 months’ imprisonment and one year of supervised release and ordered to pay a fine of \$4,000.

B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

1. Lightlake Therapeutics, Inc. is a Nevada corporation purportedly engaged in drug development. Lightlake's common stock is registered with the Commission under Section 12(g) of the Exchange Act and is quoted on the OTC Markets under the symbol "LLTP."

2. Church & Crawford, Inc. is a Nevada company purportedly engaged in the business of voice response technology. Church & Crawford is quoted on the OTC Markets under the symbol "CCWF," but the OTC Markets website contains a warning that the company may not be making material information publicly available. Church & Crawford's securities had been registered under the name Aviation Industries Corporation with the Commission under Section 12(g) of the Exchange Act, but Church & Crawford filed a Form 15 notice of termination of its registration on April 4, 2002.

3. Hadi Aboukhater ("Aboukhater"), age 43, is a resident of Haymarket, Virginia. Aboukhater was in the business of assisting publicly-traded companies in finding sources of funding. On February 27, 2012, Aboukhater was charged by criminal information with one count of wire fraud and pleaded guilty to that charge on March 25, 2014 in *U.S. v. Hadi Aboukhater*, 14-CR-10057-DJC (D. Mass).

4. Michael Lee ("Lee"), age 63, is a resident of Whitman, Massachusetts. Lee was the Chief Executive Officer and President of ZipGlobal Holdings, Inc. Lee was in the business of assisting publicly-traded companies in finding sources of funding. On January 11, 2012, Lee pleaded guilty to one count of mail fraud and one count of conspiracy to commit securities fraud in *U.S. v. Michael Lee*, 11-CR-10394-RWZ (D. Mass.). On March 6, 2014, Lee was sentenced to 30 months' probation, with nine months of that sentence to be served as home confinement with electronic monitoring, and was ordered to forfeit \$105,603.

C. KICKBACK SCHEME

1. These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge fund manager, who was in fact an undercover agent with the Federal Bureau of Investigation ("Fund Manager"), in exchange for the Fund Manager's purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund ("the Fund"), which did not actually exist.

2. At some time prior to January 13, 2011, Aboukhater and Lee arranged for Ki to meet with the Fund Manager to discuss funding for Lightlake. On or about January 13, 2011, Ki met with the Fund Manager, Aboukhater and Lee to discuss a potential investment of the Fund's monies in Lightlake stock in exchange for a secret fifty percent kickback to the Fund Manager, thereby enabling the Fund Manager to keep half of the money he was supposedly investing on behalf of the Fund (the "January 13 Meeting").

3. During the January 13 Meeting, Ki indicated that he was willing to enter the kickback arrangement.

4. At the January 13 Meeting, the Fund Manager, Ki, Aboukhater and Lee also discussed the mechanics of the funding. Ki was informed that the Fund Manager would begin by investing smaller amounts in Lightlake stock while planning to increase the funding installments, or tranches, in the future.

5. At the January 13 Meeting, the Fund Manager further discussed with Ki the mechanics of the kickback to the Fund Manager, explaining to Ki that Ki would be sending the kickback to one or more companies that the Fund Manager himself controlled. The Fund Manager discussed with Ki that Lightlake would execute consulting agreements with one or more of the Fund Manager's companies, and Ki would pay the relevant company owned by the Fund Manager an amount equaling fifty percent of Fund monies invested in Lightlake stock. The Fund Manager further stated to Ki that the Fund would not know about the kickbacks paid to him through such consulting agreements.

6. On various dates between January 14, 2011 and March 3, 2011, Ki sent the Fund Manager documents related to the kickback transaction with Lightlake, including consulting agreements between Lightlake and a nominee consulting company controlled by the Fund Manager and phony invoices in the name of the Fund Manager's nominee consulting company.

7. On or about January 24, 2011, \$21,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to Lightlake.

8. On or about January 26, 2011, Ki caused \$10,482 to be sent by wire transfer from a bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Ki's kickback to the Fund Manager from the first tranche of funding to Lightlake.

9. On or about January 28, 2011, Ki caused a stock certificate representing the purchase by the Fund of Lightlake shares to be sent to the Fund Manager.

10. On or about February 9, 2011, \$30,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a bank account outside of Massachusetts. This wire transfer represented the second tranche of funding to Lightlake.

11. On or about February 11, 2011, Ki caused \$15,000 to be sent by wire transfer from a bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire

transfer represented Ki's kickback to the Fund Manager from the second tranche of funding to Lightlake.

12. On or about February 15, 2011, Ki caused a stock certificate representing the purchase by the Fund of Lightlake shares to be sent to the Fund Manager.

13. Also, in or about January 2011, Ki and Aboukhater solicited the Fund Manager for funding for Church & Crawford. The Fund Manager agreed to invest Fund monies in Church & Crawford stock in exchange for a 50% kickback.

14. On various dates between February 2011 and March 15, 2011, Aboukhater, on Ki's behalf, sent the Fund Manager documents related to the kickback transaction with Church & Crawford, including a consulting agreement between Church & Crawford and one of the Fund Manager's nominee consulting companies and a phony invoice in the name of the Fund Manager's nominee consulting company.

15. On or about February 18, 2011, \$15,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to Church & Crawford.

16. On or about February 22, 2011, Ki caused \$7,500 to be sent by wire transfer from a bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Ki's kickback to the Fund Manager from the first tranche of funding to Church & Crawford.

17. On or about February 23, 2011, Ki caused a stock certificate representing the purchase by the Fund of Church & Crawford shares to be sent to the Fund Manager.

D. VIOLATIONS

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

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement, and civil penalties pursuant to Section 21B of the Exchange Act; and

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether, pursuant to Section 21C(f) of the Exchange Act, Respondent should be prohibited, conditionally or unconditionally, and permanently or for such period of time as shall be determined, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is

not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary