

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4898 / April 26, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18454

In the Matter of

CHRISTOPHER M. LEE, AKA
RASHID K. KHALFANI

Respondent.

ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940 AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Christopher M. Lee, aka Rashid K. Khalfani (“Respondent” or “Khalfani”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From 2010 until he was removed from the company in June 2015 after a court order appointing a receiver, Khalfani was the founder, 100% owner, managing member, chief compliance officer and sole control person of Capital Cove Bancorp, LLC (“CCB”), an investment adviser registered with the Commission from January 10, 2011, through its withdrawal from registration in January 2014. Respondent, 50 years old, is a resident of Claremont, California.

B. ENTRY OF THE INJUNCTION

2. On March 22, 2018, a final judgment was entered against Khalfani, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 207 of the Advisers Act; permanently enjoining him from aiding and abetting violations of Section 203A of the Advisers Act; and permanently enjoining him from soliciting, accepting or depositing any monies from actual or prospective investors in connection with any offering of securities, in the civil action entitled Securities and Exchange Commission v. Capital Cove Bancorp LLC, et al., Case No. 8:15-cv-00980-JLS-JC, in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, from at least March 2012 until January 2014, in connection with the sale of private investment fund membership interests, Khalfani misappropriated 94% of nearly \$2 million in investor funds for personal use or to buy real estate for himself or his company; falsely stated to investors that one of the investment funds was "vetted, qualified and registered" with the SEC and several other government and regulatory agencies; touted his qualifications while soliciting investors, but concealed from investors his alias and criminal records, including his conviction for felony grant theft; and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint also alleged that Khalfani sold unregistered securities, signed and filed false Forms ADV on CCB's behalf, and aided and abetted CCB's improper registration with the Commission as an investment adviser.

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 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 203(f) of the Advisers 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 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 as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary