

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 63826 / February 2, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14222

In the Matter of

GUSTAV GEORGE
BUJKOVSKY,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO RULE
102(e) OF THE COMMISSION'S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Gustav George Bujkovsky (“Respondent” or “Bujkovsky”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice [17 C.F.R. § 200.102(e)(3)(i)].¹

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Bujkovsky, age 67, of Escondido, California, is and has been a lawyer licensed to practice law by the State Bar of California since 1971.
2. Between April and August 2009, Bujkovsky represented as clients MAK 1 Enterprises Group, LLC (“MAK 1”) and its principals, Mohit A. Khanna and Sharanjit K. Khanna, who sold MAK 1’s unregistered securities. Investors in the \$35 million MAK 1 scheme were promised exorbitantly high returns through guaranteed investments such as foreign currency trading. MAK 1 was a Ponzi scheme and was halted by an emergency action filed by the Commission in federal court in San Diego in August 2009. In that action, *SEC v. Mohit A. Khanna, et al.*, Case No. 09CV1784BEN (filed Aug. 17, 2009), the Commission charged MAK 1 and the Khannas with violations of the federal securities laws.
3. On November 22, 2010, a judgment was entered by consent against Bujkovsky, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Gustav George Bujkovsky, et al., Civil Action Number 10-CV-1965 BEN (JMA) in the United States District Court for the Southern District of California.
4. The Commission’s Complaint alleged that Bujkovsky, despite having notice that MAK 1 was conducting an unregistered and likely fraudulent securities offering, made material misrepresentations and failed to disclose material facts to some MAK 1 investors. The Commission alleged that Bujkovsky misrepresented that MAK 1 was engaged in foreign currency trading and that his own clients invested in MAK 1 and had received the promised high returns, and that the MAK 1 investment was insured and had other downside risk protection. The complaint further alleged that after Mohit Khanna told Bujkovsky on July 9, 2009 that MAK 1 did not engage in foreign currency trading and was a fraud, Bujkovsky lulled certain investors by falsely representing that their money would be returned after problems were resolved with so-called “intermediaries” including, purportedly, European banks. The Complaint alleged that

during the period of Bujkovsky's representation, MAK 1 raised more than \$3.3 million from investors, over \$1.9 million of which was returned to earlier investors as interest payments or return of principal, and over \$1.5 million of which were sent to Bujkovsky's client trust account from MAK 1 or the Khannas. The Commission alleged that by transferring these funds through his client trust account and the account of a sham corporation he created, Bujkovsky helped the Khannas misappropriate about \$1.3 million investor funds for their own use and that Bujkovsky retained over \$459,000 of investor funds, about half of which he used for his personal expenses or paid to his wife, Betty D. Hansen.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that: Bujkovsky is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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