

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0662-13-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
Blue Chip Focus Fund, LP;) CONCLUSIONS OF LAW AND FINAL ORDER TO
Opportunities Fund, LP;) CEASE AND DESIST, TO IMPOSE FINES, TO
Biotechnology Fund, LP;) RECOVER COSTS, AND TO DENY FUTURE
Sasquatch US Strategy Fund, LP,) REGISTRATIONS
f/k/a US Blue Chip Model, LP;)
Sasquatch Capital, LLC;)
Lyman Bruhn)
Respondents.)

On February 8, 2013, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, to Recover Costs, and to Deny Future Registrations, order number S-11-0662-12-SC01 (“Statement of Charges”). On February 12, 2013, the Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”) and an Application for Adjudicative Hearing (“Application for Hearing”) were served by first class mail at the personal residence of Lyman Bruhn, the registered agent for Respondents Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; and Sasquatch Capital, LLC.

The Notice of Opportunity for Hearing advised Respondents, Blue Chip Focus Fund, LP, Opportunities Fund, LP, Biotechnology Fund, LP, Sasquatch US Strategy Fund, LP, f/k/a US Blue Chip Model, LP, Sasquatch Capital, LLC, and Lyman Bruhn that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents, Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; Sasquatch Capital, LLC; and Lyman

1 Bruhn each failed to request an administrative hearing within twenty days of receipt of the Statement of
2 Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or
3 otherwise.

4 The Securities Administrator therefore will adopt as final the following Findings of Fact and
5 Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondents
6 to cease and desist from violations of the Securities Act.

7 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

8 **FINDINGS OF FACT**

9 Respondents

10 1. Blue Chip Focus Fund, LP (“Focus Fund”) is an inactive Oregon limited partnership that maintained
11 a principal place of business in Portland, Oregon.

12 2. Opportunities Fund, LP (“Opportunities Fund”) is an inactive Oregon limited partnership that
13 maintained a principal place of business in Portland, Oregon.

14 3. Biotechnology Fund, LP (“Biotech Fund”) is an inactive Oregon limited partnership that
15 maintained a principal place of business in Portland, Oregon.

16 4. Sasquatch US Strategy Fund, LP (“Sasquatch Fund”) is an inactive Oregon limited partnership that
17 was formerly known as US Blue Chip Model, LP and maintained a principal place of business in Portland,
18 Oregon.

19 5. Sasquatch Capital, LLC (“Sasquatch Capital”) is an inactive Oregon limited liability company
20 organized in 1999. Beginning no later than 2002, Sasquatch Capital maintained a place of business in
21 Vancouver, Washington. Sasquatch Capital acted as general partner of and provided investment advisory
22 services to the Respondents identified in paragraphs one through four of the Findings of Fact. For this
23 service, Sasquatch Capital collected fees consisting of a percentage of the market value of each investor’s
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1 interest in a given fund. Between approximately January 2001 and December 2002, Sasquatch Capital was
2 registered as an investment adviser in the State of Washington.

3 6. Lyman Bruhn (“Bruhn”) resided in Vancouver, Washington during the period relevant to this
4 Statement of Charges. Bruhn managed Sasquatch Capital. Bruhn previously filed an application to be
5 registered as an investment adviser representative. From 1988 through early 2000, Bruhn was registered as
6 a securities salesperson of several registered broker-dealers in the State of Washington. During the period
7 relevant to this Statement of Charges, however, Bruhn was not registered as a salesperson of any of the
8 Respondents identified in paragraphs one through four of the Findings of Fact, nor was Bruhn registered as
9 an investment adviser representative of Sasquatch Capital, LLC

10 Overview

11 7. Between approximately 1999 and 2004, Bruhn offered and sold at least \$349,000 worth of limited
12 partnership interests in Blue Chip Focus Fund, LP, Opportunities Fund, LP, Biotechnology Fund, LP, and
13 Sasquatch US Strategy Fund, LP to at least seven Washington residents. Beginning as early as June 2005
14 and continuing through at least 2011, Bruhn made lulling statements to Washington investors who sought to
15 liquidate their investments. Bruhn failed to return funds to all of the Washington investors discussed below,
16 and responded to liquidation requests with a variety of excuses for why he could not return their funds.

17 *Other Related Actions*

18 8. On September 20, 2012, the Securities and Exchange Commission (“SEC”) filed a civil action in
19 United States District Court for the District of Oregon against Bruhn and two of his advisory entities,
20 Sasquatch Capital, LLC and Pearl Asset Management, LLC, for violations of the federal securities laws.
21 *Sec. & Exchange Comm’n v. Bruhn, Sasquatch Capital, LLC, and Pearl Asset Management, LLC*, No 3:12-
22 CV-01697-ST (D. Ore.) Bruhn and his advisory entities agreed to settle the action, and consented to a
23 permanent injunction, which was entered on September 24, 2012. On October 23, 2012, the SEC entered an
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1 administrative order barring Bruhn from associating with any investment adviser, broker, or dealer. *Order*
2 *Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940,*
3 *Making Findings, and Imposing Remedial Sanctions*, Administrative Proceeding File No. 3-15074 (“SEC
4 Order”).

5 Nature of the Offerings

6 *Investor A*

7 9. Investor A is seventy years old, retired, and a financially unsophisticated investor. Bruhn and
8 Investor A first met more than a decade ago through Investor A’s mother who was Bruhn’s advisory
9 customer when Bruhn worked for Prudential.

10 10. In approximately 2004, Bruhn approached Investor A and proposed that Investor A purchase an
11 interest in the Focus Fund. Bruhn told Investor A that the minimum investment in the Focus Fund was
12 \$100,000, but that Bruhn would, as a personal favor, allow Investor A to join the fund by rolling over
13 \$46,000 that Investor A had in an IRA. This sum represented nearly all of Investor A’s retirement savings.

14 11. Bruhn orally represented to Investor A that the Focus Fund followed a conservative, low-risk
15 investment strategy, and that the Focus Fund held twenty large-cap companies with market valuation in
16 excess of \$50 billion. In fact, the Focus Fund held no publicly traded securities and held only private
17 securities.
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19 12. Investor A signed a limited partnership agreement but did not receive a private placement
20 memorandum (“PPM”) for his investment in the Focus Fund.

21 13. Between approximately 2005 and June 2010, Investor A received misleading quarterly account
22 statements from Bruhn. These account statements provided a specific “unit value” for Investor A’s interest
23 in the Focus Fund. At least one statement claimed that the Fund outperformed leading indexes, such as the
24 S&P 500 and NASDAQ Biotechnology Index. The Respondents failed to disclose material information
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1 regarding the calculation of the investor's unit value, the methodology regarding the valuation of the Fund's
2 assets (including its private securities), and how the performance figures were calculated.

3 14. In or around the summer of 2010, Investor A began attempting to extricate his funds from Bruhn's
4 control. In response, Bruhn provided, and Investor A executed, documents to facilitate the liquidation of
5 Investor A's interest in the Focus Fund.

6 15. In May 2011, Bruhn sent Investor a letter stating that Bruhn would provide Investor A an estimate of
7 when Investor A should expect to receive his funds. As of the date of this order, Investor A has recouped
8 none of his investment in the Focus Fund.

9 *Investor B*

10 16. Investor B is retired and a financially unsophisticated investor who has known Bruhn for over a
11 decade. In 1999, Investor B invested \$140,000 in Sasquatch Fund, then known as US Blue Chip Model, LP,
12 at Bruhn's suggestion after Bruhn presented the Sasquatch Fund as a low-risk investment. This sum
13 represented all of Investor B's retirement savings.

14 17. Investor B signed Sasquatch Fund's limited partnership agreement and received the fund's PPM.
15 The PPM stated that the fund's investment objective was to achieve capital appreciation through investing
16 in securities of publicly traded companies and options on such securities.
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18 18. Shortly after Investor B's investment in the Sasquatch Fund, Bruhn's high-risk Biotech Fund began
19 losing value. Bruhn merged the Biotech Fund with his medium-risk Opportunities Fund. When this
20 combination lost value, Bruhn merged it with Sasquatch Fund, and sold all of the publicly traded stocks held
21 by the Sasquatch Fund. The combined fund invested in an unsuccessful nickel mine in Quebec.

22 19. Sasquatch Fund's PPM did not disclose the risk that this combination of funds may occur, nor did
23 Bruhn discuss such a combination with Investor B prior to receiving his investment funds. Moreover, the
24 limited partnership agreement did not authorize such a combination.
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1 20. Sasquatch Fund's PPM did not disclose the risk that the fund may sell all of the publicly traded
2 stocks it held, nor did Bruhn discuss such a sell off with Investor B prior to receiving his investment funds.
3 The PPM also did not disclose that the fund might make an investment such as the Quebec nickel mine
4 investment discussed above, nor did Bruhn discuss such an investment with Investor B prior to receiving his
5 investment funds.

6 21. Beginning in early 2010, Investor B made numerous requests to Bruhn to have his investment funds
7 returned. Each time, Bruhn attributed his inability to return the investment funds to factors beyond Bruhn's
8 control such as foreign banking regulations. Bruhn last responded to Investor B in the spring of 2011. As of
9 the date of this order, Investor B has recouped none of his investment in Sasquatch Fund.

10 *Investor C*

11 22. Investor C is a retired couple who qualified as accredited investors. Prior to investing with Bruhn,
12 Investor C had relied entirely on investment professionals in making investment decisions.

13 23. In January 2000, Investor C was invited to a seminar at which Bruhn and others promoted investing
14 in Bruhn's funds. At the seminar, Bruhn promoted biotechnology as a lucrative industry ripe for
15 investment. Bruhn represented that he anticipated thirty percent growth in the biotechnology sector.
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17 24. Prompted by this seminar, Investor C purchased \$20,000 worth of Opportunities Fund's limited
18 partnership interests in January 2000 and an additional \$79,000 worth in December 2000. Prior to investing,
19 Investor C received Opportunities Fund's "Subscription Booklet" consisting of a subscription agreement, a
20 power of attorney, and various appendices.

21 25. Investor C did not receive a PPM for Opportunities Fund. Prior to receiving Investor C's investment
22 funds, Bruhn did not disclose the basis and assumptions for his financial projections regarding the
23 biotechnology sector. Bruhn also did not disclose the risk that he would merge the Opportunities Fund with
24 other funds, or the fact that he may invest in a Quebec nickel mine.
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1 26. Between approximately March 2001 and March 2005, Bruhn and Sasquatch Capital sent misleading
2 quarterly account statements to Investor C. These account statements provided a specific value for Investor
3 C's interest in the Opportunities Fund, without any disclosure regarding how that value was determined.
4 Furthermore, these account statements failed to disclose the fact that the Opportunities Fund had been
5 merged with other funds, as discussed above.

6 27. In or around March 2002, Bruhn and Sasquatch Capital sent Investor C a document entitled
7 "Representative Holdings" along with Investor C's quarterly statement. This document misleadingly
8 presented the Sasquatch Fund, the Biotech Fund, and the Opportunities Fund as separate entities, and
9 represented that each fund held a unique list of publicly traded securities. By this time, however, Bruhn had
10 already merged these funds and the resulting combination held only private securities.

11 28. In or around January 2003, Bruhn and Sasquatch Capital sent Investor C an annual report, which
12 represented that the Opportunities Fund had outperformed the NASDAQ Composite Index. In or around
13 March 2003, Bruhn and Sasquatch Capital sent Investor C a document entitled "Q1- 2003 Current Portfolio
14 Candidates" with Investor C's quarterly statement, which continued to misleadingly depict the Sasquatch
15 Fund, the Biotech Fund, and the Opportunities Fund as separate entities that held publicly traded securities.
16 The quarterly statement also represented that the Opportunities Fund had outperformed leading indexes,
17 such as the Dow Jones Industrial Average and the S&P 500. In both the annual report and the quarterly
18 statement, the Respondents failed to disclose material information regarding the valuation methodology
19 regarding the Fund's assets (including its private securities), and how the performance figures were
20 calculated.
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22 29. In June 2005, Investor C requested liquidation of their position in the Opportunities Fund. Bruhn
23 presented Investor C with a purported confirmation of the liquidation. However, as of the date of this order,
24 Investor C has recouped none of their investment in the Opportunities Fund.
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Investor D

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2 30. Investor D is a seventy-three year old widow who invested with Bruhn with her husband prior to her
3 husband's death. Neither Investor D, nor her late husband, was a financially sophisticated or accredited
4 investor.

5 31. Bruhn became acquainted with Investor D in approximately 1990 when Bruhn provided insurance
6 services to her and her late husband. Investor D and her husband maintained their relationship with Bruhn as
7 he moved between firms during the 1990s. In either the late 1990s or early 2000s, Bruhn proposed
8 investment in the Sasquatch Fund to Investor D and her husband as a convenient way to manage their IRAs
9 and earn income. The couple invested all of the money in their IRAs in the Sasquatch Fund at Bruhn's
10 suggestion.

11 32. Investor D and her husband signed Sasquatch Fund's limited partnership agreement and received the
12 fund's PPM. The PPM stated that Sasquatch Fund's investment objective was to achieve capital
13 appreciation through investing in securities of publicly traded companies and options on such securities.
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15 33. The PPM and Bruhn did not disclose the risk that the Sasquatch Fund would be merged with other
16 Bruhn funds or the fact that the fund would invest in a Quebec nickel mine, as discussed above. Further,
17 Sasquatch Fund's PPM did not disclose the risk that the fund may sell all of the publicly traded stocks it
18 held, nor did Bruhn discuss such a sell off with Investor D and her husband prior to receiving their
19 investment funds.

20 34. After her husband died, Investor D made multiple attempts to liquidate her position in the Sasquatch
21 Fund. Bruhn answered each attempt with an excuse for why he could not return Investor D's funds. As of
22 the date of this order, Investor D has recouped none of her investment in the Sasquatch Fund.
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Investor E

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2 35. Investor E is a non-accredited investor with little or no investment experience prior to investing in
3 Bruhn's funds. Investor E's relationship with Bruhn began in approximately 1991 when Bruhn began
4 advising him on investments.

5 36. In approximately 2001, Bruhn contacted Investor E to propose investment in Bruhn's funds. Bruhn
6 represented that his funds emphasized growth. In April 2001, Investor E purchased \$35,000 worth of limited
7 partnership interests in the Biotech Fund and \$29,000 worth of interests in the Sasquatch Fund.

8 37. Investor E signed limited partnership agreements for their investment in the Biotech Fund and the
9 Sasquatch Fund, but did not receive a PPM for either investment.

10 38. Bruhn did not disclose the risk that Biotech Fund or Sasquatch Fund could be merged with other
11 Bruhn funds, as discussed above, or that such a combined fund might make an investment such as the
12 purchase of the Quebec nickel mine discussed above. Moreover, Bruhn did not disclose the risk that
13 Sasquatch Fund may sell all of the publicly traded stocks it held, as discussed above.

14 39. In April 2008, Investor E informed Bruhn that he wished to liquidate his interests in both the Biotech
15 Fund and the Sasquatch Fund. In May 2008, Investor E signed and returned to Bruhn forms intended to
16 facilitate the return of Investor E's funds. Upon receiving these forms, Bruhn told Investor E that he would
17 receive his funds shortly. As of the date of this order, Investor E has recouped none of his investment in
18 either the Biotech Fund or the Sasquatch Fund.

Registration Status

20 40. Blue Chip Focus Fund, LP is not currently registered to sell its securities in the State of Washington,
21 has not previously been so registered, and has not filed a claim of exemption from registration.

22 41. Opportunities Fund, LP is not currently registered to sell its securities in the State of Washington,
23 has not previously been so registered, and has not filed a claim of exemption from registration.

1 42. Biotechnology Fund, LP is not currently registered to sell its securities in the State of Washington,
2 has not previously been so registered, and has not filed a claim of exemption from registration.

3 43. Sasquatch US Strategy Fund, LP, f/k/a US Blue Chip Model, LP, is not currently registered to sell its
4 securities in the State of Washington, has not previously been so registered, and has not filed a claim of
5 exemption from registration.

6 44. Sasquatch Capital, LLC is not currently registered as an investment adviser in the State of
7 Washington. It was previously registered as an investment adviser in the State of Washington between
8 approximately January 2001 and February 2002, when it withdrew its registration.

9 45. Lyman Bruhn is not currently registered as a securities salesperson or broker-dealer in the State of
10 Washington, and has not been registered as a securities salesperson since 2000. Lyman Bruhn is not
11 currently registered as an investment adviser representative in the State of Washington and was not so
12 registered during the period relevant to this Statement of Charges.

13 **CONCLUSIONS OF LAW**

14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 1. The offer or sale of limited partnership interests as described above constitutes the offer
16 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

17 2. The offer or sale of said securities was in violation of RCW 21.20.140 because no
18 registration for such offer and/or sale is on file with the Securities Administrator.

19 3. Lyman Bruhn has violated RCW 21.20.040 by offering and/or selling said securities while
20 not registered as a securities salesperson or broker-dealer in the State of Washington and by conducting
21 business in Washington as an investment adviser representative while not registered to do so. Such conduct
22 is a ground, pursuant to RCW 21.20.110(1)(b), to deny any securities salesperson, investment adviser
23 representative, or investment adviser registrations that Lyman Bruhn may seek in the future.
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1 4. Sasquatch Capital, LLC has violated RCW 21.20.040 by conducting business in Washington
2 as an investment adviser while not registered to do so. Such conduct is a ground, pursuant to RCW
3 21.20.110(1)(b), to deny any investment adviser registration Sasquatch Capital, LLC may seek in the future.

4 5. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because
5 Respondents made untrue statements of material facts or omitted material facts necessary in order to make
6 the statements made, in light of the circumstances under which they are made, not misleading. Such conduct
7 is a ground, pursuant to RCW 21.20.110(1)(b), to deny any securities salesperson, investment adviser
8 representative, or investment adviser registrations that Lyman Bruhn may seek in the future and to deny any
9 investment adviser registration Sasquatch Capital, LLC may seek in the future.

10 6. Sasquatch Capital, LLC and Lyman Bruhn each violated RCW 21.20.020 by providing
11 investors with misleading account statements and related documents. Such conduct is a ground, pursuant to
12 RCW 21.20.110(1)(b), to deny any securities salesperson, investment adviser representative, or investment
13 adviser registrations that Lyman Bruhn may seek in the future and to deny any investment adviser
14 registration that Sasquatch Capital, LLC may seek in the future.

15 7. The entry of the permanent injunction against Lyman Bruhn and Sasquatch Capital, LLC;
16 and the SEC Order entered against Lyman Bruhn, barring him from association with a broker-dealer and
17 investment adviser, as discussed above in paragraph eight of the Findings of Fact, are grounds, pursuant to
18 RCW 21.20.110(1)(d) and (e), to deny any securities salesperson, investment adviser representative, or
19 investment adviser registrations that Lyman Bruhn may seek in the future, and to deny any investment
20 adviser registration that Sasquatch Capital, LLC may seek in the future.
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FINAL ORDER

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Based upon the foregoing and finding it in the public interest:

IT IS HEREBY ORDERED that Respondents Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; Lyman Bruhn, and their agents and employees each shall cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140.

IT IS FURTHER ORDERED that Respondents Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; Sasquatch Capital, LLC; Lyman Bruhn, and their agents and employees each shall cease and desist from violating RCW 21.20.010.

IT IS FURTHER ORDERED that Respondents Sasquatch Capital, LLC; Lyman Bruhn, and their agents and employees each shall cease and desist from violating RCW 21.20.040.

IT IS FURTHER ORDERED that Respondent Sasquatch Capital, LLC and its agents and employees each shall cease and desist from violating RCW 21.20.020.

IT IS FURTHER ORDERED that any investment adviser registration Sasquatch Capital, LLC may seek in the future will be denied.

IT IS FURTHER ORDERED that any investment adviser, investment adviser representative, or securities salesperson registrations Lyman Bruhn may seek in the future will be denied.

IT IS FURTHER ORDERED that Respondents Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; Sasquatch Capital, LLC; and Lyman Bruhn shall be jointly and severally liable for and shall pay a fine of \$25,000.

IT IS FURTHER ORDERED that Respondents Blue Chip Focus Fund, LP; Opportunities Fund, LP; Biotechnology Fund, LP; Sasquatch US Strategy Fund, LP f/k/a US Blue Chip Model, LP; Sasquatch

1 Capital, LLC; and Lyman Bruhn shall be jointly and severally liable for and shall investigative costs of not
2 less than \$5,000.

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4 **AUTHORITY AND PROCEDURE**

5 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is
6 subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to
7 petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For
8 the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW
9 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the
10 Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded,
11 enforced, or satisfied in like manner.

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13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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15 SIGNED and ENTERED this 19th day of April 2013.

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18 William M. Beatty
19 Securities Administrator

20 Approved by:

20 Presented by:

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23 Suzanne Sarason
24 Chief of Enforcement

23 Edward R. Thunen
24 Enforcement Attorney

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Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor