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SEC expands inquiry into two Portland hedge funds

Published: Thursday, January 19, 2012, 7:08 PM Updated: Friday, January 20, 2012, 9:36 AM

By **Brent Hunsberger, The Oregonian**

Federal investigators have expanded their inquiry into two Portland hedge funds, last week interviewing investors of Sasquatch Capital who say they have not been able to withdraw their money.

Last year, officials from the U.S. Securities and Exchange Commission interviewed people who invested with and worked at Grifphon Asset Management, said **Michael J. Esler**, an attorney in Portland representing investors. Last week, they interviewed investors of Sasquatch Capital, which has ties to Grifphon.

"It's good to know they're doing something," said Steve Greenberg of Wilsonville, who invested his retirement and son's college savings with Sasquatch founder Lyman Bruhn. Greenberg said he was interviewed by SEC and FBI officials last week.

The SEC also has subpoenaed internal Grifphon documents from **Robert S. Banks**, a Portland attorney who has represented Grifphon investors.

Michael Dicke, associate regional director of the SEC in San Francisco, declined comment. An FBI spokeswoman in Portland also declined comment.

The Oregon Division of Finance and Corporate Securities continues **its own investigation** of the firms and its principals, Yusaf Jawed and Bruhn, spokeswoman Melanie Mesaros said Thursday. She declined to elaborate.

State officials have received complaints about the men and their two firms since 2005.

Bruhn's attorney, **Charles Paternoster**, said he was not aware that a formal investigation had been initiated against Bruhn. Federal investigations spoke with Bruhn late last year, but their questions focused on Jawed, Paternoster said.

Jawed did not return a call seeking comment. But Jawed sent investors a letter dated Wednesday saying his former attorney, Robert J. Custis of Salem, would no longer take inquiries.

"On our end, we continue to work assiduously to bring about liquidity, and expect to accomplish this task in the relatively near future," Jawed wrote.

Unfulfilled written promises from Jawed and Bruhn have been common over the past few years, investors say.

In October, more than two dozen investors sued Jawed and Bruhn. They accused the former business partners of violating state securities laws while running a variety of hedge funds under Sasquatch and Grifphon. The lawsuit also named Grifphon's former accountants.

The accusations of wrongdoing have also ensnared an investment adviser who placed client money a Grifphon hedge fund.

An Oregon couple who invested \$250,000 in Grifphon's Alpha 1 Fund recently settled a claim against their broker, Scott J. Roberts, according to attorneys involved. The claim, filed with the Financial Industry Regulatory Authority, accused Roberts and his former firm, KMS Financial Services Inc., of violating securities laws when he recommended investing in Grifphon.

Banks, the couple's attorney, said a confidentiality agreement prevented him from disclosing the settlement. But in the course of representing clients, he said, he obtained internal Grifphon documents through a court order. The SEC recently subpoenaed them from his office, he said. He declined to discuss the documents in detail.

"They were pretty darn helpful to my case," Banks said. "But they didn't give us everything."

Amir Tadjedin, an attorney representing Roberts and KMS, confirmed the settlement.

Jawed and Bruhn first worked together at Everen Securities in Portland in the late 1990s before leaving to help start Sasquatch Capital. Jawed later went on to start Grifphon on his own.

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