

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 78910 / September 23, 2016

Admin. Proc. File No. 3-17032

In the Matter of

REON HOLDINGS, INC.

NOTICE THAT INITIAL DECISION HAS BECOME FINAL

The time for filing a petition for review of the initial decision in this proceeding has expired. No such petition has been filed by REON Holdings, Inc., and the Commission has not chosen to review the decision on its own initiative.

Accordingly, notice is hereby given, pursuant to Rule 360(d) of the Commission's Rules of Practice,<sup>1</sup> that the initial decision of the administrative law judge has become the final decision of the Commission with respect to REON Holdings, Inc.<sup>2</sup> The order contained in that decision is hereby declared effective. The initial decision ordered that, pursuant to Section 12(j) of the Securities Exchange Act of 1934, the registration of each class of registered securities of REON Holdings, Inc., is revoked.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Brent J. Fields  
Secretary

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<sup>1</sup> 17 C.F.R. § 201.360(d).

<sup>2</sup> *Buncombe, Inc., Cotton Bay Holdings, Inc., Middlesex Inc., and REON Holdings, Inc.*, Initial Decision Release No. 1043 (Aug. 4, 2016), 114 SEC Docket 13, 2016 SEC LEXIS 2684. The Central Index Key number for REON Holdings, Inc., is 1554241.

INITIAL DECISION RELEASE NO. 1043  
ADMINISTRATIVE PROCEEDING  
File No. 3-17032

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

In the Matter of

BUNCOMBE, INC.,  
COTTON BAY HOLDINGS, INC.,  
MIDDLESEX INC., and  
REON HOLDINGS, INC.

INITIAL DECISION ON DEFAULT  
AS TO REON HOLDINGS, INC.  
August 4, 2016

APPEARANCE: Neil J. Welch, Jr., for the Division of Enforcement,  
Securities and Exchange Commission

BEFORE: Brenda P. Murray, Chief Administrative Law Judge

On December 30, 2015, the Securities and Exchange Commission issued an order instituting proceedings (OIP) pursuant to Section 12(j) of the Securities Exchange Act of 1934, alleging that REON Holdings, Inc. (Respondent), has securities registered with the Commission pursuant to Section 12(g) of the Exchange Act and is delinquent in its periodic filings.<sup>1</sup> Respondent was served with the OIP on June 27, 2016, and its answer was due July 7, 2016. *Buncombe, Inc.*, Admin. Proc. Rulings Release No. 3993, 2016 SEC LEXIS 2462, at \*2 (ALJ July 15, 2016).

Respondent did not file an answer, and on July 15, 2016, I ordered Respondent to show cause by July 25, 2016, why the registration of its securities should not be revoked by default to its failure to file an answer or otherwise defend the proceeding. *Id.* To date, Respondent has not responded to the show cause order. Respondent is therefore in default for failing to file an answer or otherwise defend the proceeding. *See* OIP at 3; 17 C.F.R. §§ 201.155(a)(2), .220(f). Accordingly, I find the allegations in the OIP to be true as to Respondent.

### Findings of Fact

REON Holdings, Inc., Central Index Key No. 1554241, is a revoked Nevada corporation located in Beijing, China, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). The company is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period

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<sup>1</sup> This proceeding has ended with respect to the other three respondents. *See Buncombe, Inc.*, Initial Decision Release No. 950, 2016 SEC LEXIS 386 (ALJ Feb. 3, 2016), *finality order*, Exchange Act Release No. 77471, 2016 SEC LEXIS 1166 (Mar. 30, 2016).

ended January 31, 2013, which reported a net loss of \$24,206 from the company's April 27, 2012, inception to January 31, 2013.

In addition to its repeated failure to file timely periodic reports, Respondent failed to heed delinquency letters sent to it by the Commission's Division of Corporation Finance requesting compliance with its periodic filing obligations, or through its failure to maintain a valid address on file with the Commission, did not receive such letters.

### **Conclusions of Law**

Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 require issuers of securities registered with the Commission pursuant to Exchange Act Section 12 to file with the Commission current and accurate information in annual and quarterly reports, even if the registration is voluntary under Exchange Act Section 12(g). *See* 17 C.F.R. §§ 240.13a-1, .13a-13. "Compliance with those requirements is mandatory and may not be subject to conditions from the registrant." *America's Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 SEC LEXIS 1241, at \*12 (Mar. 22, 2007), *mot. for recons. denied*, Exchange Act Release No. 55867, 2007 SEC LEXIS 1239 (June 6, 2007). Scierter is not required to establish violations of Exchange Act Section 13(a) and rules thereunder. *See SEC v. McNulty*, 137 F.3d 732, 740-41 (2d Cir. 1998); *SEC v. Wills*, 472 F. Supp. 1250, 1268 (D.D.C. 1978). By failing to timely file required periodic reports, Respondent violated Exchange Act Section 13(a) and Rules 13a-1 and 13a-13.

### **Sanction**

Under Exchange Act Section 12(j), the Commission is authorized, "as it deems necessary or appropriate for the protection of investors," to revoke the registration of a security or suspend the registration for a period not exceeding twelve months if it finds, after notice and an opportunity for hearing, that the issuer of the security has failed to comply with any provision of the Exchange Act or rules thereunder. In determining the public interest or what sanctions will adequately protect investors, the Commission "consider[s], among other things, the seriousness of the issuer's violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer's efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations." *Gateway Int'l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 SEC LEXIS 1288, at \*19-20 (May 31, 2006).

Respondent's failure to file required periodic reports is serious because it violates a central provision of the Exchange Act. The purpose of periodic reporting is "to supply investors with current and accurate financial information about an issuer so that they may make sound [investment] decisions." *Id.* at \*26. The reporting requirements are the primary tool that Congress fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations in the sale of securities. *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977). Respondent's violations are also recurrent in that Respondent repeatedly failed to file periodic reports for several years. *See Nature's Sunshine Prods., Inc.*, Exchange Act Release No. 59268, 2009 SEC LEXIS 81, at \*20 (Jan. 21, 2009); *Impax Labs., Inc.*, Exchange Act Release No. 57864, 2008 SEC LEXIS 1197, at \*25-26 (May 23, 2008).

Respondent is culpable because it knew, or should have known, of its obligation to file periodic reports. *See* 17 C.F.R. §§ 249.308a, .310 (Commission Forms 10-Q, 10-K); *China-Biotics, Inc.*, Exchange Act Release No. 70800, 2013 SEC LEXIS 3451, at \*37 & n.60 (Nov. 4, 2013) (holding that scienter is not necessary to establish grounds for revocation); *Robert L. Burns*, Investment Advisers Act of 1940 Release No. 3260, 2011 SEC LEXIS 2722, at \*41 n.60 (Aug. 5, 2011) (stating that the Commission has “repeatedly held that ignorance of the securities laws is not a defense to liability thereunder”). By not participating in this proceeding, Respondent forfeited an opportunity to show it has made efforts to remedy its past violations and to offer assurances against further violations.

On these facts, it is necessary and appropriate for the protection of investors to revoke the registration of each class of Respondent’s registered securities

### **Order**

I ORDER that, pursuant to Section 12(j) of the Securities Exchange Act of 1934, the registration of each class of registered securities of REON Holdings, Inc., is REVOKED.

This initial decision shall become effective in accordance with and subject to the provisions of Rule of Practice 360. *See* 17 C.F.R. § 201.360. Pursuant to that Rule, I FURTHER ORDER that a party may file a petition for review of this initial decision within twelve days after service of the initial decision. *See* 17 C.F.R. § 201.360(b). A party may also file a motion to correct a manifest error of fact within ten days of the initial decision, pursuant to Rule of Practice 111. *See* 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the order resolving such motion to correct a manifest error of fact. The initial decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or motion to correct a manifest error of fact or the Commission determines on its own initiative to review the initial decision as to a party. If any of these events occur, the initial decision shall not become final as to that party.

In addition, a respondent has the right to file a motion to set aside a default within a reasonable time, stating the reasons for the failure to appear or defend, and specifying the nature of the proposed defense. 17 C.F.R. § 201.155(b). The Commission can set aside a default at any time for good cause. *Id.*

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Brenda P. Murray  
Chief Administrative Law Judge