

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75266 / June 23, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16644

In the Matter of

ADAM S. GOTTBETTER,

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 Adam S. Gottbetter (“Respondent” or “Gottbetter”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 and III.4, and 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. Gottbetter, age 47, is and has been an attorney, licensed to practice in the State of New York since 1993. At all relevant times, he resided in New York, New York, and was the managing partner of Gottbetter & Partners, LLP, a law firm located in New York, and the owner of Gottbetter Capital Markets, LLC, a broker-dealer registered with the Commission. Gottbetter currently resides in Palm Beach County, Florida.

2. On May 26, 2015, the Commission filed a complaint against Gottbetter in SEC v. Gottbetter et al., No. 15 Civ. 3528 (D.N.J.). On May 28, 2015, the court entered an order permanently enjoining Gottbetter, by consent, from future violations of Sections 5(a) and (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. Gottbetter was also barred from participating in an offering of penny stock and ordered to pay \$3,757,841.49 in disgorgement of ill-gotten gains and \$837,491.15 in prejudgment interest.

3. The Commission’s complaint alleged, among other things, that Gottbetter, acting as counsel to three different issuers of penny stock, Kentucky USA Energy, Inc. (“KYUS”), Dynastar Holdings, Inc. (“DYNA”) and HBP Energy Corp. (“HBPE”), engaged in three schemes with other participants to manipulate the price and volume of each issuer’s securities in the public market, with a view to selling his own shares at a profit. With respect to one issuer, KYUS, the complaint alleged that Gottbetter also engaged in an illegal unregistered offering of KYUS shares, gaining control of the issuer, and, together with his partners, orchestrating a subsequent promotional and manipulative trading campaign designed to inflate the stock price. When those efforts were successful, Gottbetter and his partners sold their shares into the inflated market at a significant premium to what they had paid for them.

4. On September 3, 2014, Gottbetter pled guilty to one count of conspiracy to commit securities fraud in violation of 18 United States Code, Section 371, before the United States District Court for the District of New Jersey, in United States v. Adam S. Gottbetter, 14 Cr. 467 (D.N.J.).

5. The criminal information to which Gottbetter pled guilty alleged, among other things, that Gottbetter engaged in a scheme to artificially inflate the price and volume of two penny stock issuers, DYNA and HBPE, through planned manipulative promotion and trading.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

Gottbetter is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Brent J. Fields
Secretary