UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10614 / March 12, 2019

SECURITIES EXCHANGE ACT OF 1934
Release No. 85290 / March 12, 2019

INVESTMENT COMPANY ACT OF 1940
Release No. 33396 / March 12, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19103

In the Matter of **KIARASH (KIA) JAM,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b), and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Kiarash (Kia) Jam ("Jam," or "Respondent").

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, which are admitted, and except as provided herein in Section V., Respondent consents to the entry of this Order Instituting Administrative And Cease-And-Desist Proceedings,

Pursuant to 8A of the Securities Act of 1933, Sections 15(b) And 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, And Imposing Remedial Sanctions And a Cease-And-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

These proceedings arise out of two unregistered securities offering frauds committed by Jam from approximately September 2012 through approximately March 2014. During the first offering fraud, Jam and his associate, David R. Bergstein ("Bergstein"), neither of whom was registered with the Commission in any capacity, raised approximately $5.6 million from eleven investors from approximately September 2012 through approximately March 2013 by selling on behalf of Glendon Group, Inc. ("Glendon"), a shell company with no operations, unregistered shares of common stock and notes (the "Glendon Units"). The stated purpose of this offering was to take Bidz.com Inc. ("Bidz"), a public issuer specializing in the sale of online jewelry, private by buying out the interests of all non-majority shareholders. In connection with this offering, Jam made misrepresentations about the amount of funds that Glendon had raised to date, the number of securities of Glendon currently available for purchase, and the timing of the take-private transaction. Jam also misappropriated $205,443 of the offering proceeds through nominee entities he controlled and used the majority of these misappropriated funds to pay his personal expenses.

From approximately December 2012 through approximately March 2014, Jam and Bergstein undertook a second offering fraud where he solicited approximately $580,000 in investments on behalf of Glendon by selling Glendon Units owned by Bergstein for the stated purpose of spinning off Modnique.com ("Modnique"), a separate business unit of Bidz, to take it public through an initial public offering ("IPO"). In connection with this offering, Jam lied to investors about the monetary amounts raised to date, the number of Glendon Units available for purchase, and the fact that a large, well-established broker-dealer, would be underwriting the IPO. Jam misappropriated, through his nominee entities, $154,400 in investor funds raised from this offering and used the money to pay his office rent, insurance, and personal expenses.

Respondent

1. Jam, age 47, currently resides in Los Angeles, California. He is an independent producer and financier of motion pictures. Jam has never been registered with the Commission and he holds no securities licenses. At all relevant times, Jam was: (a) the president and chief executive officer of Glendon; (b) the president and sole director of K Jam Media Inc. ("K Jam Media"); and

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

(c) the president and sole officer of Integrated Administration ("IA"). Respondent participated in an offering of Glendon's stock, which is a penny stock.

Other Relevant Individual

2. Bergstein, age 56, is currently incarcerated. On November 9, 2016, the Commission filed a civil injunctive action against Bergstein in U.S. District Court for conducting two fraudulent schemes (distinct from the schemes alleged above) in 2011 and 2012 to misappropriate investors' monies in two unregistered hedge funds advised by Weston, then a registered investment adviser. *See SEC v. Bergstein*, 16 Civ. 08701 (S.D.N.Y) (AN). The U.S. Attorney's Office for the Southern District of New York ("USAO"), indicted Bergstein the same day for the same conduct. *See United States v. Bergstein*, 16 Cr. 746 (S.D.N.Y.) (PKC). On March 1, 2018, Bergstein was convicted by a jury of, among other things, securities fraud charges. Bergstein is currently serving an eight year prison sentence.

The Glendon-Bidz Take-Private Offering

3. On or about April 16, 2012, Bergstein's investment banking firm, Cyrano Group, Inc. ("Cyrano"), presented Bidz with a proposed merger agreement in which Cyrano's affiliate, Glendon, would purchase Bidz in a take-private transaction. Jam served as Glendon's president and chief executive officer.

4. On or about September 27, 2012, Bidz sent Jam a letter notifying him that Bidz's shareholders had voted in favor of the merger, that Bidz had satisfied all of its merger obligations, and that Glendon had two business days—that is, until close of business on October 1, 2012—to close the merger. To effect the merger, Glendon was required to pay Bidz approximately $9.3 million. After Glendon failed to fund the closing by the October 1, 2012 deadline—and missed four more funding deadlines on October 10, 15, and November 6, thereafter—the transaction finally closed on November 26, 2012.

5. Between approximately September 25, 2012 and approximately November 26, 2012, while Glendon was in material breach of the merger agreement, Jam and Bergstein solicited investors to invest in the take-private transaction. In particular, Jam and Bergstein solicited friends and business associates by email to purchase $300,000 Glendon Units, issued by Glendon, comprised of a $100,000 note and 200,000 shares of Glendon's common stock priced at $1.00 per share. The solicitations stated that Glendon was a private company formed to acquire Bidz's assets and, per an 8-K announcement dated May 17, 2012, Bidz's shareholders had approved the transaction. The email solicitations stated that Glendon was selling up to 50 Glendon Units and thus raising $15 million for the purpose of taking Bidz private.

6. In soliciting investors, Jam made misrepresentations about the amount of funds that Glendon had raised to date, the number of Glendon Units currently available for purchase, and the timing of the transaction. These misrepresentations were designed to create a sense of urgency around the offering. For example, in an October 4, 2012 email, Jam told Investor 1 and Investor 2

that "we are 10 units shy of closing" and that "[Bergstein] is pumped about this[;] he is in, he put his mom in." In reality, Glendon had only sold 5 Glendon Units—leaving 45 Glendon Units available—and was in material breach of the merger agreement, having failed to raise $9.5 million by October 2012. In addition, Bergstein's mother had not invested in any Glendon Units.

7. Similarly, on October 10, 2012, Jam falsely wrote Investor 3, "10 units at 300k left to sell by the end of the week." Jam added:

> This is a rare opportunity. All of the other money is raised. The offering is set up as 50 Units of $300K. We had an investor fall out last minute that was investing $3.9 Million (13 units). I would like you to consider coming in, even for a portion. I know that this seems small for you, but it is realistic that a $1 Million investment is worth $15 Million in a short period of time. Please look over the Powerpoint, Term sheet and Article and let's talk.

In reality, "all of the other money" had not been raised—Glendon had only raised $1.8 million of the needed $9.3 million at that time.

8. Once the Glendon-Bidz merger officially closed on November 26, 2012 and Bidz had been taken private, Jam nevertheless continued to solicit investments from investors under the guise of still needing money to take Bidz private. Jam solicited investors from approximately December 10, 2012 through approximately March 2013, well after Glendon acquired Bidz. For example, on February 24, 2013, Jam solicited $80,000 from Investor 4, who wired his investment to Glendon's Wells Fargo account on February 26, 2013. Jam then lied about the source of this new money when he emailed his accountant, falsely stating that "the 80k . . . that came in is money back to us that we advance[d] to glendon last year."

Jam Misappropriates Investor Money

9. Jam personally misappropriated, through Glendon, K Jam Media, and IA, approximately $205,443 of the approximately $5.6 million raised, using the majority of the $205,443 to pay his personal expenses, such as meals, automotive expenses, travel and entertainment. The Glendon offering documents that Jam provided to investors did not disclose that offering proceeds would be used in this manner.

10. After the Bidz-take-private transaction was consummated, the Glendon investors incurred substantial losses because they received equity interests in Bidz, which eventually became worthless. Jam has not repaid any investors in the Glendon-Bidz take-private offering.

The Glendon-Modnique Take-Public Offering

11. From approximately December 10, 2012 through approximately March 2014, Jam solicited approximately $580,000 in investments to purportedly spin off Modnique from Bidz, taking it public through an IPO.

12. Jam told investors that his partner, Bergstein, had Glendon stock he wanted to sell at $2.00 per share, the proceeds of which would be used to grow Modnique and help it go public. Investor 5 recalled Jam telling him that a large broker-dealer was going to underwrite Modnique's IPO. This statement was false because there is no evidence that either Bidz or Modnique took steps to retain the large broker-dealer, or a broker-dealer of similar repute, to underwrite an IPO. According to Investor 5, the broker-dealer's presence in the deal comforted him about the soundness of the investment he was making because he viewed the broker-dealer to be a large, well-established, and reputable investment bank that would be lending its name and financial gravitas to the transaction as underwriter.

13. In addition, Jam told investors that their investment would be used to grow Modnique and take it public and investors understood this was how their investment was going to be used.

Jam Misappropriates Investor Money

14. Jam misappropriated, through Glendon, K Jam Media, and IA , approximately $154,400 of the approximately $580,000 in investor funds to pay his personal expenses, which included Jam's office rent and insurance.

The Glendon Units Were Neither Registered Nor Exempt

15. No registration statement was filed or in effect for the Glendon Units Jam sold or offered to investors in both the Glendon-Bidz take-private and the Glendon-Modnique take-public offerings. Moreover, no applicable exemption from the registration requirements applied to the Glendon Units. Finally, in engaging in his solicitation activities, Jam used the telephone and email to solicit his investors, transmit offering documents, provide instructions on where investors should wire their investment monies, and answer investors' questions about their investment after they had invested.

Jam Reimburses Three Harmed Investors in the Modnique Transaction Following a Meeting with the Commission

16. In or about March 2017, after the Commission's staff interviewed him, Jam approached three of his investors who had invested in the Glendon-Modnique take-public offering and offered to repurchase their Glendon Units in an attempt to make them whole. The settlement papers used by Jam provided that the three investors would have to "agree not to bring any action, suit or proceeding whatsoever (including the initiation of governmental proceedings or investigation of any type) against any of the Releasees hereto . . . ." To date Jam has paid back only these three investors (for a total of $240,000).

Brokering Activity

17. In his role as Glendon's president, CEO, and director, Jam solicited investments in Glendon by communicating directly with prospective and actual investors, advising investors on the profitability of the investment opportunity, negotiating the terms of the Glendon Units sold to investors and handling investor funds after they were deposited into Glendon's bank account. Jam at all times was unregistered with the Commission when he engaged in his solicitation activities on behalf of Glendon.

Violations

18. As a result of the conduct described above, Jam willfully violated Section 5(a) of the Securities Act, which prohibits the sale of securities in interstate commerce unless a registration statement is in effect or an exemption from the registration requirements applies, and Section 5(c) of the Securities Act, which makes it unlawful to offer to sell securities, through the use or medium of a prospectus or otherwise, unless a registration statement is on file or an exemption applies. Jam also willfully violated Sections 17(a)(1), (2), and (3) of the Securities Act, which prohibits fraudulent conduct in the offer or sale of securities. Jam similarly willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a), (b), and (c) thereunder, which prohibits fraudulent conduct in connection with the purchase or sale of securities. Finally, as a result of the conduct described above, Jam willfully violated Section 15(a) of the Exchange Act, which prohibits, absent an exception or exemption, any broker or dealer that uses the mails or any means of interstate commerce to effect transactions in, or to induce or attempt to induce purchases or sales of securities without registering with the Commission.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b), and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Jam cease and desist from committing or causing any violations and any future violations of Sections 5 and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Jam be, and hereby is:

> barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;
>
> prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall pay disgorgement of $205,443.00, prejudgment interest of $86,278.75 and civil penalties of $185,000.00 to the Securities and Exchange Commission. The Commission will hold disgorgement paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute disgorgement, or transfer it to the general fund of the United States Treasury, subject to Section 21F(g)(3). If timely disgorgement payments are not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3117. Payment shall be made in the following installments: **(1)** $47,672.20 within sixty (60) days after entry of this Order; **(2)** $35,754.13 within three (3) months after the date of the first payment; **(3)** $35,754.13 within six (6) months after the date of the first payment; **(4)** $35,754.13 within nine (9) months after the date of the first payment; **(5)** $35,754.13 within twelve (12) months after the date of the first payment; **(6)** $35,754.13 within fifteen (15) months after the date of the first payment; **(7)** $35,754.13 within eighteen (18) months after the date of the first payment; **(8)** $35,754.13 within twenty-one (21) months after the date of the first payment; **(9)** $35,754.13 within twenty-four (24) months after the date of the first payment; **(10)** $35,754.13 within twenty-seven (27) months after the date of the first payment; **(11)** $35,754.13 within thirty (30) months after the date of the first payment; **(12)** $35,754.13 within thirty-three (33) months after the date of the first payment; and **(13)** $35,754.13 within thirty-six (36) months after the date of the first payment. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Kiarash (Kia) Jam as the Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lara Shalov Mehraban, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, New York 10281-1022.

E. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Acting Secretary