

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 91739 / May 3, 2021**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20277**

**In the Matter of**

**KENNETH CIAPALA,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF**  
**THE SECURITIES EXCHANGE ACT**  
**OF 1934, 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 pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Kenneth Ciapala (“Respondent” or “Ciapala”).

**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 paragraph III.2 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Exchange Act, 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. Ciapala, working with others, acted as an unregistered broker-dealer and controlled a number of foreign companies that he used between at least 2016 and 2018 to enable public company control persons fraudulently to sell stock to retail investors in the public United States securities markets. Ciapala, who is 38 years old, is a citizen of the United Kingdom and Switzerland and a resident of Switzerland.

2. On April 27, 2021, a final judgment was entered by consent against Ciapala, permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a)(1) and (3) of the Securities Act of 1933, and Sections 10(b), 13(d), and 15(a) of the Exchange Act and Rules 10b-5(a) and (c) thereunder, in the civil action entitled Securities and Exchange Commission v. Steve Bajic, et al., Civil Action Number 1:20-cv-0007-LGS, in the United States District Court for the Southern District of New York.

3. The Commission's complaint, filed January 2, 2020, alleged that Ciapala, while acting as an unregistered broker-dealer and working in coordination with others, used offshore nominee companies he controlled to provide a layer of disguise to public company insiders or control persons, who intended to defraud investors by secretly dumping large quantities of stock—including the securities of a New York-based public company, Blake Insomnia Therapeutics, Inc. ("Blake")—in circumvention of registration and disclosure requirements imposed by the federal securities laws. The complaint alleged that Ciapala's actions operated as a fraud and deceit on investors, violated the securities registration and broker-dealer registration provisions of the federal securities laws, and violated reporting provisions of the Exchange Act that, among other things, required Ciapala, his clients, and those with whom he was coordinating his trading to publicly disclose their holdings and sales of Blake stock.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Ciapala 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; and

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award

related to the conduct that served as the basis for the Commission order; (d) 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 (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman  
Secretary