

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

**SECURITIES ACT OF 1933**  
**Release No. 11243 / September 27, 2023**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 98574 / September 27, 2023**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21741**

**In the Matter of**

**HIGHTIMES HOLDING  
CORP.**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933 AND SECTION 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
MAKING FINDINGS, AND IMPOSING A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Hightimes Holding Corp. (“Hightimes” 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that

#### Summary

From 2020 through 2021, Hightimes engaged in a scheme to deceive investors by paying undisclosed compensation for the purportedly independent recommendation from Palm Beach Venture ("Palm Beach"), an investment newsletter. Investors were given the misleading impression that Palm Beach's endorsement of Hightimes was objective and independently formed when, in fact, Hightimes was paying for the promotion. Hightimes secretly paid Palm Beach's chief analyst and author for this endorsement by lavishly entertaining him and through a sham consulting agreement with his affiliates who funneled a portion of their Hightimes consulting fees to the analyst as payment for Palm Beach's promotion of Hightimes. To facilitate the promotion, Hightimes falsely represented to investors that they were purchasing Hightimes common stock at a price of \$1 per share, when in fact they were purchasing for \$11 per share. Hightimes also engaged in an unregistered offering from at least June 2020 through December 2022. As a result of its conduct, Hightimes violated the anti-fraud and securities offering registration provisions of the federal securities laws.

#### Respondent

1. **Hightimes** is a Delaware corporation with its principal place of business in Los Angeles, California. Hightimes was founded in 2017 for the purpose of acquiring the High Times brand, a cannabis related publication and platform. Since 2017, the company has expanded its operations to the distribution of cannabis and related products. The Commission qualified Hightimes to conduct a Regulation A ("Reg A") offering under the Securities Act in March 2018. The offering permitted Hightimes to offer shares at \$11 per share.

#### Relevant Individuals

2. **Adam E. Levin** ("Levin"), age 44, is a resident of Venice, California. Levin founded Hightimes in 2017 and has served as the executive chairman ("Chairman") of the Board since that time. Levin was also chief executive officer of Hightimes from 2017 to 2019. The Commission filed a civil enforcement action against Levin for his role in the misconduct described in this Order. *SEC v. Levin*, No. 2:23-cv-08081 (filed Sept. 27, 2023, C.D. Cal.).

3. **William Mikula a/k/a Jonathan W. Mikula** ("Mikula"), age 38, is a resident of Woodstock, Georgia. Mikula was chief analyst and author of Palm Beach Venture, a newsletter published by Palm Beach Research Group, from at least 2019 through late 2021. The Commission has charged Mikula in three separate matters, most recently for receiving undisclosed payments in

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<sup>1</sup> 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.

connection with the promotion of Hightimes and other Reg A issuers through Palm Beach. *SEC v. Mikula, et al.* (2022), 2:22-cv-07096-SB-PLA (filed Sept. 30, 2022, C.D. Cal.).

### Facts

4. From 2020 through 2021, Hightimes participated in a fraudulent promotional scheme, paying undisclosed compensation to be promoted by Palm Beach, which published an investor newsletter.

5. From at least April 2020 through August 2021, Palm Beach circulated emails, at least two articles, and videos touting Hightimes to its subscribers. One of the articles and some of the emails included a false disclaimer stating that neither Palm Beach “nor its affiliates receive compensation for bringing this deal to you.” Another article included a false disclaimer stating that “Palm Beach Research Group writers and publications do not take compensation in any form for covering those securities or commodities.”

6. During the pendency of the fraudulent Palm Beach promotion, Hightimes raised approximately \$20 million in its Reg A offering from thousands of investors.

7. The scheme began by April 2020, when Levin, Hightimes’ Chairman, entered into an agreement with middlemen and an entity affiliated with the middlemen (“Consulting Entity”). Pursuant to this agreement, Hightimes engaged the Consulting Entity to ostensibly provide consulting services knowing, or while acting recklessly in not knowing, that Mikula, Palm Beach’s chief analyst and author, would receive compensation for the promotion through such agreement. In turn, the middlemen and the Consulting Entity in fact funneled a portion of the consulting fees to Mikula.

8. Levin negotiated the terms of the sham consulting agreement with the middlemen, who Levin knew were associates of Mikula.

9. On April 4, 2020, Hightimes entered into the sham consulting agreement with the Consulting Entity. The agreement provided that Hightimes would pay the Consulting Entity 5% of monies raised through the offering, half in cash and half in stock, up to a maximum of \$3 million.

10. On April 5, 2020, Mikula sent Levin an email with a draft Palm Beach article promoting Hightimes’ Reg-A offering. The draft article included the false disclaimer that neither Palm Beach nor its affiliates were compensated for the endorsement. Levin did not raise any issue with the false disclaimer.

11. For the first three months of the fraudulent Palm Beach promotion (April-June 2020), Hightimes issued \$150,000 to the Consulting Entity. This amount represented the cash due under the sham consulting agreement for the monies raised through the Palm Beach promotion during that time period. Neither the middlemen nor the Consulting Entity provided any measurable consulting services to Hightimes in exchange for these monies. Although additional

monies were raised through the fraudulent promotion between July 2020 and August 2021, Hightimes did not make additional payments due to the Consulting Entity under the agreement.

12. The middlemen and the Consulting Entity funneled a portion of these consulting fees to Mikula.

13. Hightimes also compensated Mikula for the promotion by paying for his lavish entertainment expenses.

14. During the pendency of the promotion, Hightimes spent approximately \$100,000 in connection with entertaining Mikula. This included lavish entertainment expenses such as meals and bottle service at clubs, yacht rentals to host Mikula, the engagement of entertainers, and other such expenses.

15. Hightimes knew, or was reckless in not knowing, that it was paying for Palm Beach's endorsement through the sham consulting agreement with the Consulting Entity.

16. Hightimes knew, or was reckless in not knowing, that it was paying lavish entertainment expenses for Mikula in exchange for the Palm Beach promotion.

17. At the request of Mikula, and to facilitate the Palm Beach promotion, Hightimes represented to investors that it had changed its share price from \$11 per share to \$1 per share. This statement was false. At all relevant times, investors in fact purchased Hightimes stock at \$11 per share.

18. By at least June 2020, Hightimes was delinquent in filing updated audited financial statements with the Commission as required to continue relying on the Reg A exemption. As a result of Hightimes failure to file updated audited financial statements, Reg A was not available for any sales made in the offering after June 2020.

19. From June 2020 through December 2022, Hightimes continued to offer and sell approximately \$13 million in Hightimes securities in purported reliance on Reg A. Reg A was not available for those sales. No other exemption was available for the transactions that occurred between June 2020 and December 2022.

### **Violations**

20. As a result of the conduct described above, Hightimes violated Sections 5(a) and 5(c) of the Securities Act.

21. As a result of the conduct described above, Hightimes violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

#### IV.

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

Accordingly, pursuant to Section 8A of the Securities Act and 21C of the Exchange Act, it is hereby ORDERED that:

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

B. Hightimes shall, within thirty (30) days of the entry of this Order, pay a civil money penalty in the amount of \$558,071 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

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 Hightimes as a 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 Katharine Zoladz, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

C. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalties referenced in Paragraph B above. The Fair Fund may be combined with any other fund established in any related civil injunctive action or administrative proceeding arising out of the same investigative matter that is the basis of this action. 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, it shall not argue that it is entitled to, nor shall it 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 it shall, within 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.

By the Commission.

Vanessa A. Countryman  
Secretary