

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

**SECURITIES ACT OF 1933**  
**Release No. 11266 / January 25, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21838**

**In the Matter of**

**NORTHERN STAR**  
**INVESTMENT CORP. II,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933, 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”), against Northern Star Investment Corp. II (“Northern Star” 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, 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:

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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.

## Summary

1. This matter concerns disclosures by Northern Star Investment Corp. II, a special purpose acquisition company (“SPAC”), regarding its activities prior to its initial public offering (“IPO”). In February 2021, Northern Star announced an agreement to merge with Apex Clearing Holdings, LLC (“Apex”). In Form S-1 and prospectus filings with the Commission concerning its IPO in late January 2021, Northern Star stated that neither Northern Star nor anyone acting on its behalf had initiated any substantive discussions with any potential target companies prior to the IPO. Later, in a Form S-4 and amendments thereto filed with the Commission following the announcement of the proposed merger, Northern Star did not adequately disclose its interactions with Apex.

2. Dating back to late December 2020 and continuing for several weeks, Northern Star had engaged in discussions with Apex and its controlling shareholder related to a potential SPAC business combination. However, Northern Star, over the course of multiple public statements and filings with the Commission, indicated that no such discussions had taken place and that Northern Star had only commenced its search for a prospective SPAC business combination target on or after January 25, 2021. As a result, Northern Star violated Section 17(a)(2) of the Securities Act.

## Respondent

3. **Northern Star Investment Corp. II**, a Delaware corporation based in New York, New York, is a SPAC that was formed in November 2020. Northern Star has no operations of its own and exists for the purpose of effecting a merger, share purchase, reorganization or other similar business combination with one or more businesses or entities. On January 28, 2021, Northern Star completed an IPO of 40,000,000 units at a price of \$10.00 per unit, generating gross proceeds of \$400 million, which were held in trust for the benefit of shareholders. Northern Star’s securities are registered under Section 12(b) of the Securities Exchange Act of 1934 and trade or have traded on the NYSE American LLC under the symbols NSTB.U, NSTB, and NSTB WS. NSTB.U is the symbol for units consisting of one share of Class A Northern Star common stock and one-fifth of one redeemable warrant. NSTB WS is the symbol for redeemable warrants exercisable for one share of Class A Northern Star common stock. NSTB is the symbol for Class A Northern Star common stock.

## Other Relevant Entities

4. Apex Clearing Holdings, LLC, later known as Apex Fintech Solutions LLC, was a Delaware limited liability company that was the parent company of custody and clearing businesses. Apex entered into a merger agreement with Northern Star on February 21, 2021, which was amended on April 7, 2021, and terminated on November 30, 2021. Apex has since reorganized as Apex Fintech Solutions Inc.

5. Private Firm A was the controlling shareholder of Apex.

## Facts

### *Background*

6. A SPAC is a company with no underlying business operations that is formed to raise capital through an IPO for the purpose of using the proceeds to acquire an unidentified private operating company at a later date but within a specified period of time (typically two years).

7. Following its IPO, a SPAC will seek to identify acquisition candidates and attempt to complete a business combination transaction after which the company will continue the operations of the acquired company as a public company. A SPAC sponsor is the entity and/or persons primarily responsible for establishing the SPAC, which is thereafter managed by a board of directors and management.

8. Given that the purpose of a SPAC is to identify and acquire an operating business after conducting its IPO, steps a SPAC has taken in furtherance of a particular acquisition would be material to a reasonable SPAC investor, who would want to know about the SPAC's prospects with future acquisition targets. Disclosures made in a SPAC's IPO – including as it relates to any pre-IPO discussions or negotiations with future acquisition targets or concerning potential business combinations – need to be clear and accurate, and cannot be materially false or misleading.

### *Northern Star's Interactions with Apex and Private Firm A prior to its IPO*

9. In late December 2020, after Northern Star was formed but before its IPO, Northern Star learned that Private Firm A was potentially interested in selling one of its businesses to a SPAC.

10. On December 30, 2020, Northern Star and Private Firm A had preliminary discussions concerning Apex, and thereafter Northern Star, Private Firm A and Apex engaged in frequent communications.

11. Pursuant to a nondisclosure agreement dated December 31, 2020, in the first half of January 2021, Apex and Private Firm A provided confidential financial information to Northern Star, including Apex's actual and forecasted revenue. Apex informed Northern Star that it was engaging in communications with investment banks related to Apex's valuation.

12. On January 16, 2021, Northern Star and Apex communicated about, among other things, Apex's valuation and the amount of funds Apex might be interested in raising in a potential private investment in public equity ("PIPE") transaction. That same day, Apex sent to Northern Star documentation generated by an investment bank related to the valuation of firms comparable to Apex.

13. On January 17, 2021, representatives of Northern Star participated in an approximately two-hour meeting with the managing members of Private Firm A, during which both parties discussed the SPAC and PIPE processes.

14. On January 18, 2021, in response to Apex's concern about the time it would take to obtain 2020 year-end audits, Northern Star indicated that having the audits completed by March 2021 would be sufficient for a business combination announced by the second week of February 2021.

15. On January 18, 2021, Northern Star advised Private Firm A that it would attempt to deliver a particular investment bank as a customer to Apex if that investment bank were the sole placement agent used for the PIPE transaction related to a potential SPAC business combination involving Apex.

16. On January 21, 2021, Apex and Northern Star communicated about what public relations firm Apex should retain in connection with a potential SPAC business combination.

17. On January 23, 2021, Apex and Northern Star discussed logistics concerning the compilation of an investor presentation slide deck and Form S-4 filing related to a potential SPAC business combination.

18. On January 26, 2021, Northern Star disclosed to Private Firm A the identities of ten institutional investors slated to receive an allocation in Northern Star's IPO.

#### *Northern Star's IPO*

19. On January 6, 2021, Northern Star filed a Form S-1 with respect to the registration and initial public offering of (i) 34,500,000 units; (ii) 34,500,000 shares of common stock; and (iii) 8,625,000 warrants. The units described in the Form S-1 were to consist of one share of common stock and one-fourth of a warrant. On January 15, 2021, Northern Star filed an amendment to the Form S-1, which, among other things, reduced the number of warrants being registered to 6,900,000 and changed the terms of the units such that the units would consist of one share of common stock and one-fifth of a warrant. The registration statement on this Form S-1 was declared effective by the Commission on January 25, 2021.

20. On January 25, 2021, Northern Star filed another Form S-1 with respect to the registration of an additional (i) 5,750,000 units; (ii) 5,750,000 shares of common stock; and (iii) 1,150,000 warrants. This Form S-1 filing incorporated by reference the contents of the prior Form S-1 filings described above and became effective upon filing in accordance with Rule 462(b) under the Securities Act.

21. On January 27, 2021, Northern Star filed its final prospectus dated January 25, 2021 concerning the IPO.

22. Northern Star's January 25, 2021 prospectus and its January 15, 2021 amendment to Form S-1 contained several statements about the state of discussions between Northern Star and potential targets. For example, they included the following statement on the first page:

We have not selected any potential target business and we have not, nor has anyone on our behalf, initiated any substantive discussions, directly or

indirectly, with any potential target business regarding entering into an initial business combination with us.

23. Northern Star's January 25, 2021 prospectus and its January 15, 2021 amendment to Form S-1 also stated:

We have not selected any business combination target and we have not, nor has anyone on our behalf, initiated any substantive discussions with any business combination target. Accordingly, there is no current basis for investors in this offering to evaluate the possible merits or risks of the target business with which we may ultimately complete our initial business combination.

24. Northern Star entered into an underwriting agreement dated January 25, 2021 that it filed as Exhibit 1.1 to its report on Form 8-K dated January 28, 2021. In the underwriting agreement, Northern Star represented the following:

Except as disclosed in the Registration Statement, the Statutory Prospectus and the Prospectus, prior to the date hereof, [Northern Star] has not identified any business combination target and it has not, nor has anyone on its behalf, initiated any substantive discussions, directly or indirectly, with any business combination target.

25. Northern Star's January 25, 2021 prospectus, its January 15, 2021 amendment to Form S-1, the January 25, 2021 Form S-1, and the January 25, 2021 underwriting agreement did not contain any statements concerning Apex or Private Firm A, notwithstanding the communications described above in paragraphs 9 through 18.

26. On January 28, 2021, Northern Star issued a press release, which it attached as an exhibit to a report on Form 8-K, announcing the consummation that day of its upsized IPO of 40,000,000 units at \$10.00 per unit, for gross proceeds of \$400 million.

#### ***Northern Star's Post-IPO Interactions Related to Apex and Private Firm A***

27. On January 28, 2021, the same day that Northern Star's IPO closed, Northern Star sent Private Fund A and Apex a detailed schedule for finalizing the valuation of Apex and other tasks to be completed in order to publicly announce a SPAC business combination and related PIPE transaction by the week of February 22, 2021.

28. On February 19, 2021, Northern Star's board of directors authorized Northern Star to enter into a merger agreement with Apex. Northern Star and Apex signed the merger agreement on February 21, 2021 and jointly announced the agreement, along with a PIPE transaction, to the public on February 22, 2021.

### *Northern Star's Form S-4*

29. On April 8, 2021, Northern Star filed a Form S-4 regarding its planned merger with Apex. Between May and November 2021, Northern Star filed five amendments to the Form S-4.

30. The Form S-4 and amendments thereto omitted the communications involving Northern Star, Apex, and Private Firm A that occurred between late December 2020 and January 26, 2021, including those referenced above in paragraphs 9 through 18.

31. Furthermore, the Form S-4 and amendments thereto also stated:

Prior to January 25, 2021, the effective date of the registration statements for the initial public offering, neither Northern Star, nor anyone on its behalf, contacted any prospective target businesses or had any substantive discussions, formal or otherwise, with respect to a transaction with Northern Star. Following the effective date of the registration statements for Northern Star's initial public offering through the signing of the Merger Agreement with [Apex] on February 21, 2021, representatives of Northern Star ... commenced an active search for prospective acquisition targets.

32. The Form S-4 and amendments thereto thus (i) described the timeline of substantive discussions between Northern Star and Apex regarding a potential business combination as starting only after the January 25, 2021 effective date of Northern Star's registration statements; (ii) indicated that no one had contacted any prospective target business prior to January 25, 2021 on Northern Star's behalf regarding a business combination; and (iii) indicated that Northern Star's active search for targets only commenced after January 25, 2021. However, as set forth above in paragraphs 9 through 18, discussions with the SPAC target, Apex, commenced before January 25, 2021.

33. Northern Star's registration statement on Form S-4 was not declared effective, and the merger agreement between Northern Star and Apex was terminated on November 30, 2021.

34. Shareholders of Northern Star were entitled to redeem their shares for cash, plus interest earned, in connection with special meetings called by Northern Star on December 30, 2022 and July 28, 2023 to approve an extension of time to consummate a business combination. Holders of an aggregate of 38,379,011 shares of Class A Northern Star common stock redeemed their shares for cash.

35. Northern Star was in regular communication with legal counsel during the time periods referenced herein, including with respect to SPAC requirements and regulations.

### **Violations**

36. As a result of the conduct described above, Northern Star violated Section 17(a)(2) of the Securities Act, which makes it unlawful, in the offer or sale of securities, to obtain money or property by means of any untrue statement of a material fact or any omission to state a material

fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

#### IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Northern Star cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act.

B. Respondent Northern Star shall pay a civil money penalty in the amount of \$1.5 million to the Securities and Exchange Commission. The penalty shall be due the earlier of: (a) 14 days after the closing by Northern Star of any merger or a comparable business combination or transaction; or (b) April 30, 2024. If Northern Star liquidates its trust account and returns the money in trust to the shareholders before April 30, 2024, the Commission will forgo the penalty upon written notice that the funds in trust have been returned to shareholders. 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. 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. §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 Northern Star Investment Corp. II 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 Scott A. Thompson, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103. If Northern Star liquidates its trust account and returns the money in trust to the shareholders before April 30, 2024, Northern Star will provide written notice to Mr. Thompson regarding the decision to liquidate the trust account and an additional written notice when the money in trust has been returned to the shareholders. Northern Star shall provide these written notices no later than 5 business days after commencing liquidation of the trust account and no later than 5 business days after the money in trust has been returned to the shareholders.

C. 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, 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