

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87383 / October 22, 2019

Admin. Proc. File No. 3-18261

In the Matter of
ZOOM COMPANIES, INC.

ORDER DISMISSING PROCEEDING

On September 22, 2017, the Commission issued an order pursuant to Section 12(k) of the Securities Exchange Act of 1934 suspending trading in the securities of Zoom Companies, Inc. (ZMMM) and two other issuers through October 6, 2017 (“Trading Suspension Order”).¹ The same day, the Commission instituted proceedings pursuant to Section 12(j) of the Exchange Act to determine whether to suspend or revoke the registration of Zoom’s securities.²

On October 2, 2017, Zoom filed a letter captioned “Request for Dismissal of the Order of Suspension of Trading / Request for a Pretrial Hearing,” which was construed both as a petition to terminate the trading suspension pursuant to Rule of Practice 550(b) as well as an answer to the order instituting proceedings in the Section 12(j) proceeding.

On October 19, 2017, the Commission accepted an offer of settlement submitted by Zoom in connection with the Section 12(j) proceeding.³ The Commission found that Zoom “failed to comply with Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder because it has not filed any periodic reports with the Commission since the period ended September 30, 2015.”⁴ The Commission further deemed it “necessary and appropriate for the

¹ *Hampshire Grp., Ltd.*, Exchange Act Release No. 81689, 2017 WL 4250627 (Sept. 22, 2017), available at <https://www.sec.gov/litigation/suspensions/2017/34-81689-o.pdf>.

² *Hampshire Grp., Ltd.*, Exchange Act Release No. 81688, 2017 WL 4231975 (Sept. 22, 2017).

³ *Hampshire Grp., Ltd.*, Exchange Act Release No. 81912, 2017 WL 4731300 (Oct. 19, 2017).

⁴ *Id.* at *1.

protection of investors” to revoke, “[p]ursuant to Section 12(j) of the Exchange Act, the registration of each class of Respondent’s securities.”⁵ As a consequence, by operation of Section 12(j), “[n]o member of a national securities exchange, broker, or dealer shall make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of,” Zoom’s securities.⁶ Zoom has not re-registered its securities with the Commission.

We have determined to dismiss Zoom’s Rule 550 petition challenging the Trading Suspension Order. That petition was timely because it was filed before the trading suspension’s expiration;⁷ therefore, we ordinarily would have requested submissions from the parties, including directing that the Division of Enforcement file the non-privileged factual information before the Commission at the time of the Trading Suspension Order’s issuance.⁸ In light of Zoom’s consent to the revocation of registration of its securities, however, we have determined that further consideration of Zoom’s Rule 550 petition is not warranted. Specifically, even if we found it appropriate to vacate the now-expired trading-suspension order and provide relief with respect to the collateral consequences that might have arisen as a result of the *trading suspension*,⁹ the *revocation of registration* of Zoom’s securities would remain in effect from Zoom’s settlement of the Section 12(j) proceeding. As a result, Section 12(j)’s restrictions on

⁵ *Id.*

⁶ 15 U.S.C. § 78l(j).

⁷ *See, e.g., Global Green, Inc.*, Exchange Act Release No. 73855, 2014 WL 7184234, at *1 (Dec. 16, 2014), *aff’d*, 631 F. App’x 868 (11th Cir. 2016) (per curiam).

⁸ *See, e.g., Bravo Enters.*, Exchange Act Release No. 75775, 2015 WL 5047983, at *6 (Aug. 27, 2015).

⁹ *Id.* at *6 & n.54, *12 n.72 (describing collateral consequences: “Once there has been a lapse in two-way quotations for more than four business days for any reason, including a trading suspension, a broker-dealer cannot re-initiate quotations [for securities not listed on a national securities exchange] without complying with the informational and other requirements of Rule 15c2-11 and filing a Form 211 with FINRA, or otherwise demonstrating that it qualifies for an exception or exemption [from that Rule].”).

the use of interstate commerce to effect transactions in those securities likewise would remain in place. At this juncture, it does not appear that there is any relief we could provide in the context of this Rule 550 proceeding.¹⁰ Accordingly, the proceeding is DISMISSED.

By the Commission.

Vanessa A. Countryman
Secretary

¹⁰ We need not determine whether Zoom’s Rule 550 petition is moot in an Article III sense. *See, e.g., Ass’n of Bus. Advocating Tariff Equity v. Hanzlik*, 779 F.2d 697, 700 & n.5 (D.C. Cir. 1985) (“[C]onstitutionally-based mootness is not the issue here, for the simple reason that administrative agencies are not creatures of Article III. The precise question is, rather, whether the [agency] could, in the exercise of discretion, refrain from resolving issues in an administrative proceeding[.]”); *Climax Molybdenum Co. v. MSHA*, 703 F.2d 447, 451 (10th Cir. 1983) (“[A]n agency possesses substantial discretion in determining whether the resolution of an issue before it is precluded” by principles analogous to “mootness” and the “policies that underlie the ‘case or controversy’ requirement of Article III.”). Rather, we decline to resolve the petition on the merits because no party has a concrete interest in its outcome or any remedy we could provide. *See Ass’n of Bus. Advocating Tariff Equity*, 779 F.2d at 700 (finding that the “exercise of discretion here was neither arbitrary nor capricious” where “no practical purpose would be served by continuing” with review).