

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73519 / November 5, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16250

In the Matter of

Monster Arts, Inc.

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO 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 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Monster Arts, Inc. (“Monster Arts” 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 Monster Arts 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 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 finds¹ that:

Company Background

1. Monster Arts is a Nevada corporation headquartered in San Clemente, California. Monster Arts is a smaller reporting company under Rule 12b-2 of the Exchange Act and has been registered with the Commission under Section 12(g) of the Exchange Act since June 3, 2008. Monster Arts' last-filed periodic report was the Form 10-Q for the period ended March 31, 2014. Its shares are quoted on OTC Link (formerly "pink sheets") operated by OTC Markets Group Inc. under the symbol APPZ.

Applicable Reporting Requirements Concerning the Issuance of Unregistered Shares

2. Under Item 1.01 of Form 8-K, a registrant must disclose its entry into a material definitive agreement that provides for obligations that are material to and enforceable against the registrant. Under Item 3.02 of Form 8-K, a smaller reporting company must disclose the unregistered sales of equity securities unless such sales, in aggregate since its last report filed under Item 3.02 or its last periodic report, whichever is more recent, constitute less than five percent of the number of shares outstanding of the class of equity securities sold. For both items, the registrant must file within four business days of the date of the occurrence or when such agreement becomes enforceable against the registrant.

Monster Arts Failed to Disclose the Issuance of Unregistered Shares and the Existence of the Related Financing Agreement

3. On April 25, 2014, Monster Arts entered into an agreement with a financing company ("financing agreement") pursuant to which Monster Arts issued shares of common stock to the financing company purportedly in reliance on a registration exemption found in Section 3(a)(10) of the Securities Act of 1933 ("Securities Act"). The financing agreement provided for obligations that were material to and enforceable against Monster Arts.

4. Monster Arts failed to file a Form 8-K with the Commission, on or before May 1, 2014, or thereafter, disclosing the financing agreement.

5. Between November 27, 2013 and March 27, 2014, Monster Arts sold more than 140 million shares of its common stock in transactions that were not registered under the Securities Act. By December 5, 2013, the common stock sold, in the aggregate, exceeded five percent of the number of shares of common stock outstanding reported on Monster Arts' November 19, 2013

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.

Form 10-Q. Ultimately, the common stock sold exceeded 350 percent of the number of shares of common stock outstanding reported on Monster Arts' November 19, 2013, Form 10-Q.

6. Monster Arts failed to file a Form 8-K with the Commission between December 5, 2013 and April 14, 2014, disclosing the unregistered sales of equity securities.

7. Between April 16, 2014 and May 13, 2014, Monster Arts sold more than 85 million shares of its common stock to the financing company and other parties in transactions that were not registered under the Securities Act. On April 16, 2014, the common stock sold, in the aggregate, exceeded five percent of the number of common stock outstanding reported on Monster Arts' April 15, 2014 Form 10-K. Ultimately, the common stock sold exceeded 50 percent of the number of shares of common stock outstanding reported on Monster Arts' April 15, 2014 Form 10-K.

8. Monster Arts failed to file a Form 8-K with the Commission between April 22, 2014 and May 19, 2014, disclosing the unregistered sales of equity securities.

9. Between May 23, 2014 and June 24, 2014, Monster Arts sold more than 225 million shares of its common stock to the financing company and other parties in transactions that were not registered under the Securities Act. On May 23, 2014, the common stock sold exceeded five percent of the number of shares of common stock outstanding reported on Monster Arts' May 20, 2014 Form 10-Q. Ultimately, the common stock sold exceeded 100 percent of the number of shares of common stock outstanding reported on Monster Arts' May 20, 2014 Form 10-Q.

10. Monster Arts failed to file a Form 8-K with the Commission between May 29, 2014 and June 30, 2014, disclosing the unregistered sales of equity securities.

11. As a result of the conduct described above, Monster Arts violated Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, which require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission information as the Commission may require, including current reports on Form 8-K to disclose the occurrence of certain events.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Monster Arts cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act and Rule 13a-11 thereunder.

B. Respondent shall pay civil penalties of \$25,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: \$10,000 on or before

November 15, 2014; \$2,000 on or before December 15, 2014; \$2,000 on or before January 15, 2015; \$2,000 on or before February 15, 2015; \$2,000 on or before March 15, 2015; \$2,000 on or before April 15, 2015; \$2,000 on or before May 15, 2015; \$2,000 on or before June 15, 2015; and \$1,000 on or before July 15, 2015. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued 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 Monster Arts 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 William P. Hicks, Division of Enforcement, Securities and Exchange Commission, 950 East Paces Ferry Rd. N.E., Suite 900, Atlanta, Georgia 30326.

By the Commission.

Brent J. Fields
Secretary