UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9908 / September 8, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 75857 / September 8, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16795

: ORDER INSTITUTING ADMINISTRATIVE
: AND CEASE-AND-DESIST PROCEEDINGS
: PURSUANT TO SECTION 8A OF THE
: SECURITIES ACT OF 1933 AND
: SECTION 15(b) OF THE SECURITIES
: EXCHANGE ACT OF 1934, MAKING
: FINDINGS, IMPOSING REMEDIAL
: SANCTIONS AND A CEASE-AND-DESIST
: ORDER AND NOTICE OF HEARING

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Joseph J. Fox ("Fox" 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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section VI, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("Order"), as set forth below:
III.

On the basis of this Order and Respondent's Offer, the Commission finds\(^1\) that:

**Respondent**

1. **Joseph J. Fox**, also known as Yosef Yehuda Fox, age 49, is a resident of Los Angeles, California. He is the current Chief Executive Officer of Ditto Holdings, Inc. and served as the Chief Executive Officer of Ditto Trade, Inc. from its inception until December 2014. Fox held various FINRA licenses between 1993 and 2003, and since 2010 he has held the following FINRA licenses: Series 7 (General Securities Representative), Series 24 (General Securities Principal), Series 28 (Introducing Broker/Dealer Financial and Operations Principal) and Series 63 (Uniform Securities Agent State Law Examination). He was a registered representative with Ditto Trade from 2010 to December 2014. Fox voluntarily withdrew his broker’s license in December 2014.

**Relevant Entity**

2. **Ditto Holdings, Inc.** is a Delaware corporation with offices in Los Angeles, California and Chicago, Illinois.\(^2\) It is not registered with the Commission in any capacity. Ditto Holdings owns 100% of Ditto Trade, Inc. (“Ditto Trade”), an Illinois corporation with headquarters in Chicago, Illinois. According to its website, Ditto Trade is a “first-of-its-kind social brokerage firm.” Ditto Trade has been registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act since July 2010.

**Ditto Holdings, Inc.’s Securities Offerings**

3. As Chief Executive Officer and a member of the Board of Directors of Ditto Holdings, Fox played an integral role in Ditto Holdings’ efforts to raise capital. Among other things, Fox was involved in determining when Ditto Holdings would offer to sell securities, what types of securities it would offer to sell, the terms of the securities offerings, and the manner in which the securities offerings would be communicated to potential investors.

4. From April 2009 to September 2013, Ditto Holdings raised approximately $10 million from more than two hundred investors located throughout the United States through a series of common and preferred stock offerings as follows:

   a. Ditto Holdings raised approximately $2.1 million from the sale of common stock to at least 68 individual investors from April 2009 to March 2012. At least 13 non-accredited investors purchased common stock from Ditto Holdings during those offerings.

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\(^1\) 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.

\(^2\) Ditto Holdings, Inc. was formed in December 2010 as a successor to FB Financial Group, Inc., an Illinois corporation that was formed in January 2009. Ditto Holdings changed its name to SoVesTech, Inc. in December 2014. For simplicity, we refer to all of these entities as Ditto Holdings throughout this Order.
b. Ditto Holdings raised approximately $1.7 million from the sale of Series A preferred stock to at least 36 accredited investors from April 2011 to June 2012.

c. Ditto Holdings raised approximately $2.6 million from the sale of Series B preferred stock to at least 39 individual investors from June 2012 to January 2013. At least 10 non-accredited investors purchased preferred stock from Ditto Holdings during those offerings.

d. Ditto Holdings raised approximately $3.8 million from the sale of common stock to at least 104 individual investors from December 2012 to September 2013. At least 31 non-accredited investors purchased common stock from Ditto Holdings during those offerings.

5. Ditto Holdings did not maintain a complete and accurate set of financial records from its inception through at least September 2013. Ditto Holdings did not regularly prepare financial statements during that time period and has never had an audit performed on any of its financial statements.  

6. Ditto Holdings prepared offering documents for several of its securities offerings, but it did not provide the offering documents to everyone who was offered the opportunity to purchase its securities. Further, the offering documents did not include financial statements or certain other required financial information about Ditto Holdings, and Ditto Holdings did not otherwise provide this information to any investors.

7. Beginning in August 2012, Ditto Holdings entered into a series of agreements with Marc Mandel (“Mandel”). Under the agreements, Mandel agreed to co-develop with Ditto Holdings an internet-based radio show covering the stock markets and provided a number of services to Ditto Holdings, including, among other things, advice on marketing, product offerings, industry trends, and investor offerings. Mandel also hosted a radio program, on which Ditto Trade advertised, and distributed an investing newsletter. Mandel introduced his newsletter subscribers to Ditto Holding’s securities offerings and also to Ditto Trade’s features and services. From September 2012 to September 2013, Ditto Holdings paid Mandel at least $265,000 and granted him warrants to purchase more than 800,000 shares of Ditto Holdings’ common stock at a favorable exercise price.

8. Mandel sent numerous emails to his roughly 350 newsletter subscribers about Ditto Holdings and hosted a series of online webinars and in-person meetings for investors with Fox.

9. From late 2012 to September 2013, more than seventy of Mandel’s subscribers purchased securities from Ditto Holdings at a total cost of approximately $3.7 million.

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3 Ditto Trade, Ditto Holdings’ sole operating subsidiary, has had its financial statements audited annually since 2010. Some investors were provided with certain historical and projected financial information about Ditto Trade.
10. No registration statement was filed in connection with any of Ditto Holdings’ securities offerings, and an exemption from registration was not available to all of the transactions.

**Fox’s Sales of Ditto Holdings, Inc. Securities**

11. At the time that Ditto Holdings was formed in 2009, it issued shares of common stock to its founders, including Fox.

12. Beginning in February 2013, Fox discussed selling some of Fox’s shares of Ditto Holdings common stock with Mandel. Fox discussed with Mandel whether any of his newsletter subscribers were interested in purchasing any of the shares. Fox provided Mandel with a stock purchase agreement, which included instructions for how to wire investment funds to Fox, and told Mandel that the stock purchase agreement was the only document interested purchasers would need to complete.

13. In March 2013, Mandel began sending emails to some of his roughly 350 newsletter subscribers praising Ditto Holdings and telling them about the opportunity to buy shares of Ditto Holdings stock. When individuals indicated an interest in buying shares of Ditto Holdings stock, Mandel provided them with a copy of the stock purchase agreement and told them to contact Fox if they needed more information.

14. From April 2013 to July 2013, approximately 28 of Mandel’s subscribers purchased approximately 1.21 million shares of stock from Fox at a total cost of approximately $1.25 million. Fox did not sell shares to anyone who was not associated with Mandel.

15. During the same period, Fox paid Mandel at least $124,000 in three installments. The payments Fox made to Mandel corresponded to roughly 10% of the amount of Fox’s sales.

16. Neither Fox nor anyone acting on his behalf took any steps to determine whether any of the individuals who purchased Fox’s shares of Ditto Holdings stock were sophisticated investors. At least two of the purchasers had previously identified themselves to Ditto Holdings as non-accredited investors.

17. The investors did not have access to financial statements or other required information about Ditto Holdings in connection with Fox’s sales of Ditto Holdings common stock.

18. No registration statement was filed in connection with any of Ditto Holdings’ securities, and no exemption from registration was applicable to Fox’s sales.
Violation

19. As a result of the conduct described above, Fox willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration statement has been filed or is in effect or an exemption from registration is available. 4

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 Section 15(b) of the Exchange Act, it is hereby ORDERED that:

1. Respondent Fox cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act;

2. Respondent shall pay disgorgement of $125,210, which represents profits gained as a result of the conduct described herein, prejudgment interest of $5,426, and a civil penalty of $75,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

   (1) $10,000 within 14 days of entry of this Order;

   (2) $10,000 within 104 days of entry of this Order;

   (3) $10,000 within 194 days of entry of this Order; and

   (4) $175,636 within 284 days of entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or 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;

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4 A willful violation of the securities laws means merely “‘that the person charged with the duty knows what he is doing.’” Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “‘also be aware that he is violating one of the Rules or Acts.’” Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).
(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 Joseph Fox 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission’s Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission’s Rules of Practice, 17 C.F.R. § 201.110.

If Respondent Fox fails to appear at a hearing after being duly notified, he may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent Fox as provided for in the Commission’s Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission’s Rules of Practice.

V.

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, additional non-financial remedial sanctions against Respondent pursuant to Section 15(b)(6) of the Exchange Act are in the public interest. In connection with such additional proceedings: (a) Respondent agrees that he will be precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional
proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence or in-person testimony at a public hearing.

VI.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VII.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary