

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10252 / November 14, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 79298 / November 14, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17674

In the Matter of

ALEXANDER KON,

Respondent.

**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,
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest 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 Alexander Kon (“Respondent” or “Kon”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Kon, 38 years old, resides in Overland Park, Kansas. During the relevant time period, Kon was the sole member of 007Stockchat LLC, which also operated as Stockchat LLC, an entity through which Kon promoted microcap stocks. Kon participated in an offering of a penny stock.

B. TOUTS TO PROVIDE LIQUIDITY

1. In early 2014, as part of an effort to increase his company's ("Issuer A") stock price, Issuer A's former CEO (the "Former CEO") retained Kon to disseminate information about Issuer A.

2. Kon possessed an email list and various websites through which he touted microcap stocks. Oftentimes, Kon hired other promoters to help distribute touts.

3. After various email exchanges and phone calls between the Former CEO and Kon, they agreed that for \$25,000, Kon would run a marketing campaign on Issuer A stock on April 14, 2014 via four websites that Kon operated: 1) 007stockchat.com; 2) awesomestocktips.com; 3) otcfire.com; and 4) pennystockspy.com.

4. Kon and the Former CEO interacted exclusively with each other to both organize the promotional campaign and to make arrangements for payment for the campaign. The \$25,000 payment to Kon was effected via wire transfer by the Former CEO and was in response to an invoice Kon sent directly to the Former CEO. However, despite Kon interacting exclusively with the Former CEO, sending the invoice directly to the Former CEO, and receiving payment from a transaction effected by the Former CEO, Kon determined, in concert with the Former CEO, that the disclaimer for each of the touts on the four websites would note that Kon received money from "third party Casey Cummings." Moreover, Kon was aware that Casey Cummings was the Former CEO's son, yet did not disclose this in the touts either.

5. Issuer A press releases and other public disclosures along with Kon's internet campaign coincided with stock sales by various individuals and entities, as Issuer A's trading volume and share price increased significantly concurrently with Issuer A's press releases, disclosures, and touts.

C. VIOLATION

As a result of the conduct described above, Kon willfully violated Section 17(b) of the Securities Act, which prohibits the publication of any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration to be received from an issuer, without fully disclosing the receipt of such consideration and the amount thereof.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, a penny stock bar; and

C. Whether, pursuant to Section 8A of the Securities Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(b) of the Securities Act, whether Respondent should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act, and whether Respondent should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act.

IV.

IT IS ORDERED that a public hearing for purposes of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed 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.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, Respondent 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), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

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

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 120 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

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