

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10391 / July 25, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 81202 / July 25, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18072

In the Matter of

JOEY GIAMICHAEL and
UMBRELLA RESEARCH,
LLC,

Respondents.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933 AND SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND 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”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Joey Giamichael (“Giamichael”) and Umbrella Research, LLC (“Umbrella”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Respondents

1. Giamichael, age 39, is a resident of Black Eddy, Pennsylvania. He was a member of the board of directors of Medient Studios, Inc. ("Medient") from November 5, 2012 through February 26, 2015 and a member of the board of directors of Fonu2, Inc. ("Fonu2") from March 1, 2015 through September 23, 2015. Giamichael is the co-founder and CEO of Umbrella, a penny stock research firm. Giamichael previously held Series 6, 7, 24, 55, 63, 86, and 87 securities licenses, and was associated with Commission-registered broker-dealers from 1999 through 2012.

2. Umbrella is a New York limited liability company that was co-founded on August 1, 2012 by Giamichael and a co-owner residing in Brooklyn, New York. Umbrella, from at least August 2012 through October 2014, was in the business of drafting and publishing penny stock research reports in exchange for either cash or securities.

Relevant Issuers with respect to Section 16(a) of the Exchange Act

3. Medient, a/k/a Moon River Studios, Inc., is a Nevada corporation with its principal place of business in Georgia. At all relevant times, Medient's common stock was registered with the Commission under Section 12(g) of the Exchange Act.

4. Medient's securities were quoted on the OTC Link (previously, "Pink Sheets") (operated by OTC Markets Group, Inc.) until the Commission suspended trading in Medient's securities on June 25, 2014. At all relevant times, Medient's ticker symbol was "MDNT."

5. On September 23, 2016, the Commission filed administrative proceedings against Medient pursuant to Section 12(j) of the Exchange Act to determine whether the Commission should suspend or revoke the registration of each class of Medient's securities, and on December 21, 2016, the Commission revoked the registration of each class of Medient's securities.

6. Fonu2 is a Nevada corporation with its principal place of business in Georgia. At all relevant times, Fonu2's common stock was registered with the Commission under Section 12(g) of the Exchange Act.

7. Fonu2's securities were quoted on the OTC Link (previously, "Pink Sheets") (operated by OTC Markets Group, Inc.) at all relevant times. At all relevant times, Fonu2's ticker symbol was "FONU."

Violations of Section 16(a) of the Exchange Act
(Giamichael)

8. Section 16(a) of the Exchange Act and the rules promulgated thereunder apply to every person who is the beneficial owner of more than 10% of any class of any equity security registered pursuant to Section 12 of the Exchange Act, and any officer or director of the issuer of any such security (collectively, “insiders”).

9. Pursuant to Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 thereunder, insiders are required to file initial statements of holdings on Form 3 and to keep such information current by reporting subsequent transactions on Forms 4 and 5.

10. Specifically, within ten days after becoming an insider, or on or before the effective date of the registration statement filed pursuant to Section 12 of the Exchange Act registering a class of equity securities, an insider must file a Form 3 disclosing his or her beneficial ownership of all securities of the issuer.

11. Insiders must also file Forms 4 to disclose any transactions resulting in a change in beneficial ownership within two business days of the execution date of such transactions, except for limited types of transactions eligible for deferred reporting.

12. Insiders are required to file an annual statement on Form 5 within forty-five days of the issuer’s fiscal year-end, in order to report any transactions or holdings that should have been reported on Forms 3 or 4 during the issuer’s most recent fiscal year.

13. Section 16 of the Exchange Act places the responsibility to report changes in securities ownership on insiders themselves. The failure to timely file a required report, even if inadvertent, constitutes a violation.

14. As a director of Medient between November 5, 2012 and February 26, 2015, and a director of Fonu2 between March 1, 2015 and September 23, 2015, Giamichael was subject to the reporting requirements of Section 16(a) of the Exchange Act and the rules promulgated thereunder.

15. Giamichael’s Medient Form 3 was due by November 15, 2012. Medient’s 2012 fiscal year ended on December 31, 2012, and thus Giamichael should have filed a Form 5 by February 14, 2013.

16. On December 19, 2013, Giamichael was issued 1 million shares of Medient common stock, and a Form 4 for those shares was due by December 21, 2013. Medient’s 2013 fiscal year ended on December 31, 2013, and thus Giamichael should have filed another Form 5 by February 14, 2014.

17. Finally, Giamichael’s Fonu2 Form 3 was due by March 11, 2015.

18. Giamichael did not file an initial statement of beneficial ownership on Form 3 for Medient until April 16, 2015, at which time the filing was over 29 months late. He did not file his required Medient Form 4 until April 17, 2015, at which time the filing was over 15 months late. He never filed either of the required Medient Forms 5 or the required Fonu2 Form 3.

19. As a result of the conduct described above, Giamichael violated Section 16(a) of the Exchange Act and Rule 16a-3 thereunder.

**Violations of Sections 17(a)(2)-(3) and 17(b) of the Securities Act
(Giamichael and Umbrella)**

20. Between December 2012 and October 2014, Giamichael and Umbrella published approximately forty-five research reports (the “Reports”) on four issuers (the “Issuers”). The Reports all included “buy” recommendations, as well as price targets for the Issuers’ common stock that were above current market prices at the time of publication.

21. The Issuers each paid Giamichael and Umbrella at least \$25,000 annually to draft and publish the Reports. The Issuers paid Giamichael and Umbrella in both securities and cash.

22. The Reports disclosed that Umbrella and Giamichael had been paid to draft and publish the Reports. The Reports did not disclose the amount of compensation received by Umbrella and Giamichael.

23. Section 17(b) of the Securities Act requires that any notice, circular, advertisement, newspaper, article, letter, investment service, or communication that describes a security in exchange for a consideration received or to be received from an issuer, underwriter, or dealer, must fully disclose both the receipt of such consideration “and the amount thereof.”

24. As a result of the conduct described above, Giamichael and Umbrella violated Section 17(b) of the Securities Act, and Giamichael caused Umbrella to violate Section 17(b) of the Securities Act.

25. In addition, Giamichael and Umbrella regularly traded (in both Giamichael’s personal brokerage account and Umbrella’s brokerage account) in the securities of the Issuers.

26. Recommending a security to the public as an investment while selling that security contrary to the recommendation, without disclosure, is a deceptive practice known as “scalping.”

27. In seven separate instances between August 2013 and August 2014, Giamichael, and/or Umbrella under the control of and at the direction of Giamichael, sold shares of certain of the Issuers on the same day that Umbrella had published a report with a “buy” recommendation and a price target in excess of the current market price (the “Scalps”). Specifically:

28. On August 19, 2013, Umbrella published a “buy” recommendation for an issuer (“Issuer A”) with a price target of \$5.00 per share. On that same day, Giamichael sold 2,200 shares of Issuer A stock for approximately \$3.20 per share.

29. On August 27 and 29, 2013, Umbrella published “buy” recommendations for an issuer (“Issuer B”) with a price target of \$12.00 per share. On August 29, 2013, Giamichael sold 2,500 shares of Issuer B stock for approximately \$3.80 per share, and Umbrella, under the control of and at the direction of Giamichael, sold 4,000 shares of Issuer B stock for approximately \$3.71 per share.

30. On December 16, 2013, Umbrella published a “buy” recommendation for Issuer A with a price target of \$8.00 per share. On that same day, Umbrella, under the control of and at the direction of Giamichael, sold 17,800 shares of Issuer A stock for approximately \$5.33 per share.

31. On March 4, 2014, Umbrella published a “buy” recommendation for an issuer (“Issuer C”) with a price target of \$1.00 per share. On that same day, Giamichael sold 75,000 shares of Issuer C for approximately \$.32 per share.

32. On April 3, 2014, Umbrella published a “buy” recommendation for Issuer C with a price target of \$1.00 per share. On that same day, Giamichael sold 125,000 shares of Issuer C for approximately \$.39 per share.

33. On June 10, 2014, Umbrella published a “buy” recommendation for Issuer A with a price target of \$8.00 per share. On that same day, Giamichael sold 15,000 shares of Issuer A for approximately \$3.91 per share.

34. Finally, on August 19, 2014, Umbrella published a “buy” recommendation for Issuer A with a price target of \$8.00 per share. On that same day, Giamichael sold 5,000 shares of Issuer A for approximately \$3.81 per share.

35. Giamichael and Umbrella generated net profits of \$23,927.00 from the Scalps, \$19,607.00 of which was generated in Giamichael’s brokerage account, and \$4,320.00 of which was generated in Umbrella’s brokerage account.

36. Umbrella’s Reports disclosed, among other things, that “Umbrella Research LLC, its members and employees may, and in many instances do, hold positions in securities mentioned in its reports, and may, and in many instances do, otherwise effect the purchase or sale of securities, including those mentioned in its reports. These facts should be taken into consideration by you in connection with any decision to invest in securities.”

37. However, in the seven above-referenced Scalps, Umbrella’s Reports did not disclose that Umbrella or Giamichael were in fact selling contrary to the Reports’ “buy” recommendations and price targets.

38. As part of the formation of Umbrella and in preparing to publish the Reports regarding the Issuers, Giamichael and the co-owner of Umbrella consulted with and retained an attorney regarding, among other things, Umbrella's business model and the content of the disclosure language that they prepared for Umbrella to use in the Reports. Although the attorney reviewed the content of the disclosure language, Giamichael and Umbrella did not obtain legal advice regarding whether the language adequately disclosed that Giamichael and Umbrella would contemporaneously sell contrary to the recommendations Umbrella would make in its Reports.

39. Section 17(a)(2) of the Securities Act prohibits any person, in the offer or sale of any securities, from obtaining 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.

40. Section 17(a)(3) of the Securities Act prohibits any person, in the offer or sale of any securities, from engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

41. Scienter is not required under Sections 17(a)(2) and (3); proof of negligence is sufficient. Aaron v. SEC, 446 U.S. 680, 696-97 (1980); SEC v. Merchant Capital, LLC, 483 F.3d 747, 766 (11th Cir. 2007); SEC v. First Jersey Secs., Inc., 101 F.3d 1450, 1466-67 (2d Cir. 1996).

42. As a result of the conduct described above, Giamichael and Umbrella violated Sections 17(a)(2) and (3) of the Securities Act, and Giamichael caused Umbrella to violate Sections 17(a)(2) and (3) of the Securities Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Giamichael cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2), 17(a)(3), and 17(b) of the Securities Act.

B. Pursuant to Section 8A of the Securities Act, Respondent Umbrella cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2), 17(a)(3), and 17(b) of the Securities Act.

C. Pursuant to Section 21C of the Exchange Act, Respondent Giamichael cease and desist from committing or causing any violations and any future violations of Section 16(a) of the Exchange Act and Rule 16a-3 promulgated thereunder.

D. Respondent Giamichael shall pay disgorgement of \$19,607.00 and pre-judgment interest of \$1,782.99, and a civil money penalty of \$36,963.50, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and/or 31 U.S.C. § 3717, as applicable.

E. Respondent Umbrella shall pay disgorgement of \$4,320.00 and pre-judgment interest of \$392.85, and a civil money penalty of \$11,963.50, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and/or 31 U.S.C. § 3717, as applicable.

F. Respondent Giamichael shall pay the total of disgorgement, pre-judgment interest, and civil money penalties due of \$58,353.49 in three installments to the Commission, according to the following schedule: (1) \$19,450.00, within 14 days of the entry of this Order; (2) \$19,450.00, within 180 days of the entry of this Order; and (3) \$19,453.49, plus post-Order interest as may accrue, within 270 days of the entry of this Order. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post-Order interest, which accrues pursuant to 31 U.S.C. § 3717 with respect to civil penalties and pursuant to SEC Rule of Practice 600 with respect to disgorgement.

G. Respondent Umbrella shall pay the total of disgorgement, pre-judgment interest, and civil money penalties due of \$16,676.35 in three installments to the Commission, according to the following schedule: (1) \$5,550.00, within 14 days of the entry of this Order; (2) \$5,550.00, within 180 days of the entry of this Order; and (3) \$5,576.35, plus post-Order interest as may accrue, within 270 days of the entry of this Order. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post-Order interest, which accrues pursuant to 31 U.S.C. § 3717 with respect to civil penalties and pursuant to SEC Rule of Practice 600 with respect to disgorgement.

H. If Respondents fail to make any payments by the dates agreed and/or in the amounts agreed according to the schedule set forth above, all outstanding payments due under this Order, including post-Order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 Joey Giamichael and/or Umbrella Research, LLC, as applicable, 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 Aaron W. Lipson, Associate Regional Director, Division of Enforcement, United States Securities and Exchange Commission, 950 East Paces Ferry Road, N.E., Suite 900, Atlanta, Georgia, 30326.

I. 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, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they 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 one or both Respondents 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.

V.

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 Giamichael, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Giamichael 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 Giamichael 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).

By the Commission.

Brent J. Fields
Secretary