

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10431 / October 26, 2017**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81965 / October 26, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3- 18267**

**In the Matter of**

**HENRY LIN-HAN JAN**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, AND SECTIONS  
15(b) AND 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 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 Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Henry Lin-Han Jan (“Jan” 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 V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act, and Sections 15(b) and 21C of the Exchange Act, 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 Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

From early 2013 through June 2014, Jan and Artemus Mayor ("Mayor") engaged in an over \$2.3 million scheme to manipulate the stock price of SK3 Group, Inc. ("SK3") – an entity controlled by Jan – in violation of the antifraud and registration provisions of the federal securities laws. The fraud consisted of two coordinated components. First, Jan and Mayor, who Jan appointed as SK3's president, orchestrated a pump-and-dump scheme. Jan and Mayor caused SK3 to issue two press releases announcing that the company had entered into the medical marijuana industry and had secured certain acquisitions and agreements valued at millions of dollars. SK3's stock price and trading volume increased significantly following the issuance of these press releases. However, the purported acquisitions and agreements were nothing more than a series of transactions that created the appearance of positive corporate activity. In fact, prior to these press releases, SK3 had no assets or revenue, and SK3's purported acquisitions and agreements had no realistic prospect of creating revenue. After these initial releases, Jan and Mayor continued to cause SK3 to issue misleading press releases touting positive business developments as well as making material misrepresentations in the company's periodic reports and financial statements throughout 2013 and early 2014, although actual assets and revenue remained minimal.

Second, with the stock price inflated, Jan and Mayor unlawfully caused hundreds of millions of purportedly unrestricted SK3 common stock to be issued, for which no exemption from registration was available, to nominees of Jan (the "Nominees"). Then, in accordance with an agreement with Jan, the Nominees sold the shares into the market and transferred almost half of the proceeds from the SK3 stock sales back to Jan for his own personal and business uses.

#### **Respondent**

1. Jan, age 43, resides in Pasadena, California. From approximately 2010 through 2014, Jan controlled SK3, first through his private entity, Healthcare of Today, Inc., and then through another private entity, I Equity Corp.

#### **Other Relevant Individual and Entity**

2. Mayor, age 48, resides in Burbank, California. From approximately October 2011 through 2014, Mayor was the President, Secretary and a Director of SK3.

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<sup>1</sup> 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.

3. SK3, based in Los Angeles, California and incorporated in Delaware, is a publicly traded corporation that, beginning in March 2013, purported to provide licensing, management and logistic services for medical marijuana collectives. SK3's common stock was registered under Section 12(g) of the Exchange Act until it filed a Form 15 on October 5, 2009, which terminated its registration and reporting requirements with the Commission. SK3 stock was quoted on OTC Link operated by OTC Markets Group, Inc. under the symbol SKTO. Following the Commission's 10-business day trading suspension in June 2014, SK3 stock has been trading on the grey market.

### Facts

4. In 2008, Jan incorporated a privately held entity, Healthcare of Today, Inc. ("HOTI"), as a holding company purportedly focused on acquiring companies in the senior healthcare industry. In 2010, HOTI acquired a controlling interest in SK3 and the two companies announced a merger in which HOTI would be the surviving entity. At the time, SK3 operated through its subsidiary, Nurses On-Line, a subscription service for employers seeking to have a registered nurse pre-screen worker compensation claims. Although the merger between HOTI and SK3 never closed, HOTI maintained the controlling interest in SK3, and Jan continued to acquire healthcare related entities using SK3 as the acquiring vehicle.

5. Jan, as SK3's control person, arranged for Mayor to become President of SK3 in late 2011. Mayor had been working for Jan in HOTI's marketing department since 2008.

6. Jan and Mayor as SK3's control person and President, respectively, had authority to draft, approve and issue company press releases and other public disclosures.

7. In its 2012 Annual Report posted on OTC Link's website, otcmarkets.com, SK3 stated that it rescinded all of its healthcare related acquisitions in October 2011.

8. According to unaudited financial statements for the years ended December 2011 and 2012, SK3 had no assets or revenue.

9. Although the average daily trading volume was almost 2 million shares throughout 2011 and 2012, SK3 stock traded sporadically. On many days no trading occurred at all. The average price of SK3 stock during this period was \$0.0013.

10. In March 2013, SK3 issued two false and misleading press releases stating, among other things, that it was entering the medical marijuana industry by acquiring Medical Greens, Inc. ("Medical Greens"), a purported provider of licensing, management, and logistic services for medical marijuana collectives. Medical Greens was a purported subsidiary of I Equity Corp. ("I Equity"), a private entity also controlled by Jan. In exchange for Medical Greens, I Equity received the controlling interest in SK3 from HOTI.

11. The SK3 press releases announcing its new business model made the following claims:

- On March 11, 2013, SK3 announced that it acquired Medical Greens, a medical cannabis company and “changed its business model to focus purely in the medical marijuana space. Medical Greens currently provides licensing, management, and logistic services for medical marijuana collectives throughout California. In 2013 alone, Medical Greens has already contracted over \$12.5 million in licensing and service agreements.”
- On March 22, 2013, SK3 announced “that its newly acquired subsidiary, Medical Greens, has contracted for over \$30 Million in annual licensing, management, and logistic services from collectives throughout California, after only its first full week of operations under SK3.”

12. SK3’s claim that Medical Greens secured contracts valued at tens of millions of dollars with medical marijuana collectives was false. Medical Greens never had any employees, operations or revenue at any time before or after these announcements. Medical Greens was nothing more than a business concept developed by Jan.

13. In fact, Medical Greens was not registered as a business entity until April 18, 2013, over a month after SK3 purportedly acquired the entity and weeks after it already claimed to have \$30 million in contracts.

14. The purported medical marijuana collectives that SK3 had signed agreements with also had no operations. Indeed, they were not incorporated until June and July 2013, and it was Jan who was responsible for incorporating the collectives. The individuals behind the collectives were all acquaintances of Jan or Mayor and had no experience in the medical marijuana industry.

15. At no time before or after these public announcements did any of these collectives operate as a medical marijuana collective, pay any fees to SK3 or generate any revenue.

16. SK3’s stock price and trading volume increased significantly following the issuance of the press releases. From December 31, 2012 to March 8, 2013, the average daily price of SK3 stock was \$0.0005 on average daily trading volume of approximately 1.5 million shares. Following the March 11 announcement and continuing through March 25, a day after the second press release, the price of SK3 shares spiked to a high of \$0.06 per share – an increase of over 120 times the average daily price before the releases – on average daily trading volume of almost 70 million shares.

17. Jan and Mayor continued to cause SK3 to issue misleading press releases throughout the remainder of 2013 and early 2014 concerning, among other things, contracts with healthcare facilities and certain real estate acquisitions. These press releases were all predicated on the premise that SK3 and its subsidiary, Medical Greens, were operating as a successful medical marijuana administrator.

18. Jan and Mayor also caused SK3 to publicly post numerous periodic reports and financial statements that contained false information on [otcmarts.com](http://otcmarts.com). For instance on May 7,

2013, SK3 posted its Basic Disclosure Statement, Quarterly Financial Statements and the Notes to Financial Statements for period ending March 31, 2013. These documents contained the same false information as the March 11 and March 22 press releases concerning SK3's purported acquisition of Medical Greens and the agreements with medical marijuana collectives. In its Financial Statements for the first quarter of 2013, SK3 also falsely claimed over \$5 million in revenue purportedly collected from medical marijuana collectives. Similarly, in its Annual Disclosure Report and Financial Statement for December 31, 2013, SK3 falsely claimed, among other things, over \$52 million in annual revenue.

19. At Jan's direction, Mayor signed the financial reports and certified that based on his knowledge, the information did not contain any untrue statement of a material fact, and that the financial statements fairly presented in all material respects the financial condition, results of operations and cash flows of the company.

20. Jan and Mayor both knew, or were reckless in not knowing, that these reports and financial statements were false.

21. At the same time that Jan and Mayor were publicly issuing false and misleading information concerning SK3, they engaged in a series of activities to cause SK3 to distribute millions of purportedly unrestricted shares – with the ultimate goal of enriching Jan and the entities he controlled.

22. To affect the scheme, Jan and Mayor used two convertible promissory notes that SK3 issued to affiliated entities and arranged for that debt to be assigned to the Nominees.

23. In the first note, entitled "Five Percent (5%) Convertible Note," dated September 30, 2011, SK3 promised to pay an affiliated entity \$144,000 for performing certain financial and legal services under a consulting agreement. Although this debt instrument was entitled a convertible note, there was no conversion feature contained in the note or any provisions addressing the option to convert the unpaid balance into SK3 shares. On January 2, 2013, Jan and Mayor caused SK3 to issue a replacement note for the same amount but added a conversion feature. Jan then arranged for the convertible note to be assigned to six of the Nominees in equal portions and Mayor signed the assignment agreement on behalf of SK3.

24. The second note used by Jan and Mayor was a \$450,000 convertible note that SK3 purportedly issued to I Equity on December 31, 2012. The note was issued in replacement of SK3's unpaid balance due to I Equity for purported services rendered under a consulting agreement dated May 1, 2012. The agreement – which was negotiated by Jan on each side – required SK3 to pay I Equity a \$50,000 monthly fee in exchange for I Equity's consulting work. However, I Equity never performed any such work for SK3. Jan arranged for \$90,000 of this convertible note to be assigned to four other Nominees and signed the assignment agreement on behalf of I Equity. Mayor signed the assignment agreement on behalf of SK3.

25. Jan and Mayor provided misleading information concerning, among other things, the non-affiliate status of the original note holders and the Nominees to the attorneys who drafted

attorney opinion letters stating that the requisite holding period of the securities had been satisfied – when in fact, it had not been. Jan and Mayor also created and obtained other necessary paperwork that converted SK3’s debt to freely tradable SK3 shares, including corporate resolutions signed by Mayor authorizing the issuance of the new shares. Mayor then sent these documents to SK3’s transfer agent.

26. In reliance on the legal opinion letter and documents secured by Jan and Mayor, SK3’s transfer agent issued millions of shares without restrictive legends to the Nominees. Promptly after the SK3 shares were delivered to the Nominees’ brokerage accounts, they sold their shares into the public market.

27. From approximately May 2013 to June 2014, the Nominees sold 418 million SK3 shares. No registration statement was filed with the Commission for these transactions and no exemption from registration was available.

28. In accordance with an agreement with Jan, the Nominees paid \$2.33 million from the SK3 stock sale proceeds to Jan’s entity, I Equity. Jan then used this money to finance SK3, other business ventures and for personal expenses.

#### **Violations**

29. As a result of the conduct described above, Jan willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

30. As a result of the conduct described above, Jan willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct and indirect sale and offer for sale of securities through the mail or interstate commerce unless a registration statement is in effect.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Jan’s Offer.

Accordingly, pursuant to Section 8A of the Securities Act, and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Jan shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Jan be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages

in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Respondent Jan shall, within 14 days of the entry of this Order, pay disgorgement of \$2,330,896, prejudgment interest of \$199,924 and a civil money penalty in the amount of \$160,000 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 of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600, and if timely payment of a civil penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

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 Henry Lin-Han Jan 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 G. Jeffrey Boujoukos, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Boulevard, Suite 520, Philadelphia, PA 19103.

D. 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, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he 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 Respondent 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, 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).

By the Commission.

Brent J. Fields  
Secretary