

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

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 32840 / September 28, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3- 18232**

**In the Matter of**

**HONEYSUCKLE  
RESEARCH INC.**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 9(f) OF THE INVESTMENT  
COMPANY ACT OF 1940, 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 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), against Honeysuckle Research Inc. (“Honeysuckle” 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 it 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 9(f) of the Investment Company Act of 1940, 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 finds<sup>1</sup> that:

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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.

## Summary

1. Beginning in December 2014, Honeysuckle primarily engaged in the business of investing and trading in securities, and more than 40% of its total assets (other than Government securities and cash items) consisted of investment securities as defined by Section 3(a)(2) of the Investment Company Act. The company has no operating business and has never realized an operating profit or revenue. As of January 3, 2017, Honeysuckle's investment securities had a value of over \$9.4 million constituting about 88% of Honeysuckle's total assets (exclusive of Government securities and cash items). As a result, Honeysuckle has been and is in violation of Section 7(a) of the Investment Company Act.

## Respondent

2. **Honeysuckle Research Inc.** is a Nevada corporation headquartered in Woodland Hills, California. In July 2013, Honeysuckle's predecessor company, Ovation Research, Inc. ("Ovation"), filed a Form S-1 with the Commission to register a class of securities for offer and sale to the public. The Form S-1 went effective on December 5, 2013. Its shares are currently quoted on OTC Link (formerly "Pink Sheets") operated by OTC Markets Group ("OTC Link"), under the symbol (OTCPINK:WEDG). Honeysuckle and its predecessor companies have never been registered with the Commission as an investment company.

## Facts

3. In December 2012, Honeysuckle started as a company named Ovation, which purported to distribute stainless steel cookware. In September 2014, Ovation changed its name to Weed Growth Fund, Inc. and, as stated in its Form 10-Q filed in January 2015, changed its business model to the establishment and investment in, and the acquisition, operation and management of, intellectual property and business ventures in hemp, medicinal cannabis, legalized cannabis and related industries. In April 2016, Weed Growth changed its name to Honeysuckle, but maintained the same business model.<sup>2</sup>

4. In December 2014, Honeysuckle acquired non-controlling interests in various hemp-related companies quoted on OTC Link (formerly "Pink Sheets") operated by OTC Markets Group, Inc., including Hemp, Inc. (OTCPINK: HEMP), Grow Condos, Inc. (OTCQB: GRWC), and Cannabis Sativa, Inc. (OTCQB: CBDS) by purchasing the common stock of these companies. Honeysuckle also acquired a majority interest in THC Pharmaceuticals, Inc. (OTCQB: CBDG). Honeysuckle acquired the majority of these interests by exchanging the shares for non-controlling shares of Honeysuckle. In 2014 and 2015, Honeysuckle also purchased investment securities in three privately-owned companies. Honeysuckle paid a total of \$710,000 for the private investment

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<sup>2</sup> Throughout this Order, the company shall be referred to as Honeysuckle regardless of the time period.

securities and non-controlling interests in three of the OTC Link companies. As of January 3, 2017, the total combined value of these investments was \$9,431,453.

5. Honeysuckle's other assets total about \$1.3 million and comprise various fixed assets (furniture, hardware and software) and a few non-securities related investments that have not produced any operating revenue. Honeysuckle has had no revenue since at least December 2014.

6. In 2015, the staff from the Division of Corporation Finance and the Division of Investment Management requested information from Honeysuckle concerning whether it was an investment company as defined by the Investment Company Act and whether any registration exemption or exclusion applied. Honeysuckle did not respond to staff comments in a timely manner.

7. Since December 2014, Honeysuckle has not been primarily engaged in any business other than investing, reinvesting and trading in securities. In the first quarter of 2015, 98% of Honeysuckle's total assets (exclusive of Government securities and cash items) were comprised of investment securities. From the second quarter of 2015 through about the fourth quarter of 2016, an average of 84% of Honeysuckle's total assets (exclusive of Government securities and cash items) were comprised of investment securities.

8. Since December 2014, Honeysuckle has engaged in interstate commerce by arranging for its shares to be quoted in the OTC market, buying securities for its portfolio, and engaging in other business transactions in interstate commerce while an investment company within the meaning of Section 3(a)(1)(C) of the Investment Company Act. Section 3(a)(1) defines "investment company" to mean, among other things, any issuer that "is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities" or "is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 per centum of the value of such issuer's total assets . . . on an unconsolidated basis."

9. Honeysuckle is not exempted or excluded from the Investment Company Act's definition of an investment company. It fails to meet any exemptions, including Section 3(b)(1) of the Investment Company Act, and has not claimed reliance on any exclusions from the definition of investment company such as Sections 3(c)(1) and 3(c)(7) of the Investment Company Act. Moreover, Honeysuckle did not seek an order from the Commission pursuant to Section 3(b)(2) of the Investment Company Act declaring that it was engaged in a business other than that of investing, reinvesting, owning, holding, or trading in securities, or an order from the Commission pursuant to Section (6)(c) of the Investment Company Act exempting it from complying with any provisions of the Investment Company Act or the rules thereunder.

### **Violation**

10. As a result of the conduct described above, Honeysuckle is violating Section 7(a) of the Investment Company Act, which makes it unlawful for an unregistered investment company to,

among other things, “directly or indirectly offer for sale, sell, or deliver after sale, by the use of the mails or any means or instrumentality of interstate commerce, any security or any interest in a security” or “engage in any business in interstate commerce.”

### **Undertakings**

11. Within 60 days of the institution of the Order, Respondent Honeysuckle shall come into compliance with Section 7(a) of the Investment Company Act by either:

- a. Filing a notification of registration pursuant to Section 8(a) of the Investment Company Act, and then within 90 days of filing such notification of registration, filing a registration statement with the Commission, on the appropriate form; or
- b. Completing steps such that Honeysuckle is no longer required to be registered under Section 7(a) of the Investment Company Act and providing the Commission staff with sufficient credible evidence that it is no longer required to be registered under the Investment Company Act.

The Commission staff may grant a single 30-day extension for good cause shown.

12. With respect to any registration statement filed by Honeysuckle pursuant to the Investment Company Act, Honeysuckle will cooperate with Commission staff within five business days concerning any inquiries the staff has relating to the registration statement and/or any information relating to the registration statement.

13. Unless and until Honeysuckle is registered as an investment company, Honeysuckle will not acquire any investment securities within the meaning of Section 3 of the Investment Company Act, and it will not conduct any public offering.

14. Respondent Honeysuckle shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to C. Dabney O’Riordan, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 444 S. Flower Street, Suite 900, Los Angeles, CA 90071, with a copy to the Office of Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549, no later than sixty (60) days from the date of the completion of the undertakings.

### **Delinquency Payments**

15. Respondent Honeysuckle agrees that if it fails to meet the compliance deadline in paragraph 11, which may include a single 30-day extension for good cause shown, it will make

payments for each month in which compliance with Section 7(a) of the Investment Company Act is delinquent (“Delinquency Payment”) in lieu of the Commission seeking a civil monetary penalty from Respondent Honeysuckle for violation of this Order pursuant to Section 42(e)(4) of the Investment Company Act. The amount shall be \$5,000 for the first month in which compliance is delinquent, plus, for each month or partial month thereafter an additional amount equal to the amount of a) \$5,000, and b) \$2,500 multiplied by the number of complete months that compliance has been delinquent before that month.<sup>3</sup> Respondent Honeysuckle shall, within 7 days of the end of each delinquent month, pay the Delinquency Payment as calculated in this paragraph to the Securities and Exchange Commission. If timely payment 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

16. Payments by check or money order must be accompanied by a cover letter identifying Honeysuckle as 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 C. Dabney O’Riordan, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, California 90071.

17. The Delinquency Payments provided for in Paragraph 15 shall not exceed \$80,000 in the aggregate.

18. In determining whether to accept Respondent Honeysuckle’s offer, the Commission has considered Respondent’s offer to pay these payments.

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<sup>3</sup> For example, if compliance is three months late, Respondent Honeysuckle agrees to pay \$22,500 (\$5,000 for the first month, \$7,500 for the second month, and \$10,000 for the third month).

#### IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 9(f) of the Investment Company Act, Respondent Honeysuckle shall cease and desist from committing or causing any violations and any future violations of Section 7(a) of the Investment Company Act, provided, however, that Honeysuckle may have 60 days from the institution of the Order to come into compliance with Section 7(a) of the Investment Company Act.

B. Respondent Honeysuckle shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$20,000 to the Securities and Exchange Commission. If timely payment 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:

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Payments by check or money order must be accompanied by a cover letter identifying Honeysuckle as 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 C. Dabney O'Riordan, Co-Chief,

Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 444  
South Flower Street, Suite 900, Los Angeles, California 90071.

C. Respondent Honeysuckle shall comply with the undertakings enumerated in Section  
III.11 through III.14 above.

By the Commission.

Brent J. Fields  
Secretary