

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10501 / May 29, 2018

SECURITIES EXCHANGE ACT OF 1934
Release No. 83336 / May 29, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-17674

<p>In the Matter of</p> <p>ALEXANDER KON,</p> <p>Respondent.</p>

**ORDER MAKING FINDINGS AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-AND-
DESIST ORDER PURSUANT TO SECTION 8A OF
THE SECURITIES ACT OF 1933 AND 15(b) OF
THE SECURITIES EXCHANGE ACT OF 1934**

I.

On November 14, 2016, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934 against Alexander Kon.

II.

Alexander Kon (“Kon”) has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept.

III.

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 Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order, pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

IV.

On the basis of this Order and Respondent’s Offer, the Commission finds 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. SUMMARY

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 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 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.

C. VIOLATIONS

1. 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.

V.

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

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

- A. Respondent Kon cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.
- B. Respondent be, and is hereby suspended, for a period of twelve months, effective the day following entry of this Order. 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. At the expiration of the suspension, the Respondent may resume participating in the offering of penny stock without further action by the Commission.
- C. Respondent shall pay disgorgement of \$25,000, prejudgment interest of \$332, and a civil money penalty of \$20,000, for a total of \$45,332, to the Securities and Exchange Commission. Payment shall be made in the following installments: (1) \$25,000 within ten (10) days of the entry of this Order; (2) \$10,166 within six months of entry of this Order; and; (3) \$10,166 within one year 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, plus any additional interest accrued pursuant to SEC Rule of Practice 600 and 31 U.S.C. § 3717, shall be due and payable immediately, without further application.
 - (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 Alexander Kon 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 Glenn Gordon, Associate Regional Director, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, Florida 33131.

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 judgment 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.

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).

By the Commission.

Brent J. Fields
Secretary