

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10696 / September 25, 2019

SECURITIES EXCHANGE ACT OF 1934
Release No. 87111 / September 25, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19520

In the Matter of

HAROLD MINSKY

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 Harold Minsky (“Minsky” 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this 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 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

From at least March 2016 through December 2016, Minsky, George Matin ("Matin"), Robert Stevens ("Stevens") and a director of the microcap issuer, WGE Holdings Corp. ("WGEE"), planned for, and engaged in a scheme to manipulate the price of WGEE stock through matched trades and a broker-kickback scheme. Also, between approximately December 2016 through May 2017, Minsky, Matin, Stevens and Chip Hackley ("Hackley"), an undisclosed control person of another microcap issuer, Holy Grail Company ("HGRL"), planned for, and engaged in a similar scheme to manipulate the price of HGRL stock.

In the first instance, the director of WGEE ("WGEE Director"), along with Minsky, Matin and Stevens, entered into an illicit agreement with an individual ("Individual A"), whom they believed was aligned with a network of corrupt registered representatives willing to purchase large volumes of microcap stock in exchange for cash kickbacks. Minsky, the WGEE Director, Matin and Stevens agreed to pay Individual A and his group of registered representatives a 40% kickback in exchange for the registered representatives buying WGEE stock in trades matched with sales from a brokerage account controlled by Stevens. A short time later, Minsky, Matin, Stevens and Hackley, entered into the same kickback arrangement with Individual A with respect to trading of HGRL stock. In each instance, a small test transaction was conducted to ensure that the matched trading would be executed smoothly and the kickback paid. Based, in part, on these test transactions, the Commission suspended trading in the securities of both WGEE and HGRL before any additional illicit trading occurred.

Respondent

1. Minsky, age 79, resides in North Ridge, California. From approximately 1989 through 2013, Minsky was associated with several broker-dealers registered with the Commission and worked in various capacities, including as a registered representative. Minsky participated in offerings of WGEE and HGRL stock, which are penny stocks.

Other Relevant Individuals and Entities

2. Matin, age 58, resides in Los Angeles, California.
3. Stevens, age 51, resides in Denver, Colorado. From approximately 1987 through 1998, Stevens was associated with several broker-dealers registered with the Commission and worked in various capacities, including as a registered representative. Stevens' securities

¹ 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.

registration was twice revoked by FINRA in the 1990s for failure to pay certain fines. From approximately 2001 through 2010, Stevens was the principal of a registered transfer agent. Currently, Stevens is the president of a purported venture capital and private equity firm.

4. Hackley, age 46, resides in Manhattan Beach, California. From approximately 2001 through 2009, Hackley was associated with several broker-dealers registered with the Commission and worked in various capacities, including a registered representative. Currently, Hackley is the principal of a purported investor relations firm.

5. WGEE is a Nevada corporation with its principal offices in Hong Kong. WGEE purports to invest in producing gold mines in South East Asia. Until the Commission's order suspending trading in WGEE's securities, its stock was quoted on OTC Link (previously "Pink Sheets"), operated by OTC Markets Group, Inc. ("OTC Link"). WGEE's common stock is not registered with the Commission.

6. HGRL is a Nevada corporation with its principal offices in Temecula, California. HGRL purports to manufacture, market and sell hemp and cannabis based products. Until the Commission's order suspending trading in HGRL's securities, its stock was quoted on OTC Link. HGRL's common stock is not registered with the Commission.

The Scheme to Manipulate the Market of WGEE Stock

7. In approximately March 2016, Minsky and Individual A began discussing possible "deals" that they could do together involving public shell companies. Minsky, a stock promoter who had participated in past manipulative schemes with Individual A, understood that Individual A had connections to corrupt registered representatives that could purchase stock through their discretionary customer brokerage accounts in exchange for kickbacks equal to 40% of the gross proceeds from any stock sales.

8. Minsky informed Individual A that he was currently working on a deal with the WGEE Director and Matin. The WGEE Director and Matin were control persons of Far East Ventures Holdings, Ltd. ("Far East Ventures"), a private entity purportedly in the gold mining business. Minsky introduced Individual A to the WGEE Director who explained that they were planning to merge Far East Ventures into a publicly traded shell and wanted to manipulate the stock price of the newly formed public company.

9. In June 2016, the WGEE Director and Matin decided to merge Far East Ventures into WGEE, a shell company controlled by Stevens. The parties agreed that Stevens would sell the shell for approximately \$220,000, which would be paid through the sales of WGEE stock at the anticipated inflated prices. In order to maximize the success of any manipulation, it was important that almost all of the free trading WGEE shares were controlled by Minsky, the WGEE Director, Stevens and Matin. Minsky forwarded an e-mail to Individual A that provided an analysis of the free trading shares in the group's control with an attached spreadsheet indicating the WGEE shares that the group intended to sell into the market, including shares controlled by Stevens.

10. Over the course of several months, Individual A continued to have discussions with Minsky, Matin and the WGEE Director about manipulating the market for, and price of, WGEE stock. Minsky, Matin, Stevens and the WGEE Director intended to sell 2.6 million WGEE shares in prearranged matched trades to Individual A's group of registered representatives in exchange for 40% of the proceeds from those sales. The WGEE Director told Individual A that they would like the WGEE stock price to rise above \$2.00.

11. During this same time period, the average market price for WGEE stock was approximately \$0.55 and was thinly traded, with many days trading at zero volume. Stevens conducted dozens of matched trades with, and paid kickbacks to, stock promoters that Minsky hired in order to create the appearance of liquidity in WGEE stock before the planned manipulation with Individual A. For each such trade, Minsky sent Stevens encrypted messages detailing the amount of WGEE shares to sell and at what price.

12. In November, as the group moved forward with the planned manipulation, Individual A and Minsky discussed conducting a "test trade" where Individual A would purchase a small amount of WGEE shares to ensure the illicit scheme would be executed as planned and that his group of registered representatives would get paid their 40% kickback. Minsky agreed and told Individual A he would call Stevens who would place the trade. Minsky, Matin and the WGEE Director also told Individual A that Stevens would send the proceeds from the WGEE stock sales to an attorney escrow account. The escrow account would then disburse those proceeds to the appropriate parties, including the kickback payment to Individual A.

13. On November 21, 2016, in accordance with the illicit agreement, the group executed the test trade. Minsky prearranged a matched trade of WGEE shares with Individual A agreeing upon the size, price and timing of the trade. Minsky then relayed those details of the intended transaction to Stevens who placed the sell order through a brokerage account he controlled.

14. Once the trade settled, on November 28, 2016, Stevens wired \$6,500 from the proceeds of the WGEE stock sales from his brokerage account to a bank account he controlled. That same day, Stevens wired approximately \$3,000 from that bank account to the attorney escrow account that was opened specifically to distribute the proceeds from the illicit trades of WGEE stock. On November 30, 2016, as agreed upon, \$2,400 was wired to Individual A from the attorney escrow account, representing approximately 40% of the gross sale of the WGEE stock sold by Stevens as part of the test trade.

15. After the test trade and payment of the kickback, the larger manipulative trading scheme was set to commence on December 5, 2016, however, the Commission suspended trading in the securities of WGEE before the market opened that day.

The Scheme to Manipulate the Market of HGRL Stock

16. Undeterred by the WGEE trading suspension, Minsky and Matin continued to discuss other potential manipulations they could do with Individual A, including a deal with

Hackley, an undisclosed control person of a privately held company purportedly in the hemp and cannabis business, HaenepSource, LLC. (“Haenep”). In December 2016, Hackley and Matin informed Individual A that they were merging Haenep into a publicly traded shell company and wanted Individual A to create a “liquidity event” for a few friends and family members that invested in the company – in other words – to help manipulate the stock price so they could dump their shares in the public market.

17. In approximately January of 2017, Hackley and Matin agreed to purchase FlexWeek, Inc. (“FXWK”), a publicly traded shell company again controlled by Stevens. Once again, Stevens was to be paid from the sale of his shares at artificially inflated prices. On February 24, 2017, Haenep announced its merger with FXWK, and the company’s name was changed to Holy Grail Company (“HGRL”) on March 24, 2017.

18. Minsky, Matin and Hackley discussed with Individual A that the structure of this manipulation would be the same as WGEE, whereby Individual A would direct his network of corrupt registered representatives to purchase HGRL stock in prearranged matched trades in exchange for a 40% kickback. Minsky, Matin, Hackley and Stevens controlled almost all of the free trading HGRL shares and intended to sell up to 5 million of those shares via matched trades with Individual A.

19. Between approximately January 2017 and May 2017, Minsky, Hackley and Matin discussed their plan to manipulate the market of HGRL stock with Individual A. Hackley indicated to Individual A that he wanted the HGRL share price to reach \$2.00 or \$3.00. At the time, HGRL stock sporadically traded at around \$0.55.

20. Again, to ensure the illicit scheme would be executed as planned, Hackley and Individual A agreed to execute a small test trade of HGRL stock. Hackley and Individual A agreed that the test trade would be sold through Stevens’ brokerage.

21. On May 12, 2017, in accordance with the illicit agreement, Stevens and Hackley instructed Individual A to submit an order to buy 3,000 HGRL shares at \$1.30 that would be sold from Stevens’ brokerage account.

22. After the test trade was executed as planned, Minsky received half of the kickback payment from Matin and half from Hackley, and on May 19, 2017, wired the kickback equal to approximately 40% of sale proceeds from the HGRL test trade to Individual A.

23. With the kickback paid, Minsky, Hackley, Matin and Stevens intended to accelerate their matched trading scheme with Individual A the following trading day. However, on May 22, 2017, before the market opened, the Commission suspended trading in the securities of HGRL.

Violations

24. As a result of the conduct described above, Minsky 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.

25. As a result of the conduct described above, Minsky willfully violated Section 9(a)(1) of the Exchange Act, which prohibits any person, directly or indirectly, for the purpose of creating a false or misleading appearance of active trading in any security other than a government security, or a false or misleading appearance with respect to the market for any such security, to effect any transaction in such security which involves no change in the beneficial ownership thereof, to enter an order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Minsky'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 Minsky shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Sections 9(a)(1) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Minsky 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.

By the Commission.

Vanessa A. Countryman
Secretary