UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 94703 / April 12, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20820

In the Matter of

DAVID HANSEN

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, 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 21C of the Securities Exchange Act of 1934 ("Exchange Act") against David Hansen ("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 Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, 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\(^1\) that:

**Respondent**

1. Respondent was a co-founder of NS8, Inc. and at various points served as its Managing Director of Technical Operations and Strategy, Chief of Staff, and Chief Information Officer. Respondent resigned from NS8, Inc. in February 2020. Respondent, 42 years old, is a resident of Vega Alta, Puerto Rico.

**Relevant Entity**

2. NS8, Inc. (“NS8”), now known as Cyber Litigation, Inc., was a Delaware corporation with its principal place of business in Las Vegas, Nevada. NS8 was a technology company that offered fraud detection and prevention software. Neither NS8 nor its securities have ever been registered with the Commission. In October 2020, NS8 entered bankruptcy in the proceeding *In re Cyber Litigation Inc.*, No. 20-12702 (Bankr. D. Del. 2020).

**Facts**

A. The Statutory and Regulatory Framework Protecting Whistleblowers


4. Pursuant to the Dodd-Frank Act, the Commission adopted Rule 21F-17, which provides in relevant part:

   (a) No person may take any action to impede an individual from communicating directly with the Commission staff about a possible securities law violation, including enforcing, or threatening to enforce, a confidentiality agreement . . . with respect to such communications.

Rule 21F-17 became effective on August 12, 2011.

B. Hansen’s Actions to Impede

5. In 2018 and 2019, an NS8 employee (the “NS8 Employee”) raised concerns internally that NS8 was overstating its number of paying customers, including that the customer

\(^1\) 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.
data (including purported customer numbers and monthly revenue) used to formulate external communications—including to potential and existing investors—was false. During this period, the NS8 Employee also raised his concerns about NS8’s customer numbers directly to Respondent—although the NS8 Employee never directly or indirectly reported to Respondent.

6. In July 2019, through counsel, the NS8 Employee submitted a tip to the SEC.

7. In August 2019, the NS8 Employee raised his concerns directly to Respondent that NS8 may have falsely inflated customer counts. During the course of the conversation, the NS8 Employee told Respondent that unless NS8 addressed this inflated customer data, he would reveal his allegations to NS8’s customers, investors, and any other interested parties. Respondent suggested that the NS8 employee raise his concerns directly to his supervisor or the CEO.

8. Later that day, in a phone call with his supervisor, the NS8 Employee reiterated his concerns that NS8 may be falsely inflating customer counts. In that conversation, the NS8 Employee again stated that he could reveal his allegations to NS8’s customers, investors, and any other interested parties. The supervisor then called Respondent and indicated that he had a conversation with the NS8 Employee about the allegations.

9. Shortly after, Respondent messaged the CEO, “[P]lease call me ASAP. This is EXTREMELY URGENT.” Respondent and the CEO then spoke. Respondent understood that the NS8 Employee’s concerns involved a possible securities law violation, including potential fraud against NS8’s investors.

10. After Respondent spoke to the CEO, both took steps to remove the NS8 Employee’s access to NS8’s IT systems. At one point, the CEO told Respondent that he removed NS8 Employee’s administrator privileges to one system but kept read-only access “so it looks like an error.”

11. The CEO also asked if Respondent had “agent on [the NS8 Employee’s company] laptop.” “Agent” referred to a tool that permitted NS8 IT, including Respondent, to remotely access NS8-issued laptops and provide IT support—including viewing what was happening on a laptop screen in real time. Respondent replied, “I can watch what he is doing if we care.”

12. Respondent messaged the CEO: “I want to give you a password to login his laptop. . . [f]rom there, I’m hoping he is dumb enough to have his Keeper password memorized and see what’s in there.” “Keeper” referred to a password management system that NS8 employees used to save passwords to various NS8-related applications. The NS8 Employee also chose to save passwords for his personal email and other applications in his Keeper.

13. The next day, Respondent met the CEO at NS8’s office. Respondent used NS8’s administrative account to access the NS8 Employee’s company computer. Respondent then left the NS8 Employee’s computer and password in the CEO’s office.

14. That same day, the NS8 Employee’s saved “Keeper” personal passwords were used to access his Hotmail, Dropbox, Facebook, Glassdoor, and Google accounts on his NS8-issued laptop.
15. Later that week, the CEO fired the NS8 Employee.

**Violation**

16. As a result of the conduct described above, Respondent violated Rule 21F-17(a) of the Exchange Act.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Rule 21F-17(a).

B. Respondent shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of $97,523 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. 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](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 David Hansen 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 Jason J. Burt, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, Denver Regional Office, 1961 Stout Street, Suite 1700, Denver, CO 80294.

C. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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.

Vanessa A. Countryman
Secretary