

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 95072 / June 8, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20895**

**In the Matter of**

**JAE CHEOL OH,**

**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 Jae Cheol Oh (“Oh” 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 Cease-and-Desist Proceedings Pursuant to Section 21C of the Exchange Act (“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. Since February 2018, Jae Cheol Oh, the Chairman, CEO, and CFO of I-ON Digital Corp. (“I-ON Digital”) caused I-ON Digital to violate Section 13(k) of the Exchange Act, by arranging for I-ON Digital’s subsidiary to guarantee his personal debts.

2. Section 13(k), an important investor protection to curtail conflicts of interest that was enacted as part of the Sarbanes-Oxley Act of 2002, prohibits issuers such as I-ON Digital from directly or indirectly, including through any subsidiary, extending or maintaining credit, arranging for the extension of credit or renewing an extension of credit, in the form of a personal loan to any executive officer or director.

## **RESPONDENT**

3. Jae Cheol Oh, age 52, a resident of South Korea, is Chairman, CEO, and CFO of I-ON Digital Corp. He holds degrees in economics and management engineering. Oh controls and runs I-ON Digital.

## **ISSUER**

4. I-ON Digital, an IT consultancy and software development company based in Seoul, South Korea, became an Exchange Act registrant through a reverse merger in early 2018. Since the reverse merger, I-ON Digital’s stock has been registered under Section 12(g) of the Exchange Act and trades on the OTC Markets.

## **FACTS**

5. About ten years before I-ON Digital’s reverse merger, Oh received eight loans totaling approximately \$1.5 million from Korean financial institutions. I-ON Digital, the registrant, was not in existence at the time of the loans and did not receive the proceeds of the loans to Oh.

6. When I-ON Digital became a registrant in February 2018, Oh arranged for I-ON Digital’s subsidiary, I-ON Communications, Ltd., to guarantee the remaining balance and interest on the loans to Oh and for I-ON Digital to restrict a material portion of its cash as collateral for the loan guarantees. The loans to Oh were extended several times after June 2018 and I-ON Digital continued to restrict its cash and guarantee Oh’s personal obligations to the banks.

7. The amount of I-ON Digital’s restricted cash to guarantee Oh’s debts was \$1,699,311 as of December 31, 2018, \$1,641,043 as of December 31, 2019, \$1,746,324 as of December 31, 2020, and \$1,602,699 as of December 31, 2021. In 2018, the restricted cash was 49% of I-ON Digital’s total cash and 17% of its total assets. In 2019, the restricted cash was 55% of I-ON Digital’s total cash and 17% of its total assets. In 2020, the restricted cash was 39% of I-ON Digital’s total cash and 13% of its total assets. In 2021, the restricted cash was 43% of I-ON Digital’s total cash and 13% of its total assets.

8. From June 2018 through April 2022, Oh signed quarterly and annual reports acknowledging that I-ON Digital's restricting cash to guarantee the loans he received could be considered a violation of Exchange Act Section 13(k). In addition, in October 2020, staff in the Commission's Division of Corporation Finance notified I-ON Digital of its concerns that this arrangement violated the provision. Nevertheless, the violations continued.

9. I-ON Digital violated Section 13(k) of the Exchange Act by its subsidiary guaranteeing Oh's debts and restricting its cash as collateral for the guarantee.

10. Oh caused I-ON Digital to violate Section 13(k) by arranging for and receiving a personal benefit from I-ON Digital's guarantee of his debts when he knew or should have known the arrangement violated Section 13(k).

### **UNDERTAKINGS**

11. Respondent undertakes to take the following actions:

a. Within ninety (90) days of the entry of this Order, arrange for I-ON Digital to cease guaranteeing repayment of loans to Oh and cease restricting cash as collateral for these loan guarantees; and

b. Certify, in writing, compliance with the undertaking set forth above. The certification shall identify the undertaking, 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 Stacy Bogert, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than thirty (30) days from the date of the completion of the undertaking.

12. The Commission staff may extend the deadlines related to the undertakings enumerated in paragraph 11 for good cause shown.

### **IV.**

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Oh cease and desist from committing or causing any violations and any future violations of Section 13(k) of the Exchange Act.

B. Oh shall, within fourteen (14) days of the entry of this Order, pay a civil money penalty in the amount of \$150,000 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 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 Oh 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 Stacy Bogert, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. 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.

D. Oh shall comply with the undertakings enumerated in Section III, above.

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