

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18267 and 3-18268**

**SEC Settles Charges Against Two Individuals in a Fraudulent Manipulation Scheme Involving the Stock of a Medical Marijuana Company**

**October 26, 2017** – The Securities and Exchange Commission today announced that Henry Lin-Han Jan and Artemus Mayor have agreed to settle charges that they engaged in a fraudulent manipulation scheme involving the securities of SK3 Group, Inc., a publicly traded microcap company purportedly operating in the medical marijuana industry.

An SEC investigation found that from early 2013 through June 2014, Jan, SK3's control person, and Mayor, SK3's President, orchestrated a fraud that consisted of two coordinated components. First, Jan and Mayor caused SK3 to issue a series of false and misleading press releases announcing that the company entered into the medical marijuana industry and had secured certain acquisitions and agreements valued at millions of dollars. SK3's stock price and trading volume increased significantly as a result of the issuance of these press releases. However, the purported acquisitions and agreements were nothing more than a series of sham transactions designed to create the appearance of positive corporate activity. Second, Jan and Mayor participated in the unlawful issuance of millions of purportedly unrestricted SK3 shares to nominees of Jan. Jan and Mayor instructed the nominees to sell their SK3 shares at inflated prices into the artificially active market that they created. In accordance with a prearranged agreement with Jan, the nominees then sent \$2.3 million from the illegal SK3 stock sale proceeds back to an entity that Jan controlled.

The SEC has issued an [Investor Alert](#) warning about the potential for fraud in microcap companies that claim their operations relate to the marijuana industry. The alert highlights red flags of potential microcap fraud including false or exaggerated press releases.

The SEC's order against Jan requires him to cease-and-desist from committing violations or future violations of the securities offering registration and antifraud provisions of the federal securities laws, imposes a penny stock bar, orders him to pay \$2.33 million in disgorgement plus prejudgment interest, and orders him to pay a civil penalty of \$160,000. The SEC's order against Mayor requires him to cease-and-desist from committing violations or future violations of the securities offering registration and antifraud provisions of the federal securities laws, imposes a penny stock bar with the right to apply for reentry after five years, bars him from serving as an officer or director for a period of five years, and orders him to pay a civil penalty of \$160,000. Both Jan and Mayor consented to the SEC's orders without admitting or denying the SEC's findings.

The SEC's investigation was conducted by Burk Burnett and Scott A. Thompson and supervised by Kelly L. Gibson and G. Jeffrey Boujoukos.

**See also:**     [Order-Henry Lin-Han Jan](#)  
                  [Order-Artemus Mayor](#)