

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101123 / September 20, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22153

In the Matter of

NEWPOINT FINANCIAL CORP.,

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 (the “Exchange Act”) against Newpoint Financial Corp. (“Newpoint” 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 it and the subject matter of these proceedings, which are admitted, 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 finds¹ that:

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.

Summary

1. This matter concerns failures on the part of Newpoint to make filings with the Commission as required under the securities laws. Newpoint failed to file required current reports with the Commission. Specifically, prior to 2021, the company now known as Newpoint was a shell company, kept dormant without engaging in any operations. After Newpoint's management acquired control of the company in September 2020 and Newpoint closed a business transaction in December 2021, Newpoint ceased to be a shell company. Newpoint neglected to file with the Commission a current report on Form 8-K memorializing its change in status from being a shell company to an active entity. Further, on at least five occasions in 2021, Newpoint executed material definitive agreements to acquire stakes in various financial and insurance firms in exchange for large payments relative to Newpoint's total assets, each time without filing with the Commission a current report on Form 8-K disclosing that an agreement had been reached. These failures to file required current reports violated Section 13(a) of the Exchange Act and Rule 13a-11 promulgated thereunder. In addition, two of the agreements should have been disclosed as subsequent events in certain of Newpoint's annual or quarterly filings with the Commission, and Newpoint's failure to do so violated Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder. Separately, Newpoint violated Section 13(a) of the Exchange Act and Rule 13a-13 thereunder when, on two occasions, Newpoint failed to have its auditor review its financial statements prior to making its quarterly periodic filings with the Commission. Specifically, for the first and second quarters of 2021 (the quarters ended March 31, 2021, and June 30, 2021), Newpoint filed quarterly reports with the Commission on Forms 10-Q without having its auditor review Newpoint's financial statements prior to the filing being made. Newpoint also failed to make proper disclosures in its filings with the Commission when changing its auditor in July 2021 in violation of Section 13(a) of the Exchange Act and Rule 13a-11 thereunder.

Respondent

2. **Newpoint Financial Corp.** is a corporation that is incorporated in Delaware with its principal place of business in Beverly Hills, California. Newpoint describes itself as a holding company that aims to strategically invest primarily in regulated entities such as banks and insurance companies. Newpoint has a class of common stock registered under Section 12(g) of the Exchange Act, and its shares ("NPFC") are quoted and traded on OTC Link.

Facts

Newpoint's Undisclosed Agreements with Insurance Companies and Financial Firms

3. Newpoint's senior management—Chief Executive Officer Keith D. Beekmeyer and Chief Risk Officer Andrew M. Bye—reside in the United Kingdom, where their business interests include a financial firm that seeks to provide commercial indemnities and guarantees to insurance companies. In September 2020, as part of their efforts to expand business operations to the United States, Beekmeyer and others arranged a "reverse merger," using a Wyoming-based limited liability company to acquire a controlling stake in a dormant, Delaware-based, publicly traded company and subsequently renamed the firm Newpoint Financial Corp. As a result of this

transaction, Beekmeyer and Bye gained control over a Delaware corporation bearing the name Newpoint Financial Corp., whose shares traded on OTC Markets' pink sheets.

4. Pursuant to its objective of expanding business operations in the United States, Newpoint began executing agreements with insurance companies and financial institutions. These agreements included: (i) an agreement dated April 9, 2021 pursuant to which Newpoint agreed to acquire 75% of a Massachusetts-based broker-dealer for a purchase price of at least \$3 million; (ii) an agreement dated August 20, 2021 pursuant to which Newpoint agreed to acquire an interest in a New Jersey-based insurance company by purchasing 45,000 shares from the insurance company's parent, paying \$1 million per year over a ten-year period for a total price of \$10 million; (iii) an agreement dated October 24, 2021 pursuant to which Newpoint agreed to acquire 10 million shares of the New Jersey-based insurance company's parent for \$10 million, payable in the form of a demand promissory note; (iv) an agreement dated November 16, 2021 pursuant to which Newpoint agreed to purchase 9.9% of a reinsurer affiliated with the New Jersey-based insurance company for a purchase price of \$2,650,000; and (v) an agreement dated December 10, 2021 between Newpoint and a Wyoming-based insurance firm in which Newpoint agreed to acquire a stake in the Wyoming-based firm valued at \$50 million in exchange for secured notes issued by a Newpoint affiliate and an agreement that Newpoint would provide the insurer with a five-year revolving credit facility. Notwithstanding the requirement of Item 1.01 on Form 8-K that a public company disclose that it has entered into a material definitive agreement not made in the ordinary course of business, Newpoint failed to file current reports with the Commission on Form 8-K for all of the above-described agreements. Newpoint also did not file a Form 8-K reflecting the company's change in status from being a shell company as required by Item 5.06 of Form 8-K.

5. Further, with respect to the April 9, 2021 agreement, Newpoint failed to disclose the agreement in its annual report filed with the Commission on Form 10-K on April 15, 2021, notwithstanding the requirement under Generally Accepted Accounting Principles (GAAP) of disclosure of subsequent events that "may be of such a nature that they must be disclosed to keep the financial statements from being misleading." A.S.C. 855-10-50-2 (requiring disclosure of the nature of the subsequent event and an estimate of the financial effect or statement that an estimate cannot be made). Similarly, Newpoint failed to disclose the August 20, 2021 agreement as a subsequent event in its quarterly report for the quarter ended June 30, 2021 filed with the Commission on Form 10-Q on September 7, 2021.

6. Newpoint was obligated to file current reports with the Commission concerning the material agreements it was executing. On October 26, 2021—after three of the agreements described above had been reached but prior to the completion of the final two agreements—Newpoint's auditor emailed two company officers regarding Newpoint's obligation to file Forms 8-K. Newpoint still did not file Forms 8-K for its November 16, 2021 agreement or its December 10, 2021 agreement.

7. Ultimately, Newpoint's business plans did not come to fruition. The Massachusetts-based broker-dealer did not close the transaction with Newpoint. On November 21, 2022, Newpoint entered into a rescission agreement with the New Jersey-insurance company's parent and affiliated reinsurance company, and Newpoint's initial deposit of \$1 million was

returned. With respect to the transaction with the Wyoming-based insurer that closed in December 2021, Newpoint and the insurer entered into a modification and release agreement whereby the transaction was retroactively rescinded. While Item 1.02 on Form 8-K requires disclosure of a material definitive agreement which was not made in the ordinary course of business of the public company and to which the public company is a party is terminated, Newpoint did not file current reports on Form 8-K regarding the termination of these agreements.

Newpoint's Deficient Forms 10-Q for the First and Second Quarters of 2021

8. For both the first and second quarters of 2021 (ended March 31 and June 30, 2021), Newpoint filed with the Commission its Form 10-Q without the company's interim financial statements contained in the filing being reviewed by Newpoint's independent auditors, as is required by Regulation S-X. Emails from the time period between the filing of the Form 10-Q for the first quarter of 2021 and the filing of the Form 10-Q for the second quarter of 2021 indicate that Newpoint's management, including Beekmeyer, were aware that Newpoint had neglected to have its auditor review its financial statements prior to the filing of the Form 10-Q. Notwithstanding Newpoint's awareness of this obligation, Newpoint still filed its Form 10-Q for the second quarter without having its auditor review the company's interim financial statements.

9. Newpoint changed its auditor in July 2021 and, on November 9, 2021, Newpoint filed with the Commission a current report on Form 8-K stating that the Forms 10-Q for the first and second quarter could not be relied upon. The Form 8-K described several deficiencies with the filings, including that neither was reviewed by Newpoint's auditor. On November 15, 2021, Newpoint filed an amended Form 10-Q for both the first and second quarter.

Newpoint's Insufficient Disclosure When Changing Its Auditor

10. In July 2021, Newpoint changed its auditor. On July 23, 2021, Newpoint filed with the Commission two Forms 8-K each with Item 5.07 *Submission of Matters to a Vote of Security Holders*. The first announced that Newpoint was terminating its relationship with its existing auditing firm, citing the need to appoint a larger firm due to envisaged company expansion. The second announced the appointment of a new auditing firm. Newpoint did not file with the Commission a Form 8-K Item 4.01 *Changes in Registrant's Certifying Accountant* and did not otherwise disclose the information required by Regulation S-K. Significantly, Newpoint failed to include, pursuant to Item 304 of Regulation S-K, a letter from its former auditor attesting to the accuracy of Newpoint's description of the change and the reasons for it. Nearly nine months later, on April 15, 2022, Newpoint filed with the Commission an annual report on Form 10-K for the year ended December 31, 2021 which included disclosures under Item 9 concerning the dismissal of the former auditing firm and the engagement of the new auditor. Exhibit 16.1 to the Form 10-K is a letter from the former auditing firm describing that the Form 10-Q for the first quarter was filed without its consent. By failing to provide the proper disclosure concerning its change in auditor, including the letter from the outgoing auditor, Newpoint delayed disclosing that it had failed to comply with Regulation S-X in filing its 2021 first quarter Form 10-Q without Newpoint's auditor reviewing the company's financial statements.

Violations

11. As a result of the conduct described above, Newpoint violated Section 13(a) of the Exchange Act, which requires publicly-traded companies (sometimes referred to as “issuers” of securities) with securities registered under Section 12 of the Exchange Act to file with the Commission such information and documents as the Commission may require in accordance with such rules and regulations as the Commission may prescribe, along with Exchange Act Rules 13a-1, 13a-11, and 13a-13 and Rule 8-03 of Regulation S-X. Exchange Act Rule 13a-11 sets forth the requirements concerning issuers’ filing of current reports, while Rules 13a-1 and 13a-13 concern the filing of annual and quarterly reports. Rule 8-03 of Regulation S-X requires the interim financial statements of a smaller reporting company included in Form 10-Q to be reviewed by an independent public accountant. Here, Newpoint violated Section 13(a) and Rule 13a-11 thereunder by failing to file Forms 8-K disclosing the five definitive material agreements the company reached in 2021, the termination of those agreements in 2022, Newpoint’s change in status when it ceased being a shell company, and changes in and disagreements with its certifying accountant. In addition, Newpoint violated Section 13(a) and Rules 13a-1 and 13a-13 by failing to file an annual report on Form 10-K and a quarterly report on Form 10-Q that accurately reflected subsequent events that should have been disclosed pursuant to A.S.C. 855-10-50-2. Newpoint further violated Section 13(a), along with Rule 13a-13 and Rule 8-03 of Regulation S-X, by failing to have its interim financial statements accompanying its quarterly filings for the first two quarters of 2021 reviewed by the company’s independent auditor.

IV.

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

Accordingly, pursuant to Sections 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Newpoint cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act, Rules 13a-1, 13a-11, and 13a-13 thereunder, and Rule 8-03 of Regulation S-X.

B. Respondent Newpoint shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$250,000 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 the Respondent and the file number of the proceedings; a copy of the cover letter and check or money order must be sent to Celia D. Moore, Assistant Director, Securities and Exchange Commission, 33 Arch Street, Boston, MA 02110, or such other address as the Commission staff may provide.

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, it shall not argue that it is entitled to, nor shall it 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 it 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.

By the Commission.

Vanessa A. Countryman
Secretary