

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

**ADMINISTRATIVE PROCEEDING  
File No. 3-16795**

In the Matter of  
  
Joseph J. Fox,  
  
Respondent.



**DIVISION OF ENFORCEMENT'S  
MOTION FOR SUMMARY DISPOSITION AND BRIEF IN SUPPORT**

Anne C. McKinley  
Jedediah B. Forkner  
Division of Enforcement  
U.S. Securities and Exchange Commission  
175 West Jackson Boulevard, Suite 1450  
Chicago, IL 60604

COUNSEL FOR  
DIVISION OF ENFORCEMENT

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**DIVISION OF ENFORCEMENT'S**  
**MOTION FOR SUMMARY DISPOSITION**


The Division of Enforcement ("Division"), pursuant to Rule 250 of the Securities and Exchange Commission's Rules of Practice, 17 C.F.R. § 201.250, and in accordance with this Court's Prehearing Order dated March 14, 2019, hereby moves for summary disposition against Respondent Joseph J. Fox.

The Division respectfully submits that summary disposition is appropriate and that the Court should enter an order pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 barring Respondent Joseph J. Fox from association with any broker, dealer, investment adviser, municipal securities advisor, transfer agent, or nationally recognized statistical rating organization and from participating in any offering of a penny stock, with the right to apply for reentry after five years to the appropriate self-regulatory organization, or if there is none, to the Securities and Exchange Commission.

In support of this Motion, the Division offers the accompanying Memorandum of Law.

Dated: April 17, 2019

Respectfully submitted,

A handwritten signature in cursive script, reading "Jeddiah B. Forkner", is written over a horizontal line.

Jeddiah B. Forkner  
Counsel for Division of Enforcement  
Securities and Exchange Commission  
175 West Jackson Boulevard, Suite 1450  
Chicago, Illinois 60604  
Telephone: 312.886.0883  
Fax: 312.353.7398

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**DIVISION OF ENFORCEMENT'S**  
**MEMORANDUM OF LAW IN SUPPORT**  
**OF ITS MOTION FOR SUMMARY DISPOSITION**

Pursuant to Rule 250 of the Securities and Exchange Commission's Rules of Practice, the Division of Enforcement ("the Division") respectfully submits this Memorandum of Law in Support of its Motion for Summary Disposition against Respondent Joseph J. Fox ("Fox" or "Respondent").

**I.e PRELIMINARY STATEMENTe**

On September 8, 2015, the Securities and Exchange Commission ("Commission")e entered an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("OIP"). The OIP gave effect to the Division's and Fox's agreement to resolve these proceedings pursuant to a bifurcated process under which Fox consented (i) to an order imposing a cease-and-desist order prohibiting him from committing or causing any violations and any future violations of Section 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") and requiring him to pay disgorgement of \$125,210, prejudgment interest of \$5,426 and a civil

penalty of \$75,000; and (ii) to additional proceedings to determine what, if any, additional remedial sanctions pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) are in the public interest.

Just days after these proceedings commenced, Fox and his company issued a press release and sent an e-mail message to investors stating that they had “been vindicated” and that their settlements with the Commission involved only “inadvertent technical rules violations.” In the e-mail message, Fox went on to describe how he and the company planned to raise additional funds through a crowdfunding campaign. Fox’s actions demonstrated that he does not appreciate the importance of the securities registration provisions and that an order barring him from participating in the securities industry is in the public interest.

The Division now moves for summary disposition and an order barring Fox from association with any broker, dealer, investment adviser, municipal securities advisor, transfer agent, or nationally recognized statistical rating organization and 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, with the right to apply for reentry after five years to the appropriate self-regulatory organization, or if there is none, to the Commission. In connection with these proceedings, Fox has agreed that: (i) he will be precluded from arguing that he did not violate the federal securities laws as described in the OIP; (ii) he may not challenge the validity of the OIP; (iii) the findings of the OIP shall be accepted as and deemed true by the hearing officer; and (iv) the hearing officer may determine the issues raised in the additional proceedings on the basis of



affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence or in-person testimony at a public hearing. (OIP at Section V.)

The parties' settlement agreement established a set of undisputed facts as detailed in the OIP and resolved all issues except for the remedial sanctions to be imposed under Section 15(b)(6) of the Exchange Act. Given the limited scope of these proceedings, summary disposition is appropriate.

## **II. STATEMENT OF UNDISPUTED FACTS**

Fox was the Chief Executive Officer of Ditto Holdings and served as the Chief Executive Officer of Ditto Trade, Inc., a registered broker-dealer, from its inception in 2010 until December 2014. (OIP at ¶ 1.) He also was a registered representative with Ditto Trade from 2010 to December 2014. (Id.) During that time he held the following FINRA licenses: Series 7 (General Securities Representative), Series 24 (General Securities Principal), Series 28 (Introducing Broker/Dealer Financial and Operations Principal) and Series 63 (Uniform Securities Agent State Law Examination). (Id.)

Ditto Holdings was not Fox's first experience in the securities business. Fox began his career in the securities industry in the early 1990's as a full-time trader. (See David H. Freedman, *Herd on the Street*, Forbes, June 1, 1998, available at [https://www.forbes.com/asap/1998/0601/039\\_print.html](https://www.forbes.com/asap/1998/0601/039_print.html).) In 1996, Fox co-founded Web Street Securities, a registered broker-dealer, and raised at least \$10 million from sixty investors. (Id.) Fox took the company public in 1999. (Fox Tr. at 29, attached as Exhibit 2.) In 2005, Fox co-founded Iggys House, Inc., an online real estate company. (Id. at 30-33.) Fox raised several million dollars for Iggys House through private placements before trying to take it public in 2007. (Id.; See also Form D filings attached as Exhibit 3.) According to Fox, he relied on Rules

504 and 506 under Regulation D to provide an exemption from the registration requirements for all of the securities offerings made by his companies. (Exhibit 2, Fox Tr. at 85.)

As Chief Executive Officer and a member of the Board of Directors of Ditto Holdings, Fox played an integral role in Ditto Holdings' efforts to raise capital. (OIP at ¶ 3.) Among other things, Fox was involved in determining when Ditto Holdings would offer to sell securities, what types of securities it would offer to sell, the terms of the securities offerings, and the manner in which the securities offerings would be communicated to potential investors. (Id.)

From April 2009 to September 2013, Ditto Holdings raised approximately \$10 million from more than 200 investors located throughout the United States through a series of common and preferred stock offerings. (OIP at ¶ 4.) At least 54 non-accredited investors purchased securities from Ditto Holdings during that period. (Id.) No registration statement was filed in connection with any of Ditto Holdings' securities offerings and an exemption from registration was not available for all of the transactions. (Id. at ¶ 10.)

Ditto Holdings did not maintain a complete and accurate set of financial records from its inception through at least September 2013, and it did not regularly prepare financial statements during that time period. (OIP at ¶ 5.) It never had an audit performed on any of its financial statements. (Id.) Ditto Holdings did not provide offering documents to everyone who was offered the opportunity to purchase its securities, and the offering documents that were distributed did not include financial statements or certain other required financial information about Ditto Holdings. (Id. at ¶ 6.)

Beginning in August 2012, Ditto Holdings entered into a series of agreements with Marc S. Mandel ("Mandel"), under which Mandel agreed to provide a number of services to Ditto Holdings. (OIP at ¶ 7.) Mandel also hosted a radio program, on which Ditto Trade advertised,

and distributed an investing newsletter. (Id.) Mandel introduced his newsletter subscribers to Ditto Holding's securities offerings. (Id.) From September 2012 to September 2013, Ditto Holdings paid Mandel at least \$265,000 and granted him warrants to purchase more than 800,000 shares of Ditto Holdings' common stock at a favorable exercise price. (Id.) Mandel sent numerous e-mails to his roughly 350 newsletter subscribers about Ditto Holdings and hosted a series of online webinars and in-person meetings for investors with Fox. (Id. at ¶ 8.) From late 2012 to September 2013, more than 70 of Mandel's subscribers purchased securities from Ditto Holdings at a total cost of approximately \$3.7 million. (Id. at ¶ 9.)

At the time that Ditto Holdings was formed in 2009, it issued shares of common stock to its founders, including Fox. (OIP at ¶ 11.) Beginning in February 2013, Fox discussed with Mandel whether any of Mandel's newsletter subscribers were interested in purchasing any of Fox's personal shares of Ditto Holdings stock. (Id. at ¶ 12.) Fox provided Mandel with a stock purchase agreement, which included instructions for how to wire investment funds to Fox, and told Mandel that the stock purchase agreement was the only document interested purchasers would need to complete. (Id.)

In March 2013, Mandel began sending e-mails to some of his roughly 350 newsletter subscribers praising Ditto Holdings and telling them about the opportunity to buy Fox's shares of Ditto Holdings stock. (OIP at ¶ 13.) When individuals indicated an interest in buying Fox's shares of Ditto Holdings stock, Mandel provided them with a copy of the stock purchase agreement and told them to contact Fox if they needed more information. (Id.) From April 2013 to July 2013, approximately 28 of Mandel's subscribers purchased approximately 1.21 million shares of stock from Fox at a total cost of approximately \$1.25 million. (Id. at ¶ 14.) During the same period, Fox paid Mandel at least \$124,000 in three installments. (Id. at ¶ 15.) The

payments Fox made to Mandel corresponded to roughly 10% of the amount of Fox's sales. (Id.) Fox described these payments to Mandel as a gift. (Exhibit 2, Fox Tr. at 196-99.)

Neither Fox nor anyone acting on his behalf took any steps to determine whether any of the individuals who purchased Fox's shares of Ditto Holdings stock were sophisticated investors. (OIP at ¶ 16.) In fact, at least two of the purchasers had previously identified themselves to Ditto Holdings as non-accredited investors. (Id.) In addition, the investors were not given any access to financial statements or other required information about Ditto Holdings in connection with Fox's sales of his Ditto Holdings common stock. (Id. at ¶ 17.) No registration statement was filed in connection with any of Ditto Holdings' securities and no exemption from registration was applicable to Fox's sales. (Id. at ¶ 18.)

Three days after the OIP was entered, Fox and Ditto Holdings issued a press release stating that their settlements with the Commission involved "inadvertent rules issues." (See Wert Decl., attached as Exhibit 1.) The following week, Fox sent an e-mail message to Ditto Holdings' investors including a link to the press release and stating that he and the company had "been vindicated" [by the OIP] and that "the SEC backed into what we consider inadvertent technical rules violations." (Id.)

In December 2014, Fox voluntarily withdrew his FINRA licenses and informed the Division staff that he had no intention of working in the brokerage industry going forward. (See Exhibit 4.) However, less than one year later, Fox applied to FINRA for a Financial and Operations Principal license. (See Exhibit 5.) In December 2015, Ditto Trade filed a Form BDW to withdraw its broker-dealer registration. (See Exhibit 6.) Shortly thereafter, Ditto Trade shut down completely. (See Lynne Marek, *Why these investors are frustrated with this trading firm founder*, Crain's Chicago Business, June 11, 2016, available at

<https://www.chicagobusiness.com/article/20160611/ISSUE01/306119994/serial-entrepreneur-joseph-fox-upsets-investors-including-larry-wert.>) On August 22, 2016, FINRA barred Fox from associating with any FINRA member firm for failing to respond to a request for information. (See BrokerCheck, available at <https://brokercheck.finra.org.>)

Despite the Commission's repeated demands, Fox has not made any payments towards the disgorgement, pre-judgment interest or civil penalty ordered in this case. (See Sohrn Decl., attached as Exhibit 7.)

### **III. ARGUMENT**

#### **A. Summary Disposition is Appropriate**

Rule 250(a) of the Commission's Rules of Practice permits a party, with leave of the hearing officer, to move for summary disposition on any or all of the OIP's allegations. In its Prehearing Order dated March 14, 2019, the Court granted the Division leave to file a motion for summary disposition against Fox.

A motion for summary disposition should be granted when there is "no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law." Rule of Practice 250(a). To defeat such a motion, the opposing party must demonstrate with specificity a genuine issue for a hearing and "may not rest upon the mere allegations or denials of its pleadings." See In the Matter of Currency Trading Int'l, Inc., Initial Decision Rel. No. 263, 2004 WL 2297418, at \*2 (Oct. 12, 2004).

The Commission's OIP and the parties' settlement agreement established a set of undisputed facts as detailed in the OIP. The findings of the OIP shall be accepted as and deemed true by this Court for the purposes of these proceedings. As a result, there are no material facts in dispute, and summary disposition is appropriate.

**B. Collateral and Penny Stock Bars with the Right to Apply for Reentry after Five Years are Appropriate Against Foxe**

In light of the parties' settlement agreement and the terms of the OIP, the only issue to be decided in these proceedings is what remedial sanctions should be imposed against the Respondent pursuant to Section 15(b)(6) of the Exchange Act. Under Section 15(b)(6), the Commission may impose industry and penny stock bars if: (i) Fox willfully violated the federal securities laws; (ii) Fox was associated with a broker or dealer at the time of his misconduct; and (iii) the bars are in the public interest. 15 U.S.C § 78o(b)(6). The Commission found and Fox agreed not to contest that Fox willfully violated the federal securities laws and that he was associated with Ditto Trade, a registered broker-dealer, at the time that he engaged in the misconduct. Therefore, the Court need only determine whether bars are in the public interest.

To determine whether a sanction is in the public interest in accordance with Section 15(b)(6) of the Exchange Act, the Commission considers "the factors identified in *Steadman v. SEC*: the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his conduct, and the likelihood that the respondent's occupation will present opportunities for future violations." In the Matter of Gary M. Kornman, Exchange Act Rel. No. 59403, 2009 WL 367635, at \*6 (Feb. 13, 2009). The inquiry is a flexible one and no one factor is dispositive. In the Matter of Ronald S. Bloomfield, Robert Gorgia and John Earl Martin, Sr., Securities Act Rel. No. 9553, 2014 WL 768828, at \*18 (Feb. 27, 2014); Kornman, 2009 WL 367635, at \*6, 11. The Commission also considers the age of the violation and the degree of harm to investors and the marketplace resulting from the violation. In the Matter of Marshall E. Melton, Advisers Act Rel. No. 2151, 2003 SEC LEXIS 1767, at \*4-5 (July 25, 2003). Additionally, the Commission considers the extent to which

the sanction will have a deterrent effect. In the Matter of Schield Mgmt. Co., Exchange Act Rel. No. 53201, 2006 SEC LEXIS 195, at \*35 & n.46 (Jan. 31, 2006). The Steadman factors weigh in favor of entering associational and penny stock bars against Fox.<sup>1</sup>

**i.e Fox's Conduct was Egregious**

Fox's violations of the securities registration requirements were egregious. In leading Ditto Holdings' securities offerings, not only did Fox fail to ensure that non-accredited investors received the financial information that they were entitled to, but he also failed to ensure that Ditto Holdings maintained complete and accurate financial records. In connection with his personal sales, Fox did not take any steps to determine whether the investors who purchased his personal shares of Ditto Holdings stock were sophisticated or provide them with access to financial statements or other required information about Ditto Holdings. Instead, he simply sold as much stock as he could by using a newsletter service to locate potential buyers. Fox harmed investors by failing to provide them with the information that they were entitled to and that they needed in order to make fully informed investment decisions. See In the Matter of Gordon B. Pierce, Exchange Act Rel. No. 71664, 2014 WL 896757, at \*23 (Mar. 7, 2014) (finding that selling stock without registration "caus[ed] harm to investors and the marketplace by depriving investors of the full disclosure that would have allowed them to make informed investment decisions.") Without the benefit of this information, the investors bought shares in a company that went out of business within just a few years.

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<sup>1</sup> Ditto Holdings' stock was a penny stock. A stock priced at less than five dollars per share can be a penny stock, even if it is not traded publicly. 17 C.F.R. § 240.3a51-1. At no time did Ditto Holdings' stock sell for more than five dollars per share, and there is no evidence to suggest that Ditto Holdings met any of the other criteria specified in 17 C.F.R. § 240.3a51-1 that would prevent its stock from being considered a penny stock.

**ii. Fox's Violations were Recurrent**

Fox's violations were not isolated, but rather they were frequent and continued over the course of more than four years. Fox assisted Ditto Holdings in selling roughly \$10 million of unregistered securities to more than two hundred investors, including more than 50 non-accredited investors through several separate securities offerings. He also illegally sold roughly \$1.25 million of unregistered securities to 28 investors for his own benefit.

**iii. Fox Acted with Scienter**

As a securities professional, Fox was required to be knowledgeable about regulatory requirements and to comply with those requirements. See In the Matter of Abraham and Sons Capital, Inc., Exchange Act Rel. No. 44624 (July 31, 2001) ("Securities professionals are required to be knowledgeable about, and to comply with, the regulatory requirements to which they are subject."); see also In the Matter of Jacob Wonsover, Exchange Act Rel. No. 41123 (Mar. 1, 1999) ("Members of the securities industry agree to be subject to the statutes, rules, and regulations administered by the Commission and self-regulatory organizations, and, before entering the business, generally must apply for registration and pass examinations demonstrating their knowledge of the securities laws. Thereafter, these professionals are subject to ongoing obligations to secure compliance with the law in order to protect public investors from illegality."). Securities professionals play a vital role in the operation of the securities markets, and it is imperative that they know and follow the rules. Fox's failure to be knowledgeable about, and to comply with, the registration provisions establishes recklessness. Reckless disregard of the registration requirements is sufficient to warrant a bar. See In the Matter of John A. Carley, Exchange Act Rel. No. 57246, 2008 WL 268598, at \*22, 26 (Jan. 31, 2008).



At the time Fox committed the registration violations at issue in this case, he was an experienced securities professional. Fox founded and operated two separate brokerage firms over his career and worked for several others. (See BrokerCheck, available at <https://brokercheck.finra.org>.) He raised tens of millions of dollars for three separate companies through private placements, all while purporting to rely on the exemptions under Rules 504 and 506 of Regulation D. Fox did not fulfill basic requirements of those exemptions in connection with the funds he raised for Ditto Holdings. He held various FINRA licenses between 1993 and 2003, including licenses required to exercise supervisory responsibility. In addition, Fox held the following FINRA licenses from 2010 to 2014, the time period of the conduct at issue in this case: Series 7, Series 24, Series 28, and Series 63.

In light of his credentials and experience, Fox must have known the basic requirements for complying with the securities registration provisions and foreseen the risk of violating those provisions by selling securities to non-accredited investors. Nevertheless, Fox repeatedly violated the registration provisions over the course of several years by selling millions of dollars of unregistered securities to hundreds of investors without complying with any exemption from registration. There is no dispute that Fox knew that Ditto Holdings was selling securities to non-accredited investors as Ditto Holdings made a series of Form D filings claiming that its offerings were exempt under Rule 506 and reporting that it sold securities to non-accredited investors.<sup>2</sup> Further, Fox did not take any steps to determine whether any of the individuals who purchased his personal shares of Ditto Holdings stock were sophisticated investors.

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<sup>2</sup> See Ditto Holdings' Form D filings (available at <http://www.sec.gov/cgi-bin/browse-edgar?company=Ditto+Holding&owner=exclude&action=getcompany>).

**iv. Fox Failed to make Sincere Assurances against Future Violations and to Recognize the Wrongful Nature of his Conduct**

Just days after the OIP was entered, Fox and Ditto Holdings issued a press release stating that their settlements with the Commission involved “inadvertent rules issues” and sent an e-mail message to Ditto Holdings’ investors stating that he and the company had “been vindicated” and that “the SEC backed into what we consider inadvertent technical rules violations.” Further, Fox has not complied with the terms of the settlement agreement in this matter. Fox agreed as part of his offer of settlement to pay disgorgement, prejudgment interest and a civil penalty pursuant to a payment plan with the final payment due on June 18, 2016. (OIP at 5.) To date, Fox has not made any payments toward these obligations.

**v. Fox’s Occupation will Present Opportunities for Future Violations**

Fox has spent the majority of his career in the brokerage industry and raising money in the capital markets. Fox began his career in the securities industry more than 20 years ago, and since that time he has founded and controlled two separate brokerage firms, held various FINRA licenses, including supervisory licenses, and raised tens of millions of dollars for three separate companies through private placements. Although Fox may claim that he has no present intention of working in the securities industry again, there is reason to doubt that claim. In December 2014, Fox withdrew his FINRA licenses and informed the Division staff that he had no intention of working in the brokerage industry again. However, less than one year later, Fox applied to FINRA for a Financial and Operations Principal license. Given his history, it is reasonable to believe that Fox will attempt to find work in the securities industry or begin raising capital for a new venture in the future and therefore will have myriad opportunities to commit future violations.

**vi. Collateral and Penny Stock Bars would Serve Remedial and Deterrent Purposes**

The collateral and penny stock bars would serve a remedial purpose by preventing Fox from again placing investors at risk through the unlawful distribution of unregistered securities and serve as a deterrent to other registered representatives who might engage in similar conduct. See, e.g., In the Matter of Charles F. Kirby and Gene C. Geiger, Securities Act Rel. No. 8174, 2003 WL 71681, at \*11 (Jan. 9, 2003) (“By requiring respondents' removal from the securities industry for a substantial period of time, we hope to impress upon respondents the importance of the regulatory requirements they violated and, thereby, help to ensure their compliance in the event they subsequently are permitted to return to the industry.”); Bloomfield, Securities Act Rel. No. 9553, 2014 WL 768828, at \*18 (citing McCarthy v. SEC, 406 F.3d 179, 190 (2d Cir. 2005)) (barring two registered individuals from associating with a broker or dealer and from participating in penny stock offerings based on their violations of Section 5 and aiding and abetting other violations and noting that the deterrent value is a relevant factor in deciding sanctions).

**vii. Five-Year Industry and Penny Stock Bars are in Line with Commission Precedent**

Fox violated the key provisions of the federal securities laws governing investor access to information relating to their investment decisions. “The registration provisions are a keystone of the entire system of securities regulation, and set forth basic requirements for the protection of investors.” Sirianni v. SEC, 677 F.2d 1284, 1289 (9<sup>th</sup> Cir. 1982). Fox’s misconduct is not, as he told his investors, limited to “technical rules violations.” The Commission has found in both litigated and settled cases that industry and penny stock bars are in the public interest when individuals violate the non-fraud provisions of the federal securities laws, including Section 5 of the Securities Act. See, e.g., In the Matter of Allen M. Perres, Securities Act Rel. No. 79858 (Jan.

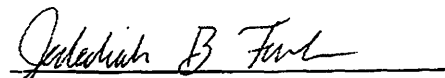
23, 2017) (litigated action for violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act imposing industry and penny stock bars with a right to reapply after five years); Kirby, Securities Act Rel. No. 8174, 2003 WL 71681, at \*10-11 (litigated action for violations of Sections 5(a) and 5(c) of the Securities Act barring two registered individuals from associating with a broker or dealer and from participating in penny stock offerings with a right to reapply after five years); In the Matter of Manhattan Transfer Registrar Company and John C. Ahearn, Securities Act Rel. No. 10497 (May 17, 2018) (settled action for violations of Sections 5(a) and 5(c) of the Securities Act imposing industry bar with right to reapply after five years); In the Matter of Robert L. Baker, et al., Securities Act Rel. No. 10471 (Mar. 22, 2018) (settled action for violations of Sections 5(a) and 5(c) of the Securities Act and Section 15(a) of the Exchange Act imposing industry bars); In the Matter of Robert Patrick Stephens, Securities Act Rel. No. 9461, 2013 WL 5427958 (Sept. 30, 2013) (settled action for violations of Sections 5(a) and 5(c) of the Securities Act imposing industry and penny stock bars); In the Matter of Joseph A. Padilla, Exchange Act Rel. No. 66683, 2012 WL 1066120 (Mar. 29, 2012) (settled action imposing industry bar with a right to reapply after three years after entry of permanent injunction for violations of Sections 5(a) and 5(c) of the Securities Act); In the Matter of Gary J. Yocum, Exchange Act Rel. No. 66682, 2012 WL 1066119 (Mar. 29, 2012) (settled action imposing industry bar with a right to reapply after three years after entry of permanent injunction for violations of Sections 5(a) and 5(c) of the Securities Act).

#### IV. CONCLUSION

For these reasons, the Division hereby respectfully requests that the Court issue an order barring Fox from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in any offering of penny stock, with the right to apply for reentry after five years.

Dated: April 17, 2019

Respectfully submitted,



Jeddiah B. Forkner  
Counsel for Division of Enforcement  
Securities and Exchange Commission  
175 West Jackson Boulevard, Suite 1450  
Chicago, Illinois 60604  
Telephone: 312.886.0883

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-16795

In the Matter of

JOSEPH J. FOX,

Respondent.

CERTIFICATE OF SERVICE

Jedediah B. Forkner, an attorney, certifies that on April 17, 2019, he caused true and correct copies of the Division of Enforcement's Motion for Summary Disposition to be served on Respondent Joseph J. Fox by electronic mail and by UPS Overnight Delivery at the following addresses:

Mr. Joseph J. Fox

██████████, ██████████  
Long Beach, CA ██████████

██████████@gmail.com

By:



Jedediah B. Forkner  
Counsel for Division of Enforcement  
Securities and Exchange Commission  
175 West Jackson Boulevard, Suite 1450  
Chicago, Illinois 60604  
Telephone: 312.886.0883  
Fax: 312.353.7398

Dated: April 17, 2019

**EXHIBIT 1**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16795**

<p><b>In the Matter of</b></p> <p style="text-align:center"><b>Joseph J. Fox,</b></p> <p><b>Respondent.</b></p>
---

**DECLARATION OF LAWRENCE J. WERT**

LAWRENCE J. WERT, pursuant to 28 U.S.C. § 1746, declares:

1.i I am a resident of Riverside, Illinois, and I am employed by Tribune Media Company.

2.i I have been a shareholder of Ditto Holdings, Inc. (now known as SoVesTech, Inc.) since 2010. As a shareholder, I receive correspondence about Ditto Holdings, Inc. from Joseph J. Fox ("Fox") from time to time.

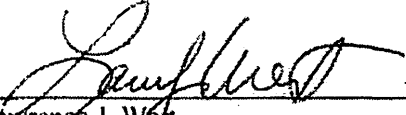
3. On September 16, 2015, Fox sent me an e-mail message with the subject "Vindication and Road-map for Shareholder Liquidity." It is my understanding that this message was sent to several, if not all, of Ditto Holdings, Inc.'s shareholders. A copy of this e-mail message is attached to this Declaration as Exhibit A.

4.i The e-mail message that I received from Fox on September 16, 2015 contained a link to a press release issued by Ditto Holdings, Inc. on September 11, 2015. I accessed the press release by clicking on the link in the e-mail message. The press release was titled "SoVesTech Vindicated Against Bad-Faith 'Whistleblower' by Settlement of SEC Administrative Proceeding." A copy of this press release is attached to this Declaration as Exhibit B.



I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 27, 2015.

  
\_\_\_\_\_  
Lawrence J. West

**EXHIBIT A**

**TO**

**DECLARATION OF LAWRENCE J. WERT**

From: Joe Fox [mailto:jfox@sovestech.com]  
Sent: Wednesday, September 16, 2015 2:58 AM  
To: Joe Fox <jfox@sovestech.com>  
Subject: Vindication and Road-map for Shareholder Liquidity.

Dear Fellow Shareholder,

I am pleased to provide you with this very important shareholder update. In this update, I am going to cover 1) Vindication through the SEC settlement, 2) our Crowd Funding strategy, 3) a detailed road-map to shareholder liquidity, and 4) our consolidated company audit.

### Vindication

I am very pleased to report that our settlement with the SEC is official. SoVesTech and I have been vindicated against all of [REDACTED] assertions to the SEC, our shareholders and the financial community. We have put out a press release letting the business world know.

<http://www.ireachcontent.com/news-releases/sovestech-vindicated-against-bad-faith-whistleblower-by-settlement-of-sec-administrative-proceeding-526790091.html>

After a very thorough investigation of [REDACTED] disingenuous claims of fraud and dishonesty against me and the Company, the SEC chose to not pursue any of [REDACTED] claims. This decision came after FINRA had determined, following its own 18 month investigation, that it was not going to pursue any claims against me or the Company and that they were going to defer completely to the SEC. These favorable determinations also come after a four month, exhaustive independent investigation that found no basis for [REDACTED] bogus claims.

After 18 months of investigation, the SEC backed into what we consider inadvertent technical rules violations that were NEVER raised by [REDACTED] at any time. The settlement agreement order is clear that we are not admitting or denying the findings in the order.

The settlement states that the Company and I did not provide sufficient financial disclosures in certain private offerings that were extended primarily to accredited investors, but which ultimately included some non-accredited investors. Participation by non-accredited investors triggered a heightened disclosure standard.

While this is a far cry from [REDACTED] knowingly false claims of fraud and dishonesty, we still might have fought for a different outcome under other circumstances - especially since the level of disclosures were consistent with the way we have done it for 20 years with no issues (including taking Web Street public). However, the SEC was not going to finalize the Company's settlement until mine was settled as well. So, I chose to not drag out my negotiations for the betterment of the Company.

The Company and I both agreed that we would no longer accept investments from non-accredited investors without providing all required disclosures. The Company agreed to pay a fine of \$50,000 consisting of three payments of \$16,666 each over the next 4 ½ months. I personally agreed to pay a fine of \$205,000. While that is definitely a lot of money, it is a fraction of the value the Company could have with the SEC issue behind us.

The Company's regulatory battle is over.

## **Crowdfunding**

As you will see by our Road-map to Liquidity below, we have a capital raising strategy that includes an aggressive crowdfunding campaign. (This should not be confused with a "Kickstarter" type of campaign for an independent movie or novel invention. That type of crowdfunding does not involve the purchase or exchange of equity in a company.)

With the passing of the "Jobs Act", companies can for the first time advertise their investment opportunity. This means that we will be able to solicit millions of potential investors who would normally never have the chance to invest in an online stock brokerage firm with innovative "robo-advising" technology.

Understand that unlike traditional private offerings, there is a regulatory process for us to launch a crowdfunding campaign.

Here is what we are contemplating:

Purchase price per share of common would be **\$1.00**

Minimum investment would only be **\$5,000**

For every \$5,000 invested, buyer receives **\$1,000** in commission free trades that can be shared with friends and family

Investors can gift portions of their commission credit to a charitable origination in the form of shares

Investments can be made in a Ditto Trade IRA account

Lastly, we would consider listing our shares on the OTCBB (see below)

The website SeedInvest.com has a nice article on the new Crowdfunding rules:

<http://www.seedinvest.com/blog/regulation-a-equity-crowdfunding-rules/>

### **Road-map to Shareholder Liquidity**

In the past, I have always been a bit reluctant to discuss liquidity options. I never wanted to make a promise of an IPO, or a large buyout (and I am not doing so now). However, after all of what our shareholders have been through, and what has been 5 years for some, I want to make something perfectly clear. We are going to do all we can to give our shareholders liquidity (with the best results) as soon as possible.

I want to walk you through our plan to get each of you liquidity on your investment. Remember, there is absolutely no guarantees.

### ***Capital Raising***

Step 1: We anxiously need to regain our footing. We need to raise **\$150,000 - \$300,000** over the next 1-2 weeks. This will allow us to make some much needed A/P payments and to make a few very important hires.

Step 2: We hope to raise **\$1,500,000 - \$3,000,000** through a very aggressive crowdfunding effort. After all, social investing is in our DNA. We would hope to have this completed by the end of November. This will allow us to begin moving down all aspects of our comprehensive business plans. (More about our crowdfunding plans below.)

Step 3: We hope to raise **\$10,000,000+** from institutional investors by Spring 2016. This will allow us to fully execute on our business plan throughout 2016.

### ***Liquidity***

Option 1: With the above capital raising effort, we believe that we can show some exceptional growth. If so, we will take a hard look at taking the Company public (IPO) before the end of 2016.

Option 2: If an IPO is not in the cards, we plan to seriously explore a strategic sale of all, or a meaningful portion of the Company. In a partial sale, all shareholders who were interested would have the opportunity to sell some of their shares to a large institutional investor or strategic partner.

Option 3: Depending on the success of our crowdfunding effort, we are going to consider listing our shares to trade on the OTCBB (Over the Counter Bulletin Board) as early as the first quarter of 2016. While a traditional IPO is always preferable, we believe that our partnerships and social strategy gives us a greater opportunity than most to have price appreciation on the OTCBB. We would also have a real opportunity to matriculate our stock listing to the NASDAQ itself.

I mention these various options not to guarantee one outcome or the other, but rather to let you know that we recognize the importance of affording liquidity to our shareholders, and we are focused on finding the most effective avenue to accomplish that.

### **Consolidated Company Audit**

I am pleased to provide you with the consolidated Company audit for 2012-2014. As you can imagine, even though we have had our brokerage firm audited since 2010, this took an incredible amount of work. I firmly believe that for us (and other tech companies) having audited financials are as important as what is inside them. With the new rules, companies with audited financial statements can raise as much as \$50 million through crowdfunding.

Also, we have chosen to not capitalize our software. Meaning the millions spent on developing our technology does not show up as an asset (less annual depreciation). It shows up as an expense. Therefor it increases the Net Operating Loss.

### **One More Thing**

Through the trial and tribulation of these investigations, most of our shareholders never doubted the truth. We appreciate the heartfelt support you have given me and the company.

However, there were a few shareholders that were seemingly impressed by [REDACTED] blue-chip Wall Street resume and patrician bearing, who unfortunately took his words at face value. This appears to have led several shareholders to not participate in the Rights Offering. For those, I am sure that the SEC resolution will be bitter sweet. Understand that I would change this if I could.

Regards,

Joseph J. Fox

Chief Executive Officer

**EXHIBIT B**  
**TO**  
**DECLARATION OF LAWRENCE J. WERT**





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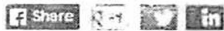
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## SoVesTech Vindicated Against Bad-Faith "Whistleblower" by Settlement of SEC Administrative Proceeding



CHICAGO, Illinois, Sept. 11, 2015 /PRNewswire-iReach/ – SoVesTech, Inc., parent Company of online brokerage firm Ditto Trade, announced today that it (as well as CEO Joseph Fox) has settled an Administrative Proceeding with the SEC that was initiated by a former employee.

Today marks two years to the day that a former employee purposefully presented the SEC with false claims of fraud and dishonest business practices against the Company and its CEO Joseph Fox.

"We are not just pleased with our settlement with the SEC, we feel vindicated," stated Stuart Cohn, General Counsel of SoVesTech, Inc. "We also appreciate the thoroughness and professionalism with which the SEC reviewed the evidence."

"Two years ago, our young Company came under attack by a former employee on the verge of termination," exclaimed Joseph Fox, CEO of SoVesTech, Inc. "This individual tried to use the federal government to damage the Company and to impugn my reputation. The Company's settlement, as well as my own, involved inadvertent rules issues that had nothing to do with any of the former employee's false claims."

The Company, without admitting or denying any allegations, agreed to a settlement in which the SEC states that the Company did not provide sufficient financial disclosure in a private offering that was extended primarily to accredited investors, but which included some non-accredited investors whose participation triggered a heightened disclosure standard. The Company agreed that it would no longer accept investments from non-accredited investors without providing all required disclosures, and it agrees to pay a fine of three payments of \$16,666 each.

While the Dodd-Frank law unfortunately does not provide for penalties for making false whistleblower claims, the Company intends to pursue a claim for malicious prosecution against this former employee, in addition to the other claims already before the court.

"We can now get back to the business of building a world class financial technology Company and building shareholder value without the distraction of the Administrative Proceeding," continued Mr. Fox. "We have developed industry changing technology that will continue to blaze the trail for all "robo-advising" companies. This should be evident by our recent announcement that we have surpassed \$2 billion in "Ditto'ed" trades. To those 100+ investors and partners who faithfully stood by our Company these past two years, I would like to say thank you for your confidence and unwavering support. This next chapter is for you," concluded Fox.

### About SoVesTech, Inc.

SoVesTech is an innovative financial technology company whose services uniquely enable investors to invest socially, leveraging the investment expertise and abilities of others in real time. Its proprietary technology empowers users to share ideas, trades and investing opportunities in equities in the U.S., as well as futures & Forex products, on 46 exchanges globally. SoVesTech is the parent company of Ditto Trade, Inc., a next generation robo-investing firm and the only online broker to allow individuals to participate in the actual trades of others. Since the Company's launch in 2010, customers have Ditto'ed ~1 million trades of

friends, family members, professional traders, Investment Advisors, alert/trading services and newsletters. Ditto Trade is a member of FINRA and SIPC and is a licensed broker-dealer in all 50 states.

**About Joseph Fox**

Joseph Fox, the CEO and co-founder of SoVesTech, is an Internet pioneer. In 1996, Joseph co-founded Web Street Securities, one of the earliest online brokerage firms. Web Street became a publicly traded company in November 1999 with a peak market value of \$500 million. In 2000, Web Street was named first in compliance by Smart Money Magazine and recognized as the Fastest Growing Public Company by Crain's Chicago. Web Street ultimately merged with E\*TRADE in May 2001. Under Joseph's leadership, Web Street was an industry leader in technology, compliance and customer service. Individually, Joseph whose brokerage firms have executed millions of trades for customers around the world, has a 20+ year record of compliance without a solitary customer complaint.

Media Contact: Media Relations, SoVesTech, Inc., (312) 263-5400,  
[MediaRelations@SoVestech.com](mailto:MediaRelations@SoVestech.com) (<mailto:MediaRelations@SoVestech.com>)

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**EXHIBIT 2**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**



1 Q What was the name on the accounts at Wells  
2 Fargo?  
3 A Ditto Holdings, Inc.  
4 Q What was the name on the account at Chase?  
5 A Ditto Holdings, Inc.  
6 Q Are you listed as a signor on each of those  
7 accounts that you mentioned?  
8 A Yes, I was.  
9 Q Can you just provide an overview of your formal  
10 education starting after high school?  
11 A I went to Arizona State for one semester, where  
12 I met my wife. I spent a month or two at Harry S. Truman  
13 Junior College when I got back in January, February of  
14 1985, or actually it was '84. Got married in June. I  
15 did a semester at University of Missouri, St. Louis in,  
16 oh, let's see, January of '86. Did a, I attended Cypress  
17 Community College in like '87. I attended --  
18 MR. STANG: Cypress like the tree?  
19 THE WITNESS: Oh, I'm sorry, yes.  
20 C-y-p-r-e-s-s and that's in Orange County, California. I  
21 also attended Long Beach City College for one semester in  
22 and around the same period.  
23 BY MR. FORKNER:  
24 Q Did you receive a degree from any of those  
25 institutions?

1 A No, I did not.  
2 Q And what was your area of, of focus at these  
3 various schools?  
4 A I think I was political science when I went to  
5 Arizona State. It was my thinking of what I, would  
6 become a lawyer or something. And then I, statistics I  
7 enjoyed.  
8 Q Did you take any classes related to securities  
9 or finance?  
10 A No, I did not.  
11 Q Have you ever held any professional or  
12 securities licenses?  
13 A Yes, I do.  
14 Q When did you first become licensed?  
15 A 1993.  
16 Q What license did you have?  
17 A Series 7, series 63 and series 24.  
18 Q Are those licenses current?  
19 A Yes, they are.  
20 Q Have they been active throughout that time  
21 period?  
22 A No. I also have a series 27, which I got in  
23 originally, in early '95. Today I have the 7, 63, the 24  
24 and the 28, which is like the 27, which is the FINOP as  
25 you probably know. But for fully disclosed firms, the

1 20. I, when we sold to E\*Trade in May of '01, myo  
2 license, I guess, would've been in September, maybe, when  
3 we transitioned out.  
4 I was, my license was no longer. Two years  
5 later in '03, because it expires after two years, unless  
6 you reup. And then I had to retake the exams when we  
7 started Ditto Trade at the end of '09 and early 2010.  
8 Never failed a test.  
9 Q Could you give us an overview of your  
10 employment history starting after college?  
11 A I don't recall a lot of that, but I got --  
12 Q Why don't we start with the, the company that  
13 you sold to E\*Trade?  
14 A Okay. Well, I'll start from '91 if that's  
15 okay.  
16 Q Okay, sure.  
17 MR. STANG: Well why don't we start with the  
18 company you sold to E\*Trade.  
19 THE WITNESS: Only because that's what got  
20 into, sorry.  
21 MR. STANG: Unless you really love talking  
22 about yourself.  
23 THE WITNESS: Only that's what got us into  
24 wanting to get into brokerage. So we started a, in  
25 November of '94, we filed form BD to create our own

1 broker dealer, my brother Avi and I. My brother was a  
2 broker since '87. We got approval in April or May of  
3 1995. We did the whole WSP's. We did the whole state  
4 registrations. The broker dealer process we did  
5 ourselves.  
6 And then in June of '96, we came up with the  
7 idea of doing online trading and came up with the idea of  
8 Web Street Securities. And at the time there wasn't many  
9 people trading online, so we, we felt it was going to be  
10 the future of investing and of course, it became the  
11 future. And that was June of '96. We built out a  
12 technology, it took us about 13 months to build,  
13 streaming quotes, real time info. [REDACTED] launched Web  
14 Street officially on my birthday, [REDACTED]. We went  
15 public in November of '99. We built a self-clearing firm  
16 in June of 2000 and we sold to E\*Trade in May of '01.  
17 Any questions about that or otherwise I'll keep going.  
18 Q What was your role with the company?  
19 A I was, most times I was either the CEO or  
20 co-CEO with my brother Avi. And sometimes I was  
21 chairman, sometimes I wasn't chairman, we shared.o  
22 Q What were you doing day-to-day for the company?  
23 A I ran the company. I ran the parent company.  
24 I ran the brokerage firm until we hired some people in  
25 2000, I think to run the brokerage firm and then we built

1 the clearing firm.

2 Q Okay. What did you do next?

3 A So, let's see, what did we do between end of  
4 2001, trading. Maybe we did some trading, my brother and  
5 I, end of '01, 2002. Really it was just, it was a long  
6 slug of process to get to the IPO to get to the sale. In  
7 '05, no, no, in '03 we had the idea to start a comedy  
8 channel, stand-up comedy television we called it.

9 It was on the front cover of the Tribune's  
10 business section. We had a studio right across from  
11 Oprah Winfrey's studio. It was going to be what we  
12 called studio stages where we would do both live comedy  
13 as well as filming contents. It's, boy, it's a tough  
14 business, because you got to get distribution deals from  
15 all the cable, you know, cable stations, cable networks.  
16 So we stood that or tried that for a year, year  
17 and-a-half and at one point tried to buy from Universal,  
18 a network that they had, it was sister one to the one  
19 that what's his name bought, Al Gore. And then  
20 ultimately when we figured out we just weren't able to  
21 successfully move into that industry, in March of '05  
22 came up with the idea to do online real estate.

23 And the whole idea was that two-thirds of all  
24 buyers find a home on their own and then turn to an agent  
25 to do the deal, giving them about 10 billion dollars in

1 commissions. So wow, that's like knowing what stock you  
2 want to trade and then calling Merrill Lynch and paying a  
3 full commission, even though the buyer doesn't pay the  
4 commissions, typically the seller pays. So we came up  
5 with the company called Buyside Realty where if you find  
6 the home, we will service it with agents who are  
7 salaried, not commissioned, who work out of our, our call  
8 centers, who will be paid a bonus based on how well they  
9 service you, not whether you buy or don't buy and then  
10 we'll give you 75 percent of the commission back that we  
11 get.

12 And so if someone sells a home for half a  
13 million dollars, six percent commission is \$30,000,  
14 \$30,000, half of it goes to their agent, the seller's  
15 agent, half goes to the buyers agent. So if you chose us  
16 as your buyer's agent, we would get that \$15,000 once it  
17 closed and we would give you \$11,000 and change back for  
18 using our service. So we basically paid you to use us,  
19 because if you don't close, we don't make any money and  
20 that's what it was. And so we launched in April of '06,  
21 Buyside Realty, in three states, Wall Street Journal  
22 broke our story and New York Times.

23 And then we gave back millions of dollars in  
24 rebates to customers. Then in '06, the end of '06, we  
25 came up with the idea to do free MLS listings. So we

1 figured, let's give somebody a free MLS listing so that  
2 when they are ready to buy the home, free listing to list  
3 their home, save money on that. And when they're ready  
4 to buy the home, they'll use us on the buy side where we  
5 pay them to use us. So make it really win, win, win for  
6 customers. And so we launched Iggys House and we, we put  
7 a billion dollars of homes on the MLS for free. We had  
8 an office in Tel Aviv for like 10 or 12 PhD types that  
9 were plugging into 30 states' MLS's and I think we felt  
10 we really were going to change an industry and really  
11 help the consumer.

12 We filed to go public in July of '07 with  
13 Northland Securities as our lead investment banker. I've  
14 known the CEO for a long time. I think the guy that owns  
15 the Minnesota Timberwolves was one of their big  
16 shareholders. And E\*Trade became one of our bankers.  
17 E\*Trade was going to partner. We were going to put,  
18 basically off their three million self-directed customers  
19 access to our self-directed real estate business. And  
20 then two months later the world goes to heck in a  
21 handbasket.

22 E\*Trade almost implodes. Citadel here in  
23 Chicago had to bail them out. They ended up, we had to  
24 pull them off the cover and we withdrew our S1 in January  
25 of '09. I'm sorry, January of '08. At that point we

1 tried to keep the business alive as long as we could, but  
2 the world was really in bad shape. The market was  
3 terrible. I mean, companies were folding left and right.  
4 My brother and I made the mistake of putting in the  
5 majority of the last, like three million dollars that  
6 went into the company, to try to protect our shareholders  
7 and in June of '08 or July of '08, we shut the doors.

8 Ultimately we, we, one of the guys who worked  
9 for us out of Florida kind of ran with it a little bit  
10 and then it didn't go anywhere. Oh, okay, so in December  
11 of '08, when things were pretty bleak and that was where  
12 most of my money went, I knew I wanted to get back into  
13 stock brokerage, because we have a, we've always come up  
14 with the, not only good technologies, but a great way to  
15 service customers and way to make, you know, make a  
16 difference in the marketplace. So I was talking to a  
17 friend of mine about, I mean, is this too long?

18 MR. STANG: No, no, it's fine.

19 THE WITNESS: Okay.

20 MR. STANG: You're kind of telling business  
21 evolution, I think it provides context to a lot of  
22 things.

23 THE WITNESS: Okay.

24 MR. STANG: But you left out the really good  
25 part of how you had to fight the Chicago Board of

1 Ms. Qualls has left the meeting, she is no longer  
 2 present. Before we took that break, we were talking  
 3 about Exhibit No. 31, which is the offering memo for  
 4 Ditto Holdings, Inc.'s sales of series A preferred stock.  
 5 And we were discussing the fact that the series A  
 6 preferred stock was sold at different prices, is that  
 7 correct Mr. Fox?  
 8 A The series A preferred, during the most favored  
 9 nations period, was all sold ultimately at the same  
 10 price.  
 11 Q Okay. But it was sold at a price that's lower  
 12 than the dollar that's marked in Exhibit No. 31, is that  
 13 correct?  
 14 A Yes. Everybody, during the most favored  
 15 nations period, got the same price.  
 16 Q Okay. And how is it determined to sell at a  
 17 price that was lower than the price indicated in Exhibit  
 18 31?  
 19 A Those were independent negotiations with  
 20 investors willing to invest a certain amount but at a  
 21 different price, in which case I'm going to change it for  
 22 everybody who already invested.  
 23 Q Who participated in those negotiations?  
 24 A Myself, my brother, Jeremy, David, John  
 25 Rosenberg, sorry.

1 Q Was a copy of Exhibit No. 31 given to all  
 2 investors who decided to buy the series A preferred?  
 3 A I don't believe so.  
 4 Q And how was it determined who received a copy  
 5 and who didn't?  
 6 A Actually, I don't, the series A's a little  
 7 different, because I, I think the series A might have  
 8 gotten, Paul might have gotten. I don't, I really don't  
 9 recall. This was quite some time ago, but I do recall  
 10 that all the series A were accredited investors.  
 11 Q And was the accredited status determined in the  
 12 same way as it was for the common stock?  
 13 A Yes.  
 14 Q Was your role in the series A preferred  
 15 offering the same as your role in the common stock  
 16 offering?  
 17 A Yes.  
 18 Q Did Ditto Holdings file a, a registration  
 19 statement with the SEC in connection with the series A  
 20 preferred?  
 21 A No, it did not.  
 22 Q Did it file any documents with the SEC?  
 23 A I believe it filed a form D.  
 24 Q Exhibit, Mr. Fox, I'm handing you what's been  
 25 marked as Exhibit No. 32. For counsel. For the record,

1 Exhibit No. 32 is a five page document that appears to be  
 2 a form D filing. Mr. Fox, are you familiar with Exhibit  
 3 32?  
 4 (SEC Exhibit No. 32 was marked  
 5 for identification.)  
 6 A Yes, I am.  
 7 Q Can you tell us what it is?  
 8 A It is a Form D that we filed with the SEC for  
 9 private placement.  
 10 Q Do you know which securities offering this Form  
 11 D was filed in connection with?  
 12 A I believe it was the series A preferred.  
 13 Q And what do you base that belief on?  
 14 A It's consistent with the exhibit you just  
 15 showed me. I don't remember what this showed here.  
 16 Okay.  
 17 Q Did you have a role in completing or filing  
 18 this Form D?  
 19 A I would have provided information to Stuart  
 20 Cohn, or the numbers and how many investors and things  
 21 like that.  
 22 Q Is it your understanding that Ditto Holdings,  
 23 Inc was relying on an exemption from the registration  
 24 requirements in connection with the series A preferred  
 25 offering?

10 A Yes.  
 2 Q Do you know which exemption Ditto Holdings was  
 3 relying on for the securities, the series A offering?  
 4 A Rule 506.  
 5 Q And were you involved in making that  
 6 determination?  
 7 A It was just standard practice.  
 8 Q What do you mean by standard practice?  
 9 A I mean it's 506 because we've, moneys that  
 10 we've raised over the years we've always, I mean I think  
 11 we did 504 like 20 years ago, 17, 18 years ago and then  
 12 I'm pretty sure everything we've done since then is 506.  
 13 And we filed to go public in '99. Prior to that, all of  
 14 our offerings were under 506, finally went public in '07.  
 15 All of our offerings, I believe was under 506.  
 16 Q All right, put that exhibit aside. Following  
 17 the offering of series A preferred, did Ditto Holdings  
 18 have additional securities offerings?  
 19 A Yes.  
 20 Q Chronologically, what offering came next? Do  
 21 you recall?  
 22 A I believe it was the series B and, and then  
 23 common, I believe.  
 24 Q Mark the next exhibit. Mr. Fox, I'm handing  
 25 you what's been marked as Exhibit 33, counsel here's a

1 I'd be interested in selling shares. I, I can't recall  
 2 if I ever brought up the fact that I needed some  
 3 liquidity or, or whatnot but we talked about it. I just  
 4 don't remember the exact conversation. We've had a  
 5 thousand conversations. That's an over, that's 500  
 6 conversations, a thousand, I guess.

7 Q Mr. Fox, I'm handing you what's previously been  
 8 marked as Exhibit No. 20. Please take a minute to review  
 9 it. For the record, Exhibit No. 20 begins on JJFOX040980  
 10 and continues through JJFOX040987. Mr. Fox, are you  
 11 familiar with Exhibit No. 20?

12 A Yes.

13 Q What is it?

14 A It is an e-mail between myself and Marc Mandel.

15 Q And it's an e-mail that you sent to Mr. Mandel  
 16 on or around February 26 of 2013?

17 A That is correct.

18 Q Was there an attachment to the e-mail?

19 A I believe so, yes.

20 Q What was attached to the e-mail?

21 A First draft of a stock purchase agreement.

22 Q And why did you send that stock purchase  
 23 agreement to Mr. Mandel?

24 A He had some friends and family that were  
 25 interested in buying my shares.

1 Q Did you have any conversations with Mr. Mandel  
 2 as to what he would do with the stock purchase agreement?

3 A Yes.

4 Q And what did those conversations involve?

5 A The individuals who were interested that he  
 6 knew, that he would, he would forward them to, either,  
 7 either he would forward it to them or he would have them  
 8 contact me and I would forward to them.

9 Q Did you have any discussions with Mr. Mandel as  
 10 to what information he would provide to the investors in  
 11 addition to the stock purchase agreement?

12 A I didn't have a call.

13 Q How many investors did Mr. Mandel refer to you  
 14 for purchases of your personal shares?

15 A Around 30.

16 Q Were there any individuals who purchased your  
 17 personal shares who were not referred by Mr. Mandel?

18 A A few people that were existing shareholders.

19 Q Did you make any payments to Mr. Mandel during  
 20 that time period?

21 A For -

22 Q Any payments at all? Did you personally make  
 23 any payments to Mr. Mandel during 2013?

24 A Yes, I did. Personally, I thought you were  
 25 talking about the company, I'm sorry.

1 Q Personally what amount did you pay to Mr.  
 2 Mandel?

3 A In May of 2013 I paid him 60,000 in a  
 4 consulting agreement. That's 10,000 a month for six  
 5 months. And then July I paid him another 62 or 64,000.

6 Q Why did you make those payments to Mr. Mandel?

7 A 40,000, it was a 40,000 and, and a 22, so I  
 8 think it was 62,000. 40,000 was sort of my way of, I was  
 9 thinking that we were slightly under -

10 MR. STANG: I'm sorry, 40,000 what?

11 THE WITNESS: And a 22, there was, it was a 60  
 12 in May.

13 MR. STANG: Yes.

14 THE WITNESS: And then there was a total of 62  
 15 in July. So, it was a 40 and a 22.

16 MR. STANG: Oh, another 62 total.

17 THE WITNESS: Right, 60 and a 62.

18 MR. STANG: All right, I'm sorry. I was thrown  
 19 off.

20 THE WITNESS: So, the \$40,000, \$40,000, I was  
 21 looking at the, the guy at that point was off the charts  
 22 doing things to help the company. And not just referring  
 23 some investors our way. I think that's very clear. So,  
 24 we were paying him 10,000 a month for those eight months,  
 25 \$80,000, and I figured, we were starting to talk about

1 changing the agreement once this one expired in August.  
 2 And so we were thinking when we get to 15,000, I said I  
 3 want to take you to 15. He never, you know, he'd maybe  
 4 hint around a little bit about whether or not we thought  
 5 we were paying him fairly but he didn't say anything.  
 6 He, you know, was appreciated.

7 And I said I want to take you to 15. So, when  
 8 I looked back, I felt that we shorted him 5,000 a month  
 9 for eight months is \$40,000. I don't mean shorted him  
 10 because it was under the contract, it was an agreement,  
 11 but I felt he did more for us than we were compensating  
 12 him for. Especially when he was helping us with the,  
 13 with bankers and everything else and he, you know, what  
 14 he was, what he was doing in terms of promoting the  
 15 company was in such a way that nobody has ever done,  
 16 nobody.

17 Forgetting about any investor he might have  
 18 referred, nobody has brought more value than Marc Mandel  
 19 in six years, besides myself. Nobody. So, I just  
 20 wanted, I want to make sure everyone understands the  
 21 things this guy has done for us. The, the amount of, of  
 22 help and advice and, and some the enhancements that are  
 23 in place right now because of him. Going to other asset  
 24 classes, which I forgot to mention earlier by the way.  
 25 We're moving into Forex in the future because of, of Mr.

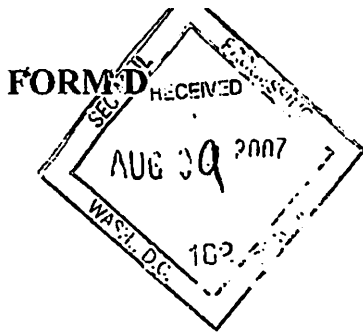


**EXHIBIT 3**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

140 8010



UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB APPROVAL table with OMB Number 3235-0076, Expires May 31, 2005, and Estimated average burden 1.00.

FORM D NOTICE OF SALE OF SECURITIES PURSUANT TO REGULATION D, SECTION 4(6), AND/OR UNIFORM LIMITED OFFERING EXEMPTION

SEC USE ONLY table with fields for Prefix, Serial, and DATE RECEIVED.

Name of Offering ( ) check if this is an amendment and name has changed, and indicate change.) Convertible Bridge Note and Warrants

Filing Under (Check box(es) that apply): Rule 504, Rule 505, Rule 506, Section 4(6), ULOE. Type of Filing: New Filing, Amendment.

A.S BASIC IDENTIFICATION DATAs

Is Enter the information requested about the issuers

Name of Issuer ( ) check if this is an amendment and name has changed, and indicate change.)

Iggys House, Inc.

Address of Executive Offices (Number and Street, City, State, Zip Code) One South Wacker Dr., Suite 1900, Chicago, IL 60606

Telephone Number (312) 932-1111

Address of Principal Business Operations (Number and Street, City, State, Zip Code) One South Wacker Dr., Suite 1900, Chicago, IL 60606

Telephone Number (Including Area Code) (312) 932-1111

Brief Description of Business

Holding company

PROCESSED AUG 13 2007 THOMSON FINANCIAL



Type of Business Organization

- corporation, limited partnership, already formed, other (please specify):, business trust, limited partnership, to be formed

Month Year

Actual or Estimated Date of Incorporation or Organization: 04 05 Actual Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service Abbreviation for State: DE) CN for Canada; FN for other foreign jurisdiction)

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**A. BASIC IDENTIFICATION DATA**

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*AFJ Investments, LLC*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Fox, Joseph J.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Fox, Avi Y.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Barr, Joseph A.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Otis, Stephen R.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

**B. INFORMATION ABOUT OFFERING**

Yes No

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering?

Answer also in Appendix, Column 2, if filing under ULOE.

2.. What is the minimum investment that will be accepted from any individual? ..... \$25,000

Yes No

3.. Does the offering permit joint ownership of a single unit? .....

4.. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only..

Full Name (Last name first, if individual)

Northland Securities, Inc.

Business or Residence Address (Number and Street, City, State, Zip Code)
45 South 7th Street, Suite 2500, Minneapolis, MN 55402

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] X [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy use additional copies of this sheet, as necessary.)

**C.. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS.**

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box  and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt .....	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Equity .....	<u>                    </u>	<u>                    </u>
<input type="checkbox"/> Common. <input type="checkbox"/> Preferred.		
Convertible Securities (including warrants) .....	<u>\$50</u>	<u>\$50</u>
Partnership Interests .....	<u>\$</u>	<u>\$</u>
Other (Specify _____) .....	<u>\$</u>	<u>\$</u>
Total .....	<u>\$1,000,050</u>	<u>\$1,000,050</u>

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors .....	<u>2</u>	<u>\$1,000,050</u>
Non-accredited Investors .....	<u>0</u>	<u>\$0</u>
Total (for filings under Rule 504 only) .....		<u>\$</u>

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C - Question 1..

Type of offering	Type of Security	Dollar Amount Sold
Rule 505 .....	<u>                    </u>	<u>\$</u>
Regulation A .....	<u>                    </u>	<u>\$</u>
Rule 504 .....	<u>                    </u>	<u>\$</u>
Total .....		<u>\$</u>

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate..

Transfer Agent's Fees .....	<input type="checkbox"/>	<u>\$</u>
Printing and Engraving Costs .....	<input type="checkbox"/>	<u>\$</u>
Legal Fees .....	<input checked="" type="checkbox"/>	<u>\$5,000</u>
Accounting Fees .....	<input type="checkbox"/>	<u>\$</u>
Engineering Fees .....	<input type="checkbox"/>	<u>\$</u>
Sales Commissions (specify finders' fees separately) .....	<input type="checkbox"/>	<u>\$</u>
Other Expenses (identify) (copying costs) .....	<input checked="" type="checkbox"/>	<u>\$100,000</u>
Total .....	<input checked="" type="checkbox"/>	<u>\$105,000</u>

**C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS**

b. Enter the difference between the aggregate offering price given in response to Part C - Question 1 and total expenses furnished in response to Part C - Question 4.a. This difference. \_\_\_\_\_

is the "adjusted gross proceeds to the issuer." .....

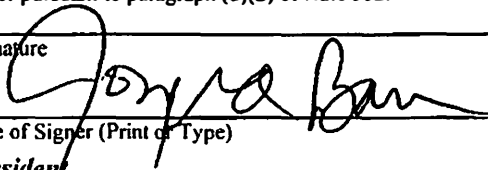
\$895,050

5.. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C - Question 4.b. above..

	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase of real estate .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase, rental or leasing and installation of machinery and equipment .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Construction or leasing of plant buildings and facilities .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger) .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Repayment of indebtedness .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Working capital .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Other (specify): <i>general corporate purposes</i>	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$895,050
Column Totals .....	<input type="checkbox"/> \$0	<input checked="" type="checkbox"/> \$895,050
Total Payments Listed (column totals added) .....	<input checked="" type="checkbox"/>	\$895,050

**D. FEDERAL SIGNATURE**

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) <i>Iggys House, Inc.</i>	Signature 	Date <i>August 8, 2007</i>
Name of Signer (Print or Type) <i>Joseph Barr</i>	Title of Signer (Print or Type) <i>President</i>	

**ATTENTION**

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

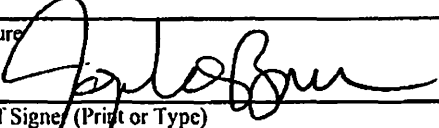
**E.sSTATE SIGNATUREs**

1.s Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? ..... Yes  No

See Appendix, Column 5, for state response.

- 2.s The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form Ds (17 CFR 239.500) at such times as required by state law.s
- 3.s The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offeres.s
- 4.s The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limiteds Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption hass the burden of establishing that these conditions have been satisfied.s

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <b>Iggys House, Inc.</b>	Signature 	Date <b>August 8, 2007</b>
Name of Signer (Print or Type) <b>Joseph Barr</b>	Title of Signer (Print or Type) <b>President</b>	

**Instruction:**

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

**APPENDIX**

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK									
AZ									
AR									
CA									
CO									
CT									
DE									
DC									
FL									
GA									
HI									
ID									
IL									
IN									
IA									
KS									
KY									
LA									
ME									
MD									
MA									
MI									
MN		X	debt \$1,000,000 warrants \$50	2	\$1,000,050	0	0		X
MS									
MO									



**APPENDIX**

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MT									
NE									
NV									
NH									
NJ									
NM									
NY									
NC									
ND									
OH									
OK									
OR									
PA									
RI									
SC									
SD									
TN									
TX									
UT									
VT									
VA									
WA									
WV									
WI									
WY									
PR									

**END**

1408010

FORM D

SES Mail  
Mail Processing  
Section

APR 21 2008

Washington, DC  
106

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM D

NOTICE OF SALE OF SECURITIES  
PURSUANT TO REGULATION D,  
SECTION 4(6), AND/OR  
UNIFORM LIMITED OFFERING EXEMPTION

OMB APPROVAL	
OMB Number	3235-0076
Expires:	May 31, 2005
Estimated average burden hours per response	1.00

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering ( check if this is an amendment and name has changed, and indicate change.)  
**5% Convertible Debentures and Bridge Warrants**

Filing Under (Check box(es) that apply):  Rule 504  Rule 505  Rule 506  Section 4(6)  ULOE  
Type of Filing:  New Filing  Amendment

A. BASIC IDENTIFICATION DATA

1.1 Enter the information requested about the issuer

Name of Issuer ( check if this is an amendment and name has changed, and indicate change.)

**Iggys House, Inc.**

Address of Executive Offices (Number and Street, City, State, Zip Code) Telephone Number (Including Area Code)  
**One South Wacker Dr., Suite 1900, Chicago, IL 60606 (312) 932-1111**

Address of Principal Business Operations (Number and Street, City, State, Zip Code) Telephone Number (Including Area Code)  
**One South Wacker Dr., Suite 1900, Chicago, IL 60606 (312) 932-1111**

Brief Description of Business

**Holding company**

PROCESSED

APR 28 2008



08046232

Type of Business Organization

corporation

limited partnership, already formed

other

business trust

limited partnership, to be formed

Month Year

Actual or Estimated Date of Incorporation or Organization:

0 4 0 5

Actual

Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service Abbreviation for State: **DE**  
CN for Canada; FN for other foreign jurisdiction)

GENERAL INSTRUCTIONS

Federal:

**Who Must File:** All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

**When To File:** A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

**Where to File:** U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

**Copies Required:** Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

**Information Required:** A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

**Filing Fee:** There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

**A. BASIC IDENTIFICATION DATA**

2.e Enter the information requested for the following:

- e Each promoter of the issuer, if the issuer has been organized within the past five years;
- e Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- e Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- e Each general and managing partner of partnership issuers.

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*AFJ Investments, LLC*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Fox, Joseph J.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Fox, Avi Y.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Barr, Joseph A.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Otis, Stephen R.*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

*Boyle, Michael*

Business or Residence Address (Number and Street, City, State, Zip Code)

*One South Wacker Dr., Suite 1900, Chicago, IL 60606*

Check Box(es) that Apply:  Promoter  Beneficial Owner  Executive Officer  Director  General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

**B. INFORMATION ABOUT OFFERING**

Yes No

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering? .....

Answer also in Appendix, Column 2, if filing under ULOE.

2.. What is the minimum investment that will be accepted from any individual?..... \$100

Yes No

3.. Does the offering permit joint ownership of a single unit? .....

4.. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only..

Full Name (Last name first, if individual)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States  
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]  
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]  
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]  
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States  
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]  
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]  
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]  
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) .....  All States  
[AL] [AK] [AZ] [AR] [CA] [CO] [CT] [DE] [DC] [FL] [GA] [HI] [ID]  
[IL] [IN] [IA] [KS] [KY] [LA] [ME] [MD] [MA] [MI] [MN] [MS] [MO]  
[MT] [NE] [NV] [NH] [NJ] [NM] [NY] [NC] [ND] [OH] [OK] [OR] [PA]  
[RI] [SC] [SD] [TN] [TX] [UT] [VT] [VA] [WA] [WV] [WI] [WY] [PR]

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

**C.. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS.**

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box  and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt .....	_____	_____
Equity .....	_____	_____
<input type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants) (the securities included in this offering consist of 5% convertible debentures and warrants) .....	\$2,500,000	\$1,833,836
Partnership Interests .....	_____	_____
Other (Specify _____) .....	_____	_____
<b>Total</b> .....	<b>\$2,500,000</b>	<b>\$1,833,836</b>

Answer also in Appendix, Column 3, if filing under ULOE.

2.. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors .....	10	\$1,833,836
Non-accredited Investors .....	0	\$0
<b>Total (for filings under Rule 504 only)</b> .....		<b>\$</b>

Answer also in Appendix, Column 4, if filing under ULOE.

3.. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C - Question 1..

Type of offering	Type of Security	Dollar Amount Sold
Rule 505 .....	_____	\$
Regulation A .....	_____	\$
Rule 504 .....	_____	\$
<b>Total</b> .....	_____	<b>\$</b>

4.. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate..

Transfer Agent's Fees .....	<input type="checkbox"/>	\$
Printing and Engraving Costs .....	<input type="checkbox"/>	\$
Legal Fees .....	<input type="checkbox"/>	\$
Accounting Fees .....	<input type="checkbox"/>	\$
Engineering Fees .....	<input type="checkbox"/>	\$
Sales Commissions (specify finders' fees separately) .....	<input type="checkbox"/>	\$
Other Expenses (identify) (legal fees, copying costs, courier costs & filing fees) .....	<input checked="" type="checkbox"/>	\$25,000
<b>Total</b> .....	<input checked="" type="checkbox"/>	<b>\$25,000</b>

**C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS**

b.. Enter the difference between the aggregate offering price given in response to Part C - Question 1 and total expenses furnished in response to Part C - Question 4.a. This difference is the "adjusted gross proceeds to the issuer." .....

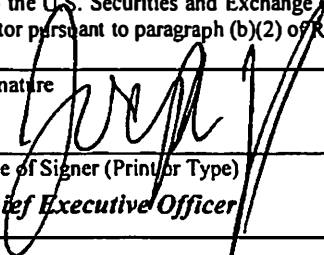
\$2,475,000

5.. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C - Question 4.b. above..

	Payments to Officers, Directors, & Affiliates		Payments To Others	
Salaries and fees .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Purchase of real estate .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Purchase, rental or leasing and installation of machinery and equipment .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Construction or leasing of plant buildings and facilities .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger) .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Repayment of indebtedness .....	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
Working capital .....	<input type="checkbox"/>	\$ _____	<input checked="" type="checkbox"/>	\$2,475,000
Other (specify _____)	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	_____
Column Totals .....	<input type="checkbox"/>	\$0	<input checked="" type="checkbox"/>	\$2,475,000
Total Payments Listed (column totals added) .....			<input checked="" type="checkbox"/>	\$2,475,000.

**D. FEDERAL SIGNATURE:**

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) <b>Iggys House, Inc.</b>	Signature 	Date <b>April 17, 2008</b>
Name of Signer (Print or Type) <b>Joseph Fox</b>	Title of Signer (Print or Type) <b>Chief Executive Officer</b>	

**ATTENTION**

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

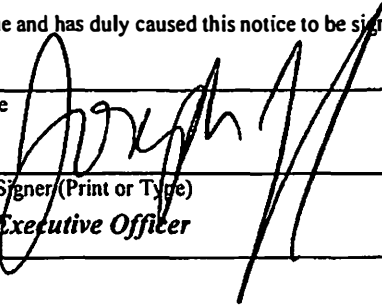
**E. STATE SIGNATURE**

1.s Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? ..... Yes  No

See Appendix, Column 5, for state response.

- 2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form Ds (17 CFR 239.500) at such times as required by state law.s
- 3.s The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.s
- 4.s The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limiteds Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.s

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) <b>Iggys House, Inc.</b>	Signature 	Date <b>April 17, 2008</b>
Name of Signer (Print or Type) <b>Joseph Fox</b>	Title of Signer (Print or Type) <b>Chief Executive Officer</b>	

**Instruction:**

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

**APPENDIX**

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK									
AZ									
AR									
CA									
CO									
CT									
DE									
DC									
FL									
GA									
HI									
ID									
IL		No	5% convertible debentures and warrants \$2,500,000	2	\$175,000	0	0		No
IN									
IA		No	5% convertible debentures and warrants \$1,250,000	1	\$25,000	0	0		No
KS									
KY									
LA									
ME									
MD									
MA									
MI									
MN		No	5% convertible debentures and warrants \$2,500,000	6	\$1,383,836	0	0		No
MS									
MO									



**APPENDIX**

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MT									
NE									
NV									
NH									
NJ									
NM									
NY		No	\$1,250,000	1	\$250,000	0	0		No
NC									
ND									
OH									
OK									
OR									
PA									
RI									
SC									
SD									
TN									
TX									
UT									
VT									
VA									
WA									
WV									
WI									
WY									
PR									

**END**

**EXHIBIT 4**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

**Mark A. Stang**

Writer's Direct Line  
(312) 855-5445

Writer's Email  
mstang@chuhak.com

December 24, 2014

Ms. Anne McKinley  
Mr. Jed Forkner  
U.S. Securities and Exchange Commission  
Chicago Regional Office  
175 West Jackson Boulevard, Suite 900  
Chicago, IL 60604

Dear Anne and Jed,

My client, Joseph Fox, has instructed me to inform you of the following:

As of this 12:39 p.m. (Central Time) today, Yosef Fox (a/k/a Joseph Fox) has submitted the full form U5, as a result of which he is no longer licensed in any capacity with Ditto Trade, Inc.

Henceforth, Mr. Fox will be acting solely as the CEO of Ditto Holdings, Inc. (For your information, Ditto Holdings, Inc. is in the process of changing its name to avoid confusion between it and its wholly-owned subsidiary, Ditto Trade, Inc.)

As Mr. Fox, and his representatives, have expressed to the SEC in the past, for the past two years Mr. Fox has been attempting to implement personnel changes at his company that would enable him to focus on what the company believes are the substantial business opportunities available to it from the deployment of Ditto Holdings' innovative proprietary technology.

Mr. Fox's effort to shift his focus has been dependent upon the withdrawal of his license and his ceasing direct oversight of Ditto Trade, Inc. It was precisely the implementation of that plan that led the company to hire Paul M. Simons as provisional CEO of Ditto Trade in December 2012. (Unfortunately, despite Mr. Simons agreement and assurance that he would promptly seek and obtain appropriate licenses, and numerous reminders to do so, Mr. Simons recalcitrantly failed to even sit for the appropriate examination during his 8½ months of employment. Consequently, Mr. Fox had no choice but to continue in his role as CEO and to maintain his licenses with Ditto Trade.)

As of this date, Ditto Trade has added a second registered representative who has both a Series 24 and a Series 27 license. Mr. David Rosenberg has assumed the positions of CEO and President of Ditto Trade. This information has been updated on the FINRA Gateway, and has been shared with the FINRA Chicago office directly.

Ms. Anne McKinley  
Mr. Jed Forkner  
December 24, 2014

Please understand that Mr. Fox's withdrawal of his registration is not intended to be temporary. Mr. Fox does not intend ever again to register, or attempt to register, with Ditto Trade or any other FINRA member firm.

Notwithstanding the above withdrawal, Mr. Fox will continue to cooperate fully with any ongoing SEC investigation.

Have a Merry Christmas and a Happy New Year.

Very Truly Yours,

A handwritten signature in black ink that reads "Mark A. Stang". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

Mark Stang

cc: Stuart A. Cohn

**EXHIBIT 5**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

## FORM U4 UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

**DITTO TRADE, INC.(151915)**

**Rev. Form U4 (05/2009)**

**Individual Name: FOX, YOSEF YEHUDA (2386001)**

**U4 Initial - Filing ID: 39569817**

**Filing Date: 08/11/2015**

### 1. General Information

<b>First Name:</b>	<b>Middle Name:</b>	<b>Last Name:</b>	<b>Suffix:</b>
YOSEF	YEHUDA	FOX	
<b>Firm CRD #:</b>	<b>Firm Name:</b>	<b>Employment Date (MM/DD/YYYY):</b>	
151915	DITTO TRADE, INC.	08/10/2015	
<b>Firm Billing Code:</b>	<b>Individual CRD #:</b>	<b>Individual SSN:</b>	
	2386001	xxx-xx-xxxx	

**Do you have an independent contractor relationship with the above named firm?:**

Yes  No

**Office of Employment Address:**

CRD Branch #	NYSE Branch Code #	Firm Billing Code	Address	Private Residence	Type of Office	Start Date	End Date
BD Main			200 W. MONROE #1430 CHICAGO, IL 60606	No	Located At	08/10/2015	

### 2. Fingerprint Information

Electronic Filing Representation

- By selecting this option, I represent that I am submitting, have submitted, or promptly will submit to the appropriate SRO a fingerprint card as required under applicable SRO rules; or Fingerprint card barcode
- By selecting this option, I represent that I have been employed continuously by the filing firm since the last submission of a fingerprint card to CRD and am not required to resubmit a fingerprint card at this time; or,
- By selecting this option, I represent that I have been employed continuously by the filing firm and my fingerprints have been processed by an SRO other than FINRA. I am submitting, have submitted, or promptly will submit the processed results for posting to CRD.

Exceptions to the Fingerprint Requirement

- By selecting one or more of the following two options, I affirm that I am exempt from the federal fingerprint requirement because I/filing firm currently satisfy(ies) the requirements of at least one of the permissive exemptions indicated below pursuant to Rule 17f-2 under the Securities Exchange Act of 1934, including any notice or application requirements specified therein:

- Rule 17f-2(a)(1)(i)
- Rule 17f-2(a)(1)(iii)

Investment Adviser Representative Only Applicants

I affirm that I am applying only as an investment adviser representative and that I am not also applying or have not also applied with this *firm* to become a broker-dealer representative. If this radio button/box is selected, continue below.

- I am applying for registration only in *jurisdictions* that do not have fingerprint card filing requirements, or
- I am applying for registration in *jurisdictions* that have fingerprint card filing requirements and I am submitting, have submitted, or promptly will submit the appropriate fingerprint card directly to the *jurisdictions* for processing pursuant to applicable *jurisdiction* rules.

**3. Registration With Unaffiliated Firms**

Some *jurisdictions* prohibit "dual registration", which occurs when an individual chooses to maintain a concurrent registration as a representative/agent with two or more *firms* (either BD or IA *firms*) that are not affiliated. *Jurisdictions* that prohibit dual registration would not, for example, permit a broker-dealer agent working with brokerage *firm* A to maintain a registration with brokerage *firm* B if *firms* A and B are not owned or controlled by a common parent. Before seeking a dual registration status, you should consult the applicable rules or statutes of the *jurisdictions* with which you seek registration for prohibitions on dual registrations or any liability provisions.

Please indicate whether the individual will maintain a "dual registration" status by answering the questions in this section. (Note: An individual should answer 'yes' only if the individual is currently registered and is seeking registration with a *firm* (either BD or IA) that is not affiliated with the individual's current employing *firm*. If this is an initial application, an individual must answer 'no' to these questions; a "dual registration" may be initiated only after an initial registration has been established).

Answer "yes" or "no" to the following questions: Yes No

- A. Will *applicant* maintain registration with a broker-dealer that is not *affiliated* with the *filing firm*?    
 If you answer "yes", list the *firm(s)* in Section 12 (Employment History).
- B. Will *applicant* maintain registration with an investment adviser that is not *affiliated* with the *filing firm*? If you answer "yes", list the *firm(s)* in Section 12 (Employment History).

**4. SRO Registrations**

**Check appropriate SRO Registration requests.**

**Qualifying examinations will be automatically scheduled if needed. If you are only scheduling or re-scheduling an exam, skip this section and complete Section 7 (EXAMINATION REQUESTS).**

REGISTRATION CATEGORY	FINRA	NYSE	NYSE-MKT	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	ISE GEMINI	NQX	MIAX Options
OP - Registered Options Principal (S4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IR - Investment Company and Variable Contracts Products Rep. (S6)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GS - Full Registration/General Securities Representative (S7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TR - Securities Trader (S7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TS - Trading Supervisor (S7)										<input type="checkbox"/>									
SU - General Securities Sales Supervisor (S9 and S10)	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
BM - Branch Office Manager (S9 and S10)		<input type="checkbox"/>	<input type="checkbox"/>											<input type="checkbox"/>	<input type="checkbox"/>				
SM - Securities Manager (S10)		<input type="checkbox"/>	<input type="checkbox"/>																
AR - Assistant Representative/Order Processing (S11)	<input type="checkbox"/>									<input type="checkbox"/>			<input type="checkbox"/>						<input type="checkbox"/>
IE - United Kingdom - Limited General Securities Registered Representative (S17)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>REGISTRATION CATEGORY</b>	<b>FINRA</b>	<b>NYSE</b>	<b>NYSE-MKT</b>	<b>BATS-ZX</b>	<b>BATS-YX</b>	<b>BOX</b>	<b>BX</b>	<b>EDGA</b>	<b>EDGX</b>	<b>NSX</b>	<b>ARCA</b>	<b>CBOE</b>	<b>C2</b>	<b>CHX</b>	<b>PHLX</b>	<b>ISE</b>	<b>ISE GEMINI</b>	<b>NQX</b>	<b>MIAX Options</b>
DR - Direct Participation Program Representative (S22)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>					
GP - General Securities Principal (S24)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IP - Investment Company and Variable Contracts Products Principal (S26)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>								<input type="checkbox"/>	
FA - Foreign Associate	<input type="checkbox"/>																		
FN - Financial and Operations Principal (S27)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FI - Introducing Broker-Dealer/Financial and Operations Principal (S28)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
RS - Research Analyst (S86, S87)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																
RP - Research Principal	<input type="checkbox"/>																		
DP - Direct Participation Program Principal (S39)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>					
OR - Options Representative (S42)	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>	



REGISTRATION CATEGORY	FINRA	NYSE	NYSE-MKT	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	ISE GEMINI	NQX	MIAX Options
MR - Municipal Securities Representative (S52)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>					
MP - Municipal Securities Principal (S53)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>					
CS - Corporate Securities Representative (S62)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>	
RG - Government Securities Representative (S72)	<input type="checkbox"/>																		
PG - Government Securities Principal	<input type="checkbox"/>																		
SA - Supervisory Analyst (S16)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																
PR - Limited Representative - Private Securities Offerings (S82)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																
CD - Canada-Limited General Securities Registered Representative (S37)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
CN - Canada-Limited General Securities Registered Representative (S38)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>	
ET - Equity Trader (S55)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							<input type="checkbox"/>								<input type="checkbox"/>	
REGISTRATION CATEGORY	FINRA	NYSE	NYSE-MKT	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	ISE GEMINI	NQX	MIAX Options
AM - Allied Member			<input type="checkbox"/>								<input type="checkbox"/>								
AP - Approved Person		<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
LE - Securities Lending Representative		<input type="checkbox"/>	<input type="checkbox"/>												<input type="checkbox"/>				
LS - Securities Lending Supervisor		<input type="checkbox"/>	<input type="checkbox"/>																
ME - Member Exchange		<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>

- FE - Floor Employee
- OF - Officer
- CO - Compliance Official (S14)
- CF - Compliance Official Specialist (S14A)
- PM - Floor Member Conducting Public Business

**REGISTRATION CATEGORY**

FINRA    NYSE    NYSE-MKT    BATS-ZX    BATS-YX    BOX    BX    EDGA    EDGX    NSX    ARCA    CBOE    C2    CHX    PHLX    ISE    ISE GEMINI    NOX    MIAX Options

- PC - Floor Clerk Conducting Public Business
- SC - Specialist Clerk (S21)
- TA - Trading Assistant (S25)
- FP - Municipal Fund (S51)
- IF - In-Firm Delivery Proctor
- MM - Market Maker Authorized Trader - Options (S57)
- FB - Floor Broker (S57)
- OT - Authorized Trader (S7)
- MT - Market Maker Authorized Trader - Equities
- IB - Investment Banking Representative (S79)

**REGISTRATION CATEGORY**

FINRA    NYSE    NYSE-MKT    BATS-ZX    BATS-YX    BOX    BX    EDGA    EDGX    NSX    ARCA    CBOE    C2    CHX    PHLX    ISE    ISE GEMINI    NOX    MIAX Options

- OS - Operations Professional (S99)
- AF - Floor Broker - Options (S57)

AO - Market Maker - Options (S57)

AC - Floor Clerk - Options

CT - Securities Trader Compliance Officer (S14)

PT - Proprietary Trader (S56)

TP - Securities Trader Principal (S24)

Other

(Paper Form Only)

**5. Jurisdiction Registration**

Check appropriate *jurisdiction(s)* for broker-dealer agent (AG) and/or investment adviser representative (RA) registration requests.

JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA
Alabama	<input type="checkbox"/>	<input type="checkbox"/>	Illinois	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Montana	<input type="checkbox"/>	<input type="checkbox"/>	Puerto Rico	<input type="checkbox"/>	<input type="checkbox"/>
Alaska	<input type="checkbox"/>	<input type="checkbox"/>	Indiana	<input type="checkbox"/>	<input type="checkbox"/>	Nebraska	<input type="checkbox"/>	<input type="checkbox"/>	Rhode Island	<input type="checkbox"/>	<input type="checkbox"/>
Arizona	<input type="checkbox"/>	<input type="checkbox"/>	Iowa	<input type="checkbox"/>	<input type="checkbox"/>	Nevada	<input type="checkbox"/>	<input type="checkbox"/>	South Carolina	<input type="checkbox"/>	<input type="checkbox"/>
Arkansas	<input type="checkbox"/>	<input type="checkbox"/>	Kansas	<input type="checkbox"/>	<input type="checkbox"/>	New Hampshire	<input type="checkbox"/>	<input type="checkbox"/>	South Dakota	<input type="checkbox"/>	<input type="checkbox"/>
California	<input type="checkbox"/>	<input type="checkbox"/>	Kentucky	<input type="checkbox"/>	<input type="checkbox"/>	New Jersey	<input type="checkbox"/>	<input type="checkbox"/>	Tennessee	<input type="checkbox"/>	<input type="checkbox"/>
Colorado	<input type="checkbox"/>	<input type="checkbox"/>	Louisiana	<input type="checkbox"/>	<input type="checkbox"/>	New Mexico	<input type="checkbox"/>	<input type="checkbox"/>	Texas	<input type="checkbox"/>	<input type="checkbox"/>
Connecticut	<input type="checkbox"/>	<input type="checkbox"/>	Maine	<input type="checkbox"/>	<input type="checkbox"/>	New York	<input type="checkbox"/>	<input type="checkbox"/>	Utah	<input type="checkbox"/>	<input type="checkbox"/>
Delaware	<input type="checkbox"/>	<input type="checkbox"/>	Maryland	<input type="checkbox"/>	<input type="checkbox"/>	North Carolina	<input type="checkbox"/>	<input type="checkbox"/>	Vermont	<input type="checkbox"/>	<input type="checkbox"/>
District of Columbia	<input type="checkbox"/>	<input type="checkbox"/>	Massachusetts	<input type="checkbox"/>	<input type="checkbox"/>	North Dakota	<input type="checkbox"/>	<input type="checkbox"/>	Virgin Islands	<input type="checkbox"/>	<input type="checkbox"/>
Florida	<input type="checkbox"/>	<input type="checkbox"/>	Michigan	<input type="checkbox"/>	<input type="checkbox"/>	Ohio	<input type="checkbox"/>	<input type="checkbox"/>	Virginia	<input type="checkbox"/>	<input type="checkbox"/>
Georgia	<input type="checkbox"/>	<input type="checkbox"/>	Minnesota	<input type="checkbox"/>	<input type="checkbox"/>	Oklahoma	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>
Hawaii	<input type="checkbox"/>	<input type="checkbox"/>	Mississippi	<input type="checkbox"/>	<input type="checkbox"/>	Oregon	<input type="checkbox"/>	<input type="checkbox"/>	West Virginia	<input type="checkbox"/>	<input type="checkbox"/>
Idaho	<input type="checkbox"/>	<input type="checkbox"/>	Missouri	<input type="checkbox"/>	<input type="checkbox"/>	Pennsylvania	<input type="checkbox"/>	<input type="checkbox"/>	Wisconsin	<input type="checkbox"/>	<input type="checkbox"/>
									Wyoming	<input type="checkbox"/>	<input type="checkbox"/>

AGENT OF THE ISSUER REGISTRATION (AI)  Indicate 2 letter *jurisdiction* code(s): \_\_\_\_\_

**6. Registration Requests with Affiliated Firms**

Yes  No

Will *applicant* maintain registration with *firm(s)* under common ownership or control with the *filing firm*?

If "yes", fill in the details to indicate a request for registration with additional *firm(s)*.

**7. Examination Requests**

**Scheduling or Rescheduling Examinations** Complete this section only if you are scheduling or rescheduling an examination or continuing education session. Do not select the Series 63 (S63) or Series 65 (S65) examinations in this section if you have completed Section 5 (JURISDICTION REGISTRATION) and have selected registration in a *jurisdiction*. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an AG registration in a *jurisdiction* that requires that you pass the S63 examination, an S63 examination will be automatically scheduled for you upon submission of this Form U4. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an RA registration in a *jurisdiction* that requires that you pass the S65 examination, an S65 examination will be automatically scheduled for you upon submission of this Form U4.

- |                              |                              |                              |                              |                               |
|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <input type="checkbox"/> S3  | <input type="checkbox"/> S17 | <input type="checkbox"/> S32 | <input type="checkbox"/> S55 | <input type="checkbox"/> S86  |
| <input type="checkbox"/> S4  | <input type="checkbox"/> S22 | <input type="checkbox"/> S34 | <input type="checkbox"/> S56 | <input type="checkbox"/> S87  |
| <input type="checkbox"/> S6  | <input type="checkbox"/> S23 | <input type="checkbox"/> S37 | <input type="checkbox"/> S62 | <input type="checkbox"/> S99  |
| <input type="checkbox"/> S7  | <input type="checkbox"/> S24 | <input type="checkbox"/> S38 | <input type="checkbox"/> S63 | <input type="checkbox"/> S101 |
| <input type="checkbox"/> S9  | <input type="checkbox"/> S26 | <input type="checkbox"/> S39 | <input type="checkbox"/> S65 | <input type="checkbox"/> S106 |
| <input type="checkbox"/> S10 | <input type="checkbox"/> S27 | <input type="checkbox"/> S42 | <input type="checkbox"/> S66 | <input type="checkbox"/> S201 |
| <input type="checkbox"/> S11 | <input type="checkbox"/> S28 | <input type="checkbox"/> S51 | <input type="checkbox"/> S72 | <input type="checkbox"/> S501 |
| <input type="checkbox"/> S14 | <input type="checkbox"/> S30 | <input type="checkbox"/> S52 | <input type="checkbox"/> S79 | <input type="checkbox"/> S901 |
| <input type="checkbox"/> S16 | <input type="checkbox"/> S31 | <input type="checkbox"/> S53 | <input type="checkbox"/> S82 |                               |

Other \_\_\_\_\_ (Paper Form Only)

OPTIONAL: Foreign Exam City \_\_\_\_\_ Date (MM/DD/YYYY) \_\_\_\_\_

If you have taken an exam prior to registering through the CRD system please enter the exam type and date taken.

**Exam type:** \_\_\_\_\_ **Date taken:** \_\_\_\_\_

**8. Professional Designations**

Select each designation you currently maintain.

- Certified Financial Planner
- Chartered Financial Consultant (ChFC)
- Personal Financial Specialist (PFS)
- Chartered Financial Analyst (CFA)
- Chartered Investment Counselor (CIC)

**9. Identifying Information/Name Change**

<b>First Name:</b> YOSEF	<b>Middle Name:</b> YEHUDA	<b>Last Name:</b> FOX	<b>Suffix:</b>
<b>State of Birth</b>	<b>Province of Birth</b>	<b>Country of Birth</b>	

UNKNOWN

**Date of Birth (MM/DD/YYYY)** █████ 1966      **Sex**  Male  Female      **Hair Color** Brown      **Eye Color** Blue

**Height (ft)** █      **Height (in)** █      **Weight (lbs)** █

**10. Other Names**

Other Names
FOX, JOE
FOX, JOSEPH
FOX, YOSEF Y
FOX, JOE

**11. Residential History**

From	To	Street Address
08/2015	PRESENT	██████████ CHICAGO, IL 60654 USA
12/2014	07/2015	██████████ LOS ANGELES, CA 90046
12/2012	12/2014	██████████ LOS ANGELES, CA 90071 USA
12/2000	12/2012	██████████ LONG GROVE, IL 60047 U,S
11/1992	12/2000	██████████ CHICAGO, IL 60645 UNITED STATES

**12. Employment History**

From	To	Name of Firm or Company	Address	Investment Related	Position Held
01/2009	PRESENT	SOVESTECH, INC.	CHICAGO, IL USA	No	CEO
04/2005	01/2009	IGGYS HOUSE, INC.	CHICAGO, IL USA	No	CEO
11/2001	04/2005	AFJ CAPITAL, INC.	CHICAGO, IL USA	Yes	MANAGING MEMBER
12/1994	10/2001	WEB STREET SECURITIES, INC.	NORTHBROOK, IL USA	Yes	CEO
09/1993	08/1994	CORPORATE SECURITIES GROUP, INC.	CHICAGO, IL	Yes	NOT PROVIDED
07/1993	09/1993	FIRST MIDWEST SECURITIES, INC.	CHICAGO, IL	Yes	NOT PROVIDED
06/1987	08/1993	PROFESSIONAL MKTG & WHOLESALE	CASA GRANDE, AZ	No	OTHER - SALES REP/MANAGER
06/1987	06/1993	PROFESSIONAL PAPER PRODUCTS		No	

From	To	Name of Firm or Company	Address	Investment Related	Position Held
			CASA GRANDE, AZ		OTHER - SALES REP.

**13. Other Business**

Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? (Please exclude non *investment-related* activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.) If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.

Yes  No

If 'Yes', please enter details below.

YOSEF FOX IS ALSO THE CO-CEO OF DITTO TRADE'S PARENT COMPANY, SOVESTECH, INC. FORMERLY DITTO HOLDINGS, INC. SOVESTECH, INC. IS NOT AN INVESTMENT RELATED BUSINESS. HE HAS BEEN THE CO-CEO SINCE JANUARY 2009. HE SPENDS APPROXIMATELY 20 HOURS PER WEEK IN THIS CAPACITY. DITTO HOLDINGS, INC. ██████████ LOS ANGELES, CA 90071

**14. Disclosure Questions**

**IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS 'YES', COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON APPROPRIATE DRP(S)**

**REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U4 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.**

**Criminal Disclosure**

**14A. (1) Have you ever:** **Yes No**

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*? ☐
- (b) been *charged* with any *felony*? ☐

**(2) Based upon activities that occurred while you exercised control over it, has an organization ever:**

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to any *felony*? ☐
- (b) been *charged* with any *felony*? ☐

**14B. (1) Have you ever:** **Yes No**

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a *misdemeanor involving*: investments or an *investment-related* business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? ☐
- (b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ☐

**(2) Based upon activities that occurred while you exercised control over it, has an organization ever:**

- (a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to a *misdemeanor* specified in 14B(1)(a)? ☐
- (b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ☐

**Regulatory Action Disclosure****14C. Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:** **Yes No**

- (1) *found* you to have made a false statement or omission?
- (2) *found* you to have been *involved* in a violation of its regulations or statutes?
- (3) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?
- (4) entered an *order* against you in connection with *investment-related* activity?
- (5) imposed a civil money penalty on you, or *ordered* you to cease and desist from any activity?
- (6) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation?
- (7) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?
- (8) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

**14D. (1) Has any other Federal regulatory agency or any state regulatory agency or foreign financial regulatory authority ever:** **Yes No**

- (a) *found* you to have made a false statement or omission or been dishonest, unfair or unethical?
- (b) *found* you to have been *involved* in a violation of *investment-related* regulation(s) or statute(s)?
- (c) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted?
- (d) entered an *order* against you in connection with an *investment-related* activity?
- (e) denied, suspended, or revoked your registration or license or otherwise, by *order*, prevented you from associating with an *investment-related* business or restricted your activities?

**(2) Have you been subject to any final order of a state securities commission (or any agency or officer performing like functions), state authority that supervises or examines banks, savings associations, or credit unions, state insurance commission (or any agency or office performing like functions), an appropriate federal banking agency, or the National Credit Union Administration, that:**

- (a) bars you from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities, or credit union activities; or
- (b) constitutes a *final order* based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

- 14E. Has any self-regulatory organization ever:** **Yes No**
- (1) *found* you to have made a false statement or omission? (
  - (2) *found* you to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the U.S. Securities and Exchange Commission)? (
  - (3) *found* you to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted? (
  - (4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities? (
  - (5) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation? (
  - (6) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? (
  - (7) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? (

**14F. Have you ever had an authorization to act as an attorney, accountant or federal contractor that was revoked or suspended?** (

- 14G. Have you been notified, in writing, that you are now the subject of any:** **Yes No**
- (1) regulatory complaint or *proceeding* that could result in a "yes" answer to any part of 14C, D or E? (If "yes", complete the *Regulatory Action* Disclosure Reporting Page.) (
  - (2) *investigation* that could result in a "yes" answer to any part of 14A, B, C, D or E? (If "yes", complete the *Investigation* Disclosure Reporting Page.) (

**Civil Judicial Disclosure**

- 14H. (1) Has any domestic or foreign court ever:** **Yes No**
- (a) *enjoined* you in connection with any *investment-related* activity? (
  - (b) *found* that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)? (
  - (c) dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you by a state or *foreign financial regulatory authority*? (
- (2) Are you named in any pending investment-related civil action that could result in a "yes" answer to any part of 14H(1)?** (

**Customer Complaint/Arbitration/Civil Litigation Disclosure**

- 14I. (1) Have you ever been named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which:** **Yes No**
- (a) is still pending, or; (



- (b) resulted in an arbitration award or civil judgment against you, regardless of amount, or;
- (c) was settled, prior to 05/18/2009, for an amount of \$10,000 or more, or;
- (d) was settled, on or after 05/18/2009, for an amount of \$15,000 or more?

**(2) Have you ever been the subject of an *investment-related*, consumer-initiated (written or oral) complaint, which alleged that you were *involved* in one or more sales practice violations, and which:**

- (a) was settled, prior to 05/18/2009 for an amount of \$10,000 or more, or;
- (b) was settled, on or after 05/18/2009, for an amount of \$15,000 or more?

**(3) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated, written complaint, not otherwise reported under question 14I(2) above, which:**

- (a) alleged that you were *involved* in one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more (if no damage amount is alleged, the complaint must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than \$5,000), or;
- (b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities?

**Answer questions (4) and (5) below only for arbitration claims or civil litigation filed on or after 05/18/2009.**

**(4) Have you ever been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation which alleged that you were *involved* in one or more sales practice violations, and which:**

- (a) was settled for an amount of \$15,000 or more, or;
- (b) resulted in an arbitration award or civil judgment against any named respondent (s)/defendant(s), regardless of any amount?

**(5) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation not otherwise reported under questions 14I(4) above, which:**

- (a) alleged that you were *involved* in one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more (if no damage amount is alleged, the arbitration claim or civil litigation, must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than \$5,000), or;
- (b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities?

**Termination Disclosure**

**14J. Have you ever voluntarily *resigned*, been discharged or permitted to *resign* after allegations were made that accused you of: Yes No**

- (1) violating *investment-related* statutes, regulations, rules, or industry standards of conduct?
- (2) fraud or the wrongful taking of property?
- (3) failure to supervise in connection with *investment-related* statutes, regulations, rules or industry standards of conduct?

**Financial Disclosure**

**14K. Within the past 10 years: Yes No**

- (1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?

- (2) based upon events that occurred while you exercised *control* over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?
- (3) based upon events that occurred while you exercised *control* over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?

**14L. Has a bonding company ever denied, paid out on, or revoked a bond for you?**

**14M. Do you have any unsatisfied judgments or liens against you?**

### 15. Signatures

Please Read Carefully

All signatures required on this Form U4 filing must be made in this section.

A "signature" includes a manual signature or an electronically transmitted equivalent. For purposes of an electronic form filing, a signature is effected by typing a name in the designated signature field. By typing a name in this field, the signatory acknowledges and represents that the entry constitutes in every way, use, or aspect, his or her legally binding signature.

#### 15A INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT

This section must be completed on all initial or Temporary Registration form filings.

#### 15B FIRM/APPROPRIATE SIGNATORY REPRESENTATIONS

This section must be completed on all initial or Temporary Registration form filings.

#### 15C TEMPORARY REGISTRATION ACKNOWLEDGMENT

This section must be completed on Temporary Registration form filings to be able to receive Temporary Registration.

#### 15D INDIVIDUAL/APPLICANT'S AMENDMENT ACKNOWLEDGMENT AND CONSENT

This section must be completed on any amendment filing that amends any information in Section 14 (Disclosure Questions) or any Disclosure Reporting Page (DRP).

#### 15E FIRM/APPROPRIATE SIGNATORY AMENDMENT REPRESENTATIONS

This section must be completed on all amendment form filings.

#### 15F FIRM/APPROPRIATE SIGNATORY CONCURRENCE

This section must be completed to concur with a U4 filing made by another *firm* (IA/BD) on behalf of an individual that is also registered with that other *firm* (IA/BD).

#### 15A. INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT

- I swear or affirm that I have read and understand the items and instructions on this form and that my answers (including attachments) are true and complete to the best of my knowledge. I understand that I am subject to administrative, civil or criminal penalties if I give false or misleading answers.
- I apply for registration with the *jurisdictions* and SROs indicated in Section 4 (SRO REGISTRATION) and Section 5 (JURISDICTION REGISTRATION) as may be amended from time to time and, in consideration of the *jurisdictions* and SROs receiving and considering my application, I submit to the authority of the *jurisdictions* and SROs and agree to comply with all provisions, conditions and covenants of the statutes, constitutions, certificates of incorporation, by-laws and rules and regulations of the *jurisdictions* and SROs as they are or may be adopted, or amended from time to time. I further agree to be subject to and comply with all requirements, rulings, *orders*, directives and decisions of, and penalties, prohibitions and limitations imposed by the *jurisdictions* and SROs, subject to right of appeal or review as provided by law.
- I agree that neither the *jurisdictions* or SROs nor any person acting on their behalf shall be liable to me for action taken or omitted to be taken in official capacity or in the scope of employment, except as otherwise

provided in the statutes, constitutions, certificates of incorporation, by-laws or the rules and regulations of the *jurisdictions* and SROs.

4. I authorize the *jurisdictions*, SROs, and the *designated entity* to give any information they may have concerning me to any employer or prospective employer, any federal, state or municipal agency, or any other SRO and I release the *jurisdictions*, SROs, and the *designated entity*, and any person acting on their behalf from any and all liability of whatever nature by reason of furnishing such information.
5. I agree to arbitrate any dispute, claim or controversy that may arise between me and my *firm*, or a customer, or any other person, that is required to be arbitrated under the rules, constitutions, or by-laws of the SROs indicated in Section 4 (SRO REGISTRATION) as may be amended from time to time and that any arbitration award rendered against me may be entered as a judgment in any court of competent *jurisdiction*.
6. For the purpose of complying with the laws relating to the offer or sale of securities or commodities or investment advisory activities, I irrevocably appoint the administrator of each *jurisdiction* indicated in Section 5 (*JURISDICTION* REGISTRATION) as may be amended from time to time, or such other person designated by law, and the successors in such office, my attorney upon whom may be served any notice, process, pleading, subpoena or other document in any action or *proceeding* against me arising out of or in connection with the offer or sale of securities or commodities, or investment advisory activities or out of the violation or alleged violation of the laws of such *jurisdictions*. I consent that any such action or *proceeding* against me may be commenced in any court of competent *jurisdiction* and proper venue by service of process upon the appointee as if I were a resident of, and had been lawfully served with process in the *jurisdiction*. I request that a copy of any notice, process, pleading, subpoena or other document served hereunder be mailed to my current residential address as reflected in this form or any amendment thereto.
7. I consent that the service of any process, pleading, subpoena, or other document in any *investigation* or administrative *proceeding* conducted by the SEC, CFTC or a *jurisdiction* or in any civil action in which the SEC, CFTC or a *jurisdiction* are plaintiffs, or the notice of any *investigation* or *proceeding* by any SRO against the *applicant*, may be made by personal service or by regular, registered or certified mail or confirmed telegram to me at my most recent business or home address as reflected in this Form U4, or any amendment thereto, by leaving such documents or notice at such address, or by any other legally permissible means.

I further stipulate and agree that any civil action or administrative *proceeding* instituted by the SEC, CFTC or a *jurisdiction* may be commenced by the service of process as described herein, and that service of an administrative subpoena shall be effected by such service, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

8. I authorize all my employers and any other person to furnish to any *jurisdiction*, SRO, *designated entity*, employer, prospective employer, or any agent acting on its behalf, any information they have, including without limitation my creditworthiness, character, ability, business activities, educational background, general reputation, history of my employment and, in the case of former employers, complete reasons for my termination. Moreover, I release each employer, former employer and each other person from any and all liability, of whatever nature, by reason of furnishing any of the above information, including that information reported on the Uniform Termination Notice for Securities Industry Registration (Form U5). I recognize that I may be the subject of an investigative consumer report and waive any requirement of notification with respect to any investigative consumer report *ordered* by any *jurisdiction*, SRO, *designated entity*, employer, or prospective employer. I understand that I have the right to request complete and accurate disclosure by the *jurisdiction*, SRO, *designated entity*, employer or prospective employer of the nature and scope of the requested investigative consumer report.
9. I understand and certify that the representations in this form apply to all employers with whom I seek registration as indicated in Section 1 (GENERAL INFORMATION) or Section 6 (REGISTRATION REQUESTS WITH *AFFILIATED FIRMS*) of this form. I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the

extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete.

10. I authorize any employer or prospective employer to file electronically on my behalf any information required in this form or any amendment thereto; I certify that I have reviewed and approved the information to be submitted to any *jurisdiction* or SRO on this Form U4 Application; I agree that I will review and approve all disclosure information that will be filed electronically on my behalf; I further agree to waive any objection to the admissibility of the electronically filed records in any criminal, civil, or administrative *proceeding*.

*Applicant* or *applicant's* agent has typed *applicant's* name under this section to attest to the completeness and accuracy of this record. The *applicant* recognizes that this typed name constitutes, in every way, use or aspect, his or her legally binding signature.

**Date (MM/DD/YYYY)**

08/11/2015

**Signature of Applicant**

YOSEF Y. FOX

**Signature** \_\_\_\_\_

### 15B. FIRM/APPROPRIATE SIGNATORY REPRESENTATIONS

To the best of my knowledge and belief, the *applicant* is currently bonded where required, and, at the time of approval, will be familiar with the statutes, constitution(s), rules and by-laws of the agency, *jurisdiction* or SRO with which this application is being filed, and the rules governing registered persons, and will be fully qualified for the position for which application is being made herein. I agree that, notwithstanding the approval of such agency, *jurisdiction* or SRO which hereby is requested, I will not employ the *applicant* in the capacity stated herein without first receiving the approval of any authority that may be required by law.

This *firm* has communicated with all of the *applicant's* previous employers for the past three years and has documentation on file with the names of the persons contacted and the date of contact. In addition, I have taken appropriate steps to verify the accuracy and completeness of the information contained in and with this application.

I have provided the *applicant* an opportunity to review the information contained herein and the *applicant* has approved this information and signed the Form U4.

**Date (MM/DD/YYYY)**

08/11/2015

**Signature of Appropriate Signatory**

DAVID J. ROSENBERG

**Signature** \_\_\_\_\_

### Bankruptcy / SIPC / Compromise with Creditors

No Information Filed

### Bond DRP

No Information Filed

### Civil Judicial DRP

No Information Filed

**Criminal DRP**

No Information Filed

**Customer Complaint DRP**

No Information Filed

**Investigation DRP**

**Check the question(s) you are responding to, regardless of whether you are answering the question (s) "yes" or amending the answer(s) to "no":**

**Investigation**

Rev. DRP (05/2009)

**14G(2)**

[Click here to view question text](#)

Complete this DRP only if you are answering "yes" to Item 14G(2). If you answered "yes" to Item 14G(1), complete the Regulatory Action DRP. If you have been notified that the *investigation* has been concluded without formal action, complete items 4 and 5 of this DRP to update. One event may result in more than one *investigation*. If more than one authority is investigating you, use a separate DRP to provide details.

1. *Investigation initiated by:*

A. Notice Received From (select appropriate item):

- SRO  Foreign Financial Regulatory Authority  Jurisdiction
- SEC  Other Federal Agency  Other

B. Full name of regulator (other than SEC) that initiated the *investigation*:  
FINRA

2. Notice Date (MM/DD/YYYY):

10/09/2014  Exact  Explanation  
If not exact, provide explanation:

3. Describe briefly the nature of the *investigation*, if known. (Your information must fit within the space provided.):

THE INVESTIGATION IS THE RESULT OF ALLEGATIONS SUBMITTED BY A DISGRUNTLED FORMER EMPLOYEE, WHICH THE REPRESENTATIVE IS DEFENDING VIGOROUSLY.

4. Is *investigation* pending?  Yes  No  
If no, complete item 5. If yes, skip to item 6.

5. Resolution Details:

A. Date Closed/Resolved (MM/DD/YYYY):

Exact  Explanation

If not exact, provide explanation:

B. How was *investigation* resolved? (select appropriate item):

- Closed Without Further Action
- Closed – Regulatory Action Initiated
- Other:

6.

Comment (Optional). You may use this field to provide a brief summary of the circumstances leading to the *investigation*, as well as the current status or final disposition and/or finding(s). Your information must fit within the space provided.

THE INVESTIGATION IS THE RESULT OF ALLEGATIONS SUBMITTED BY A DISGRUNTLED FORMER EMPLOYEE, WHERE THE MAJORITY OF THE ALLEGATIONS HAVE ALREADY BEEN PROVEN TO BE UNTRUE.

**Judgment Lien DRP**

No Information Filed

**Regulatory Action DRP**

No Information Filed

**Termination DRP**

No Information Filed

**EXHIBIT 6**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

# FORM BDW UNIFORM REQUEST WITHDRAWAL FROM BROKER-DEALER REGISTRATION

Primary Business Name: DITTO TRADE, INC.

BD Number: 151915

BDW - FULL

12/18/2015

### BDW - APPLICANT INFORMATION

OMB Number .....3235-0018

Expires.....August 31, 2014

Estimated average burden hours per response.....0.25

**WARNING: INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.**

1. A. **Full Name of Broker-Dealer (if sole proprietor, state last, first and middle name):**  
DITTO TRADE, INC. B. **IRS Emp. Ident. No.:**  
27-0965669

C. **Name under which business is conducted, if different:**  
DITTO TRADE, INC. D. **Firm CRD No.:**  
151915

E. **SEC File No.:**  
68410

F. **Firm Main Address:**

**Number and Street 1:**

155 N. WACKER DR

**City:**

CHICAGO

**State:**

Illinois

**Number and Street 2:**

SUITE #4250 OFFICE #51

**Country:**

**ZIP/Postal Code:**

60606

G. **Mailing Address, if different:**

**Number and Street 1:**

155 N. WACKER DR

**City:**

CHICAGO

**State:**

Illinois

**Number and Street 2:**

SUITE #4250 OFFICE #51

**Country:**

**ZIP/Postal Code:**

60606

H. **Area Code / Telephone No.:**

877-993-4886

2. Check One:  Full Withdrawal (skip Item 3)  Partial Withdrawal (Check box(es) where withdrawing in Item 3.)

4. Date firm ceased business or withdrew registration request (for partial withdrawals, give the date ceased business in the *jurisdiction(s)* checked in Item 3):

(MM/DD/YYYY)

12/18/2015

### BDW - FINANCIAL LIABILITIES

5. Does the broker-dealer owe any money or securities to any customer or broker-dealer?

Yes  No

If full withdrawal, complete A-D below.

A. Number of customers owed funds or securities:



B. Amount of money owed to:

<b>customers</b>	<b>broker-dealers</b>
\$	\$

C. Market value of securities owed to:

<b>customers</b>	<b>broker-dealers</b>
\$	\$

D. Describe arrangements made for payment

If this is a full withdrawal and Item 5 is answered "yes", file with the CRD a FOCUS Report Part II (or Part IIA for non-carrying or non-clearing firms) "Statement of Financial Condition" and "Computation of Net Capital" sections. For firms that do not file FOCUS Reports, file a statement of financial condition giving the type and amount of the firm's assets and liabilities and net worth. The FOCUS Report and the statement of financial condition must reflect the finances of the firm no earlier than 10 days before this Form BDW is filed.

**BDW - DISCLOSURE QUESTIONS**

- |  |                       |                                  |
|--|-----------------------|----------------------------------|
| 6. Is the broker-dealer now the subject of or named in any <i>investment-related</i> : | <b>YES</b>            | <b>NO</b>                        |
| A. <i>investigation</i>  | <input type="radio"/> | <input checked="" type="radio"/> |
| B. consumer-initiated complaint  | <input type="radio"/> | <input checked="" type="radio"/> |
| C. private civil litigation  | <input type="radio"/> | <input checked="" type="radio"/> |

NOTE: Update any incomplete or inaccurate information contained in Item 11 of Form BD.

**BDW - CUSTODIAN INFORMATION**

7. Name and Address of the person who will have custody of books and records:

<b>Full Name:</b> YITZHOK FOX	<b>Telephone Number:</b> 8153820770				
<b>Number and Street 1:</b> 414 MADISON ST.	<b>Number and Street 2:</b>				
<b>City:</b> BELVIDERE	<b>State:</b> Illinois	<b>Country:</b>	<b>ZIP/Postal Code:</b> 61008		
Address where books and records will be located, if different					
<b>Number and Street 1:</b>	<b>Number and Street 2:</b>	<b>City:</b>	<b>State:</b>	<b>Country:</b>	<b>ZIP/Postal Code:</b>

**BDW - EXECUTION**

**8. EXECUTION:**

The undersigned certifies that he/she has executed this form on behalf of, and with the authority of, the broker-dealer, and that all information herein, including any attachments hereto, is accurate, complete and current. The undersigned and broker-dealer further certify that all information previously submitted on Form BD is accurate and complete as of this date, and that the broker-dealer's books and records will be preserved and available for inspection as required by law.

<b>Date MM/DD/YYYY</b> 12/18/2015	<b>Name</b> DITTO TRADE, INC.
<b>Signature</b> YITZHOK FOX	<b>Title</b> CEO

Subscribed and sworn before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
 \_\_\_\_\_ by \_\_\_\_\_  
Year Notary Public

My Commission expires \_\_\_\_\_ County of \_\_\_\_\_ State of \_\_\_\_\_

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**EXHIBIT 7**

**TO**

**DIVISION OF ENFORCEMENT'S  
MEMORANDUM OF LAW IN SUPPORT  
OF ITS MOTION FOR SUMMARY DISPOSITION**

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16795**

**In the Matter of**

**JOSEPH J. FOX,**

**Respondent.**

**DECLARATION OF SHUMAN SOHRN**

I, Shuman Sohrn, declare as follows:

1. I am an Assistant Chief Litigation Counsel with the United States Securities and Exchange Commission (“Commission” or “SEC”), Division of Enforcement, Office of Collection, in Washington, DC. I am over the age of 18. I have been assigned responsibility for representing the Commission in enforcement and aid of execution proceedings in the above-captioned action against Joseph J. Fox (“Fox”) and am personally familiar with the facts stated herein.

2. On September 8, 2015, the Commission entered its *Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing* (the “Administrative Order”) against Fox, in the administrative proceeding entitled *In the Matter of Joseph J. Fox,*

Admin. Proc. File No. 3-16795. A true and correct copy of the Administrative Order is attached hereto as **Exhibit 1**.

3. The Administrative Order enjoined Fox from committing or causing any violations and any future violations of Section 5(a) and 5(c) of the Securities Act. The Administrative Order also ordered Fox to disgorge \$125,210 plus prejudgment interest totaling \$5,426, and to pay a civil penalty in the amount of \$75,000. Such amounts were due pursuant to the following installment payment schedule: (1) \$10,000 within 14 days of entry of the Administrative Order; (2) \$10,000 within 104 days of entry of the Administrative Order; (3) \$10,000 within 194 days of entry of the Administrative Order; and (4) \$175,636 within 284 days of entry of the Administrative Order. *See* Administrative Order § IV.

4. The Administrative Order further provides that “[i]f any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.” *See* Administrative Order § IV.

5. Fox has not made any of the installment payments for these debts. Therefore, in accordance with the terms of the Administrative Order, Fox’s debt became delinquent on September 23, 2015. Interest continues to accrue on the penalty amounts owed pursuant to 31 U.S.C. § 3717, and on the disgorgement amounts owed pursuant to SEC Rule of Practice 600.

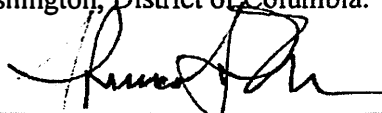
6. On or about November 10, 2015, the Commission issued and served upon counsel for Fox a demand for payment and notice of intent to offset (the “TOP Letter”). A true and correct copy of the Commission’s TOP Letter to Fox is attached hereto as **Exhibit 2**.

7. On or about November 8, 2018, the Commission served upon counsel for Fox another demand for payment and notice of a potential action to convert the Administrative Order into a District Court judgment (the "Second Demand"). A true and correct copy of the Commission's Second Demand to Fox is attached hereto as **Exhibit 3**.

8. Despite the Commission's repeated demands to date, Fox has failed to make any payments towards the debts imposed by the Administrative Order.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed this 12th day of April, 2019, in Washington, District of Columbia.



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Shuman Sohrn  
Assistant Chief Litigation Counsel  
United States Securities and Exchange Commission

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

**SECURITIES ACT OF 1933**  
**Release No. 9908 / September 8, 2015**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 75857 / September 8, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16795**

<b>In the Matter of</b>	:	
	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>AND CEASE-AND-DESIST PROCEEDINGS</b>
	:	<b>PURSUANT TO SECTION 8A OF THE</b>
<b>Joseph J. Fox,</b>	:	<b>SECURITIES ACT OF 1933 AND</b>
	:	<b>SECTION 15(b) OF THE SECURITIES</b>
	:	<b>EXCHANGE ACT OF 1934, MAKING</b>
	:	<b>FINDINGS, IMPOSING REMEDIAL</b>
<b>Respondent.</b>	:	<b>SANCTIONS AND A CEASE-AND-DESIST</b>
	:	<b>ORDER AND NOTICE OF HEARING</b>
	:	

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate 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 Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Joseph J. Fox ("Fox" 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 VI, Respondent 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 Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("Order"), as set forth below:

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Respondent**

1. **Joseph J. Fox**, also known as Yosef Yehuda Fox, age 49, is a resident of Los Angeles, California. He is the current Chief Executive Officer of Ditto Holdings, Inc. and served as the Chief Executive Officer of Ditto Trade, Inc. from its inception until December 2014. Fox held various FINRA licenses between 1993 and 2003, and since 2010 he has held the following FINRA licenses: Series 7 (General Securities Representative), Series 24 (General Securities Principal), Series 28 (Introducing Broker/Dealer Financial and Operations Principal) and Series 63 (Uniform Securities Agent State Law Examination). He was a registered representative with Ditto Trade from 2010 to December 2014. Fox voluntarily withdrew his broker's license in December 2014.

#### **Relevant Entity**

2. **Ditto Holdings, Inc.** is a Delaware corporation with offices in Los Angeles, California and Chicago, Illinois.<sup>2</sup> It is not registered with the Commission in any capacity. Ditto Holdings owns 100% of Ditto Trade, Inc. ("Ditto Trade"), an Illinois corporation with headquarters in Chicago, Illinois. According to its website, Ditto Trade is a "first-of-its-kind social brokerage firm." Ditto Trade has been registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act since July 2010.

#### **Ditto Holdings, Inc.'s Securities Offerings**

3. As Chief Executive Officer and a member of the Board of Directors of Ditto Holdings, Fox played an integral role in Ditto Holdings' efforts to raise capital. Among other things, Fox was involved in determining when Ditto Holdings would offer to sell securities, what types of securities it would offer to sell, the terms of the securities offerings, and the manner in which the securities offerings would be communicated to potential investors.

4. From April 2009 to September 2013, Ditto Holdings raised approximately \$10 million from more than two hundred investors located throughout the United States through a series of common and preferred stock offerings as follows:

- a. Ditto Holdings raised approximately \$2.1 million from the sale of common stock to at least 68 individual investors from April 2009 to March 2012. At least 13 non-accredited investors purchased common stock from Ditto Holdings during those offerings.

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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.

<sup>2</sup> Ditto Holdings, Inc. was formed in December 2010 as a successor to FB Financial Group, Inc., an Illinois corporation that was formed in January 2009. Ditto Holdings changed its name to SoVesTech, Inc. in December 2014. For simplicity, we refer to all of these entities as Ditto Holdings throughout this Order.



- b. Ditto Holdings raised approximately \$1.7 million from the sale of Series A preferred stock to at least 36 accredited investors from April 2011 to June 2012.
- c. Ditto Holdings raised approximately \$2.6 million from the sale of Series B preferred stock to at least 39 individual investors from June 2012 to January 2013. At least 10 non-accredited investors purchased preferred stock from Ditto Holdings during those offerings.
- d. Ditto Holdings raised approximately \$3.8 million from the sale of common stock to at least 104 individual investors from December 2012 to September 2013. At least 31 non-accredited investors purchased common stock from Ditto Holdings during those offerings.

5. Ditto Holdings did not maintain a complete and accurate set of financial records from its inception through at least September 2013. Ditto Holdings did not regularly prepare financial statements during that time period and has never had an audit performed on any of its financial statements.<sup>3</sup>

6. Ditto Holdings prepared offering documents for several of its securities offerings, but it did not provide the offering documents to everyone who was offered the opportunity to purchase its securities. Further, the offering documents did not include financial statements or certain other required financial information about Ditto Holdings, and Ditto Holdings did not otherwise provide this information to any investors.

7. Beginning in August 2012, Ditto Holdings entered into a series of agreements with Marc Mandel ("Mandel"). Under the agreements, Mandel agreed to co-develop with Ditto Holdings an internet-based radio show covering the stock markets and provided a number of services to Ditto Holdings, including, among other things, advice on marketing, product offerings, industry trends, and investor offerings. Mandel also hosted a radio program, on which Ditto Trade advertised, and distributed an investing newsletter. Mandel introduced his newsletter subscribers to Ditto Holding's securities offerings and also to Ditto Trade's features and services. From September 2012 to September 2013, Ditto Holdings paid Mandel at least \$265,000 and granted him warrants to purchase more than 800,000 shares of Ditto Holdings' common stock at a favorable exercise price.

8. Mandel sent numerous emails to his roughly 350 newsletter subscribers about Ditto Holdings and hosted a series of online webinars and in-person meetings for investors with Fox.

9. From late 2012 to September 2013, more than seventy of Mandel's subscribers purchased securities from Ditto Holdings at a total cost of approximately \$3.7 million.

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<sup>3</sup> Ditto Trade, Ditto Holdings' sole operating subsidiary, has had its financial statements audited annually since 2010. Some investors were provided with certain historical and projected financial information about Ditto Trade.

10. No registration statement was filed in connection with any of Ditto Holdings' securities offerings, and an exemption from registration was not available to all of the transactions.

#### **Fox's Sales of Ditto Holdings, Inc. Securities**

11. At the time that Ditto Holdings was formed in 2009, it issued shares of common stock to its founders, including Fox.

12. Beginning in February 2013, Fox discussed selling some of Fox's shares of Ditto Holdings common stock with Mandel. Fox discussed with Mandel whether any of his newsletter subscribers were interested in purchasing any of the shares. Fox provided Mandel with a stock purchase agreement, which included instructions for how to wire investment funds to Fox, and told Mandel that the stock purchase agreement was the only document interested purchasers would need to complete.

13. In March 2013, Mandel began sending emails to some of his roughly 350 newsletter subscribers praising Ditto Holdings and telling them about the opportunity to buy shares of Ditto Holdings stock. When individuals indicated an interest in buying shares of Ditto Holdings stock, Mandel provided them with a copy of the stock purchase agreement and told them to contact Fox if they needed more information.

14. From April 2013 to July 2013, approximately 28 of Mandel's subscribers purchased approximately 1.21 million shares of stock from Fox at a total cost of approximately \$1.25 million. Fox did not sell shares to anyone who was not associated with Mandel.

15. During the same period, Fox paid Mandel at least \$124,000 in three installments. The payments Fox made to Mandel corresponded to roughly 10% of the amount of Fox's sales.

16. Neither Fox nor anyone acting on his behalf took any steps to determine whether any of the individuals who purchased Fox's shares of Ditto Holdings stock were sophisticated investors. At least two of the purchasers had previously identified themselves to Ditto Holdings as non-accredited investors.

17. The investors did not have access to financial statements or other required information about Ditto Holdings in connection with Fox's sales of Ditto Holdings common stock.

18. No registration statement was filed in connection with any of Ditto Holdings' securities, and no exemption from registration was applicable to Fox's sales.

### Violation

19. As a result of the conduct described above, Fox willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration statement has been filed or is in effect or an exemption from registration is available.<sup>4</sup>

### IV.

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

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) of the Exchange Act, it is hereby ORDERED that:

1. Respondent Fox cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act;

2. Respondent shall pay disgorgement of \$125,210, which represents profits gained as a result of the conduct described herein, prejudgment interest of \$5,426, and a civil penalty of \$75,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- (1) \$10,000 within 14 days of entry of this Order;
- (2) \$10,000 within 104 days of entry of this Order;
- (3) \$10,000 within 194 days of entry of this Order; and
- (4) \$175,636 within 284 days of entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. 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;

---

<sup>4</sup> A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

- (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 Joseph Fox 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

If Respondent Fox fails to appear at a hearing after being duly notified, he may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent Fox as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

## V.

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, additional non-financial remedial sanctions against Respondent pursuant to Section 15(b)(6) of the Exchange Act are in the public interest. In connection with such additional proceedings: (a) Respondent agrees that he will be precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional

proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence or in-person testimony at a public hearing.

#### VI.

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).

#### VII.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields  
Secretary



DIVISION OF  
ENFORCEMENT

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
100 F STREET, NE  
WASHINGTON, D.C. 20549-5628

CHRISTY J. WHITE  
ASSISTANT CHIEF LITIGATION COUNSEL  
MAIL STOP 5628  
DIRECT DIAL: (202) 551-4502  
FACSIMILE: (202) 572-1372

November 10, 2015

Joseph J. Fox  
c/o Mark A. Stang  
Chuhak & Tecson, P.C.  
30 South Wacker Drive, Suite 2600  
Chicago, IL 60606

**RE:** *In the Matter of Joseph J. Fox*, AP File No. 3-16795  
Past due amount: \$205,636 (plus additional interest, late payment penalties and collection fees as allowed by law)  
Date amount became past due: September 23, 2015

**Reply Date: January 11, 2016**

Dear Mr. Fox:

You have not paid the amounts ordered in the above-captioned proceedings. A copy of the order or judgment entered against you in the proceedings is enclosed. If you do not pay the required amounts, or if you do not take other action described in this letter before the Reply Date given above, the Commission may seek to collect the amounts you owe by taking any or all of the measures described in this notice.

**Providing you with this notice does not prevent the Commission from seeking to collect the amounts you owe by using any other means permitted by law. We will continue to add interest, late payment penalties and collection fees to unpaid amounts, as allowed by law. Should your debt be transferred to the U.S. Department of the Treasury (U.S. Treasury) or the Department of Justice for collection or to a private collection agency or attorneys, the amount that you owe will increase substantially.**

**TREASURY OFFSET PROGRAM**

The Securities and Exchange Commission intends to seek collection of the debt described above through the Treasury Offset Program (TOP).

- o Once the amounts you owe are submitted to TOP, the U.S. Treasury will reduce any Federal, State, or other eligible payments due to you up to the total amount owed. This process, known as "offset," is authorized by the Debt Collection Act

of 1982, as amended by the Debt Collection Improvement Act of 1996. The U.S. Treasury is not required to send you any further notice before a payment is offset.

Payments eligible for offset include any amounts due to you in the form of:

- e income tax refunds;e
- e Federal salary, including military pay;e
- e Federal retirement payments, including military retirement pay;e
- e contractor/vendor payments;e
- e certain Federal benefit payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits (as permitted by law); ande
- e any Federal, State, or other payment that is not exempt from offset.e

#### **A. NOTICE OF RIGHTS PRIOR TO TOP**

Before we submit the amounts you owe to TOP:

- e You may pay the amounts owed in full. To pay:e
  - oe send a letter identifying the case title, action number, and your name, along with ae check or money order payable to Securities and Exchange Commission for the full amount that you owe to: Office of Financial Management, Securities and Exchange Commission, Enterprise Services Center HQ Bldg., Room 181, AMZ-341, 6500 South MacArthur Blvd., Oklahoma City, OK 73169; ore
  - oe if the attached order or judgment requires payment to a payee other than the Securities and Exchange Commission, send a check or money order to that payee as directed by the order.e

Send a copy of your check or money order to the undersigned.

oe you may also transmit payment electronically to the Securities and Exchange Commission directly from a bank account via pay.gov through the SEC website at [Http://www.sec.gov/about/offices/ofin.htm](http://www.sec.gov/about/offices/ofin.htm).e

- e You may agree to a payment plan: If you are unable to pay the amounts you owe in full, you may contact the Office of Collections, Division of Enforcement, at (202) 551-4923, agree to a payment plan acceptable to the Commission, and make payments required by the payment plan.e
- e You may request a review of the amounts owed:
  - oe You may obtain a copy of documents in the possession of the Commission that show payments recorded in connection with the amounts owed.

- oe You may request that the Commission review the amounts owed if you believe that all or any portion of the amount we intend to submit to TOP has been paid or that the amounts have been otherwise discharged (e.g., as the result of bankruptcy proceedings). However, no attempts to reargue or collaterally attack the findings that resulted in the order will be considered.e
- oe You may be entitled to an oral hearing as part of the review, but only if the Commission decides, within its discretion, that a determination of the validity of the amounts we intend to submit to TOP cannot be resolved by review of the documentary evidence.e
- o You must request a review, and provide evidence you believe relevant to a determination, by the Reply Date stated in this letter. If you do not do so, the Commission will proceed to seek collection through TOP. However, this letter does not prevent the Commission from taking action to effect an offset sooner, to the extent permitted by law.e

**Any request for a review must be submitted in writing to: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549, with a copy to the undersigned.**

#### **B.eADDITIONAL TOP INFORMATIONe**

##### **IF YOU ARE A FEDERAL EMPLOYEE:**

- oe Your current net disposable pay is subject to offset if you do not pay your debt or take other action described above. Under TOP, the U.S. Treasury will deduct up to 15% of your disposable net pay beginning in the pay period that your debt is submitted to TOP,e and continuing every pay period until your debt, including interest, penalties and other costs, is paid in full.
- oe If you wish to petition for a waiver or hearing to dispute the existence or amount of the debt, or the amount of the payroll deduction, you must file a written request for a hearing no later than 15 days from the date of this letter. The timely filing of a petition for a hearing will stay the commencement of offset proceedings. A final decision on the hearing (if one is requested) will be issued no later than 60 days after the filing of a petition requesting the hearing (unless extended by the hearing official).e

**IF YOU FILE A JOINT INCOME TAX RETURN:** If you file a joint income tax return, you should contact the Internal Revenue Service before filing your return regarding the steps to take to protect the share of the income tax refund that may be payable to your spouse, if your spouse does not also owe delinquent amounts to the U.S. Government.



## SUPPLEMENTAL INFORMATION

**IF YOU ARE EMPLOYED BY A NON-FEDERAL EMPLOYER:** The Commission, or the Department of the Treasury acting on behalf of the Commission, may issue an administrative wage garnishment order that will require your employer to withhold up to 15% of your disposable pay. You will receive additional notification if the Commission or Treasury determines to seek wage garnishment.

**BANKRUPTCY:** If you filed for bankruptcy, you are not subject to offset while the automatic bankruptcy stay is in effect. Please notify us of the stay by sending evidence concerning the bankruptcy to Secretary, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C., 20549.e

**DISCLOSURE TO CREDIT BUREAUS:** The Commission may disclose to consumer reporting agencies information necessary to establish your identity, including: your name, address and social security number; the amount, status and history of the debt; and the law enforcement program under which the debt arose. Disclosure may be made after the reply date stated above unless you pay the debt in full, enter into a payment agreement acceptable to the Commission, or present evidence that all or any portion of the debt has been paid or otherwise discharged as described in the Notice of Rights Prior to TOP set forth above.

**TRANSFER TO THE DEPARTMENT OF THE TREASURY OR THE DEPARTMENT OF JUSTICE FOR COLLECTION, AND TO PRIVATE COLLECTION AGENCIES OR ATTORNEYS:** Delinquent debts may be transferred to the Department of the Treasury's Financial Management Service for appropriate collection action, including assignment to private collection agencies. Debts may be referred to the Department of Justice for litigation or other collection action. The Commission may also refer debts to private collection agencies or private attorneys for collection.

**INTEREST, PENALTIES AND FEES:** Unpaid amounts imposed in the Commission's civil actions may be increased by interest authorized by 28 U.S.C. § 1961. Unpaid amounts imposed in the Commission's administrative proceedings may be increased by interest authorized by 17 C.F.R. § 201.600, or, if a civil penalty is imposed, as authorized by 31 U.S.C. § 3717. When a debt is referred to the Department of the Treasury for collection through TOP, or transferred to Treasury, Justice, a private collection agency or a private attorney for collection, additional fees and late payment penalties may be imposed as authorized by law.


**IRS REPORTING OF FORGIVEN DEBTS:** If the Commission determines that all or any portion of a debt is uncollectible, or enters into an agreement with you to accept less than the full amount in satisfaction of the debt, the unpaid portion of the debt may be reported to the IRS as taxable income to you.

**REFUNDS:** Unless prohibited by law or contract, we will promptly refund to you any amounts paid by you or deducted from federal payments due to you which are later waived or found not owed to the United States.

**FALSE STATEMENTS:** If you make or provide any knowingly false or frivolous statements, representations, or evidence, you may be liable for criminal penalties under 18 U.S.C. §§ 1001, and 1002, or other applicable statutes, and, if you are a federal employee, you may be subject to disciplinary actions for such statements, representations or evidence.

If you have any questions about this letter or your rights, you should contact the Office of Collections, Division of Enforcement, at (202) 551-4923 immediately.

Very truly yours,



Christy J. White  
Assistant Chief Litigation Counsel

Enclosure

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

**SECURITIES ACT OF 1933**  
**Release No. 9908 / September 8, 2015**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 75857 / September 8, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16795**

<b>In the Matter of</b>	:	
	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>AND CEASE-AND-DESIST PROCEEDINGS</b>
	:	<b>PURSUANT TO SECTION 8A OF THE</b>
<b>Joseph J. Fox,</b>	:	<b>SECURITIES ACT OF 1933 AND</b>
	:	<b>SECTION 15(b) OF THE SECURITIES</b>
	:	<b>EXCHANGE ACT OF 1934, MAKING</b>
	:	<b>FINDINGS, IMPOSING REMEDIAL</b>
<b>Respondent.</b>	:	<b>SANCTIONS AND A CEASE-AND-DESIST</b>
	:	<b>ORDER AND NOTICE OF HEARING</b>
	:	

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate 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 Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Joseph J. Fox ("Fox" 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 VI, Respondent 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 Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("Order"), as set forth below:

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Respondent

1.e **Joseph J. Fox**, also known as Yosef Yehuda Fox, age 49, is a resident of Los Angeles, California. He is the current Chief Executive Officer of Ditto Holdings, Inc. and served as the Chief Executive Officer of Ditto Trade, Inc. from its inception until December 2014. Fox held various FINRA licenses between 1993 and 2003, and since 2010 he has held the following FINRA licenses: Series 7 (General Securities Representative), Series 24 (General Securities Principal), Series 28 (Introducing Broker/Dealer Financial and Operations Principal) and Series 63 (Uniform Securities Agent State Law Examination). He was a registered representative with Ditto Trade from 2010 to December 2014. Fox voluntarily withdrew his broker's license in December 2014.

#### Relevant Entity

2.e **Ditto Holdings, Inc.** is a Delaware corporation with offices in Los Angeles, California and Chicago, Illinois.<sup>2</sup> It is not registered with the Commission in any capacity. Ditto Holdings owns 100% of Ditto Trade, Inc. ("Ditto Trade"), an Illinois corporation with headquarters in Chicago, Illinois. According to its website, Ditto Trade is a "first-of-its-kind social brokerage firm." Ditto Trade has been registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act since July 2010.

#### Ditto Holdings, Inc.'s Securities Offerings

3.e As Chief Executive Officer and a member of the Board of Directors of Ditto Holdings, Fox played an integral role in Ditto Holdings' efforts to raise capital. Among other things, Fox was involved in determining when Ditto Holdings would offer to sell securities, what types of securities it would offer to sell, the terms of the securities offerings, and the manner in which the securities offerings would be communicated to potential investors.

4.e From April 2009 to September 2013, Ditto Holdings raised approximately \$10e million from more than two hundred investors located throughout the United States through a series of common and preferred stock offerings as follows:

a.e Ditto Holdings raised approximately \$2.1 million from the sale of common stock to at least 68 individual investors from April 2009 to March 2012. At least 13 non-accredited investors purchased common stock from Ditto Holdings during those offerings.

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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.

<sup>2</sup> Ditto Holdings, Inc. was formed in December 2010 as a successor to FB Financial Group, Inc., an Illinois corporation that was formed in January 2009. Ditto Holdings changed its name to SoVesTech, Inc. in December 2014. For simplicity, we refer to all of these entities as Ditto Holdings throughout this Order.

b.e Ditto Holdings raised approximately \$1.7 million from the sale of Series Ae preferred stock to at least 36 accredited investors from April 2011 to June 2012.e

c.e Ditto Holdings raised approximately \$2.6 million from the sale of Series Be preferred stock to at least 39 individual investors from June 2012 to January 2013. At least 10 non-accredited investors purchased preferred stock from Ditto Holdings during those offerings.e

d.e Ditto Holdings raised approximately \$3.8 million from the sale of common stock to at least 104 individual investors from December 2012 to September 2013. At least 31 non-accredited investors purchased common stock from Ditto Holdings during those offerings.e

5.e Ditto Holdings did not maintain a complete and accurate set of financial records from its inception through at least September 2013. Ditto Holdings did not regularly prepare financial statements during that time period and has never had an audit performed on any of its financial statements.<sup>3</sup>

6.e Ditto Holdings prepared offering documents for several of its securities offerings,e but it did not provide the offering documents to everyone who was offered the opportunity to purchase its securities. Further, the offering documents did not include financial statements or certain other required financial information about Ditto Holdings, and Ditto Holdings did not otherwise provide this information to any investors.

7.e Beginning in August 2012, Ditto Holdings entered into a series of agreements with Marc Mandel ("Mandel"). Under the agreements, Mandel agreed to co-develop with Ditto Holdings an internet-based radio show covering the stock markets and provided a number of services to Ditto Holdings, including, among other things, advice on marketing, product offerings, industry trends, and investor offerings. Mandel also hosted a radio program, on which Ditto Trade advertised, and distributed an investing newsletter. Mandel introduced his newsletter subscribers to Ditto Holdings' securities offerings and also to Ditto Trade's features and services. From September 2012 to September 2013, Ditto Holdings paid Mandel at least \$265,000 and granted him warrants to purchase more than 800,000 shares of Ditto Holdings' common stock at a favorable exercise price.

8.e Mandel sent numerous emails to his roughly 350 newsletter subscribers about Ditto Holdings and hosted a series of online webinars and in-person meetings for investors with Fox.

9.e From late 2012 to September 2013, more than seventy of Mandel's subscribers purchased securities from Ditto Holdings at a total cost of approximately \$3.7 million.

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<sup>3</sup> Ditto Trade, Ditto Holdings' sole operating subsidiary, has had its financial statements audited annually since 2010. Some investors were provided with certain historical and projected financial information about Ditto Trade.

10.e No registration statement was filed in connection with any of Ditto Holdings's securities offerings, and an exemption from registration was not available to all of the transactions.

#### **Fox's Sales of Ditto Holdings, Inc. Securities**

11.e At the time that Ditto Holdings was formed in 2009, it issued shares of common stock to its founders, including Fox.

12.e Beginning in February 2013, Fox discussed selling some of Fox's shares of Ditto Holdings common stock with Mandel. Fox discussed with Mandel whether any of his newsletter subscribers were interested in purchasing any of the shares. Fox provided Mandel with a stock purchase agreement, which included instructions for how to wire investment funds to Fox, and told Mandel that the stock purchase agreement was the only document interested purchasers would need to complete.

13.e In March 2013, Mandel began sending emails to some of his roughly 350 newsletter subscribers praising Ditto Holdings and telling them about the opportunity to buy shares of Ditto Holdings stock. When individuals indicated an interest in buying shares of Ditto Holdings stock, Mandel provided them with a copy of the stock purchase agreement and told them to contact Fox if they needed more information.

14.e From April 2013 to July 2013, approximately 28 of Mandel's subscribers purchased approximately 1.21 million shares of stock from Fox at a total cost of approximately \$1.25 million. Fox did not sell shares to anyone who was not associated with Mandel.

15.e During the same period, Fox paid Mandel at least \$124,000 in three installments. The payments Fox made to Mandel corresponded to roughly 10% of the amount of Fox's sales.

16.e Neither Fox nor anyone acting on his behalf took any steps to determine whether any of the individuals who purchased Fox's shares of Ditto Holdings stock were sophisticated investors. At least two of the purchasers had previously identified themselves to Ditto Holdings as non-accredited investors.

17.e The investors did not have access to financial statements or other required information about Ditto Holdings in connection with Fox's sales of Ditto Holdings common stock.

18.e No registration statement was filed in connection with any of Ditto Holdings's securities, and no exemption from registration was applicable to Fox's sales.

### Violation

19.e As a result of the conduct described above, Fox willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration statement has been filed or is in effect or an exemption from registration is available.<sup>4</sup>

### IV.

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

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) of the Exchange Act, it is hereby ORDERED that:

1.e Respondent Fox cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act;

2.e Respondent shall pay disgorgement of \$125,210, which represents profits gained as a result of the conduct described herein, prejudgment interest of \$5,426, and a civil penalty of \$75,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- (1)e \$10,000 within 14 days of entry of this Order;
- (2)e \$10,000 within 104 days of entry of this Order;
- (3)e \$10,000 within 194 days of entry of this Order; and
- (4)e \$175,636 within 284 days of entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1)e Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

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<sup>4</sup> A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

- (2)a 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)a 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 Joseph Fox 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

If Respondent Fox fails to appear at a hearing after being duly notified, he may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent Fox as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

## V.

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, additional non-financial remedial sanctions against Respondent pursuant to Section 15(b)(6) of the Exchange Act are in the public interest. In connection with such additional proceedings: (a) Respondent agrees that he will be precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional



proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence or in-person testimony at a public hearing.

**VI.**

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).

**VII.**

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields  
Secretary



DIVISION OF  
ENFORCEMENT

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
100 F STREET, NE  
WASHINGTON, D.C. 20549-5985

CHRISTY J. WHITE  
WHITECHR@SEC.GOV  
MAIL STOP 5628

DIRECT DIAL: (202) 551-4502  
FACSIMILE: (202) 572-1372

November 8, 2018

Joseph J. Fox  
c/o Mark A. Stang  
Chuhak & Tecson, P.C.  
30 South Wacker Drive, Suite 2600  
Chicago, IL 60606

**Re: In the Matter of Joseph J. Fox, AP File No. 3-16795**

Dear Mr. Fox:

Please be advised that I am an attorney with the United States Securities and Exchange Commission ("Commission" or "SEC"). This letter is in regards to the abovementioned legal action in which you were ordered to pay \$205,636.

The Commission's records reveal that you have failed to satisfy the judgment amount ordered. You must immediately pay your debt in full to avoid further legal action. Failure to do so or, in the alternative, present me with a payment plan proposal on or before November 23, 2018, will result in the Commission filing the necessary paperwork to convert your AP Order to a District Court judgment. Until payment arrangements have been made, please be advised that the Commission may pursue all available options required to collect the debt.

Payment should be made as is indicated in the enclosed AP Order. Before doing so, however, please contact Shawn Jackson Wilson at (202) 551-4573 or [jacksonsh@sec.gov](mailto:jacksonsh@sec.gov) to receive your total outstanding balance, which may include post-judgment interest. When making a payment please remember to send a copy to me at the address located in the header of this letter or to [whitechr@sec.gov](mailto:whitechr@sec.gov).

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

Christy J. White  
Assistant Chief Litigation Counsel

Encl.

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

**SECURITIES ACT OF 1933**  
**Release No. 9908 / September 8, 2015**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 75857 / September 8, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16795**

<b>In the Matter of</b>	:	
	:	
<b>Joseph J. Fox,</b>	:	
	:	
	:	
<b>Respondent.</b>	:	
	:	
	:	
	:	

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933 AND  
SECTION 15(b) OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-DESIST  
ORDER AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate 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 Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") against Joseph J. Fox ("Fox" 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 VI, Respondent 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 Section 15(b) of the Securities Exchange Act of 1934, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("Order"), as set forth below:

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### **Respondent**

1.e **Joseph J. Fox**, also known as Yosef Yehuda Fox, age 49, is a resident of Los Angeles, California. He is the current Chief Executive Officer of Ditto Holdings, Inc. and served as the Chief Executive Officer of Ditto Trade, Inc. from its inception until December 2014. Fox held various FINRA licenses between 1993 and 2003, and since 2010 he has held the following FINRA licenses: Series 7 (General Securities Representative), Series 24 (General Securities Principal), Series 28 (Introducing Broker/Dealer Financial and Operations Principal) and Series 63 (Uniform Securities Agent State Law Examination). He was a registered representative with Ditto Trade from 2010 to December 2014. Fox voluntarily withdrew his broker's license in December 2014.

#### **Relevant Entity**

2.e **Ditto Holdings, Inc.** is a Delaware corporation with offices in Los Angeles, California and Chicago, Illinois.<sup>2</sup> It is not registered with the Commission in any capacity. Ditto Holdings owns 100% of Ditto Trade, Inc. ("Ditto Trade"), an Illinois corporation with headquarters in Chicago, Illinois. According to its website, Ditto Trade is a "first-of-its-kind social brokerage firm." Ditto Trade has been registered with the Commission as a broker-dealer pursuant to Section 15 of the Exchange Act since July 2010.

#### **Ditto Holdings, Inc.'s Securities Offerings**

3.e As Chief Executive Officer and a member of the Board of Directors of Ditto Holdings, Fox played an integral role in Ditto Holdings' efforts to raise capital. Among other things, Fox was involved in determining when Ditto Holdings would offer to sell securities, what types of securities it would offer to sell, the terms of the securities offerings, and the manner in which the securities offerings would be communicated to potential investors.

4.e From April 2009 to September 2013, Ditto Holdings raised approximately \$10e million from more than two hundred investors located throughout the United States through a series of common and preferred stock offerings as follows:

- a.e Ditto Holdings raised approximately \$2.1 million from the sale of common stock to at least 68 individual investors from April 2009 to March 2012. At least 13 non-accredited investors purchased common stock from Ditto Holdings during those offerings.e

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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.

<sup>2</sup> Ditto Holdings, Inc. was formed in December 2010 as a successor to FB Financial Group, Inc., an Illinois corporation that was formed in January 2009. Ditto Holdings changed its name to SoVesTech, Inc. in December 2014. For simplicity, we refer to all of these entities as Ditto Holdings throughout this Order.

b.e Ditto Holdings raised approximately \$1.7 million from the sale of Series Ae preferred stock to at least 36 accredited investors from April 2011 to June 2012.e

c.e Ditto Holdings raised approximately \$2.6 million from the sale of Series Be preferred stock to at least 39 individual investors from June 2012 to January 2013. At least 10 non-accredited investors purchased preferred stock from Ditto Holdings during those offerings.e

d.e Ditto Holdings raised approximately \$3.8 million from the sale of common stock to at least 104 individual investors from December 2012 to September 2013. At least 31 non-accredited investors purchased common stock from Ditto Holdings during those offerings.e

5.e Ditto Holdings did not maintain a complete and accurate set of financial records from its inception through at least September 2013. Ditto Holdings did not regularly prepare financial statements during that time period and has never had an audit performed on any of its financial statements.<sup>3</sup>

6.e Ditto Holdings prepared offering documents for several of its securities offerings, but it did not provide the offering documents to everyone who was offered the opportunity to purchase its securities. Further, the offering documents did not include financial statements or certain other required financial information about Ditto Holdings, and Ditto Holdings did not otherwise provide this information to any investors.

7.e Beginning in August 2012, Ditto Holdings entered into a series of agreements with Marc Mandel ("Mandel"). Under the agreements, Mandel agreed to co-develop with Ditto Holdings an internet-based radio show covering the stock markets and provided a number of services to Ditto Holdings, including, among other things, advice on marketing, product offerings, industry trends, and investor offerings. Mandel also hosted a radio program, on which Ditto Trade advertised, and distributed an investing newsletter. Mandel introduced his newsletter subscribers to Ditto Holdings' securities offerings and also to Ditto Trade's features and services. From September 2012 to September 2013, Ditto Holdings paid Mandel at least \$265,000 and granted him warrants to purchase more than 800,000 shares of Ditto Holdings' common stock at a favorable exercise price.

8.e Mandel sent numerous emails to his roughly 350 newsletter subscribers about Ditto Holdings and hosted a series of online webinars and in-person meetings for investors with Fox.

9.e From late 2012 to September 2013, more than seventy of Mandel's subscribers purchased securities from Ditto Holdings at a total cost of approximately \$3.7 million.

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<sup>3</sup> Ditto Trade, Ditto Holdings' sole operating subsidiary, has had its financial statements audited annually since 2010. Some investors were provided with certain historical and projected financial information about Ditto Trade.

10.e No registration statement was filed in connection with any of Ditto Holdings' securities offerings, and an exemption from registration was not available to all of the transactions.

**Fox's Sales of Ditto Holdings, Inc. Securities**

11.e At the time that Ditto Holdings was formed in 2009, it issued shares of common stock to its founders, including Fox.

12. Beginning in February 2013, Fox discussed selling some of Fox's shares of Ditto Holdings common stock with Mandel. Fox discussed with Mandel whether any of his newsletter subscribers were interested in purchasing any of the shares. Fox provided Mandel with a stock purchase agreement, which included instructions for how to wire investment funds to Fox, and told Mandel that the stock purchase agreement was the only document interested purchasers would need to complete.

13.e In March 2013, Mandel began sending emails to some of his roughly 350 newsletter subscribers praising Ditto Holdings and telling them about the opportunity to buy shares of Ditto Holdings stock. When individuals indicated an interest in buying shares of Ditto Holdings stock, Mandel provided them with a copy of the stock purchase agreement and told them to contact Fox if they needed more information.

14.e From April 2013 to July 2013, approximately 28 of Mandel's subscribers purchased approximately 1.21 million shares of stock from Fox at a total cost of approximately \$1.25 million. Fox did not sell shares to anyone who was not associated with Mandel.

15.e During the same period, Fox paid Mandel at least \$124,000 in three installments. The payments Fox made to Mandel corresponded to roughly 10% of the amount of Fox's sales.

16.e Neither Fox nor anyone acting on his behalf took any steps to determine whether any of the individuals who purchased Fox's shares of Ditto Holdings stock were sophisticated investors. At least two of the purchasers had previously identified themselves to Ditto Holdings as non-accredited investors.

17.e The investors did not have access to financial statements or other required information about Ditto Holdings in connection with Fox's sales of Ditto Holdings common stock.

18.e No registration statement was filed in connection with any of Ditto Holdings' securities, and no exemption from registration was applicable to Fox's sales.

### **Violation**

19.e As a result of the conduct described above, Fox willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration statement has been filed or is in effect or an exemption from registration is available.<sup>4</sup>

### **IV.**

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

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) of the Exchange Act, it is hereby ORDERED that:

1.e Respondent Fox cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act;

2.e Respondent shall pay disgorgement of \$125,210, which represents profits gained as a result of the conduct described herein, prejudgment interest of \$5,426, and a civil penalty of \$75,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- (1)e \$10,000 within 14 days of entry of this Order;e
- (2)e \$10,000 within 104 days of entry of this Order;e
- (3)e \$10,000 within 194 days of entry of this Order; ande
- (4)e \$175,636 within 284 days of entry of this Order.e

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1)e Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;e

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<sup>4</sup> A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

- (2)e 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)e 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 Joseph Fox 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604.

IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section V hereof shall be convened at a time and place to be fixed by, and before, an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

If Respondent Fox fails to appear at a hearing after being duly notified, he may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent Fox as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

## V.

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, additional non-financial remedial sanctions against Respondent pursuant to Section 15(b)(6) of the Exchange Act are in the public interest. In connection with such additional proceedings: (a) Respondent agrees that he will be precluded from arguing that he did not violate the federal securities laws as described in this Order; (b) Respondent agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional



proceedings, the findings of this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence or in-person testimony at a public hearing.

## VI.

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).

## VII.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields  
Secretary