

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99882 / April 2, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21898

In the Matter of

DAVID P. GRZAN

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against David P. Grzan (“Grzan” 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 and the findings contained in section III, paragraph 2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Grzan, 63, is the President, Chairman and CEO of PreIPO Corp. ("PreIPO"). Between July 1986 and July 2016, Grzan was associated with various registered broker-dealers as a registered representative. From approximately November 2022 through June 2023, Grzan was associated with a registered broker-dealer based in Connecticut.

2. On August 14, 2023, the Commission filed a complaint against Grzan and others in SEC v. PreIPO Corp. et al., Civil Action No. 9:23-cv-81141, in the U.S. District Court for the Southern District of Florida. On February 23, 2024, the court entered an order permanently enjoining Grzan, by consent, from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"); Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and Sections 5(a) and 5(c) of the Securities Act.

3. The Commission's complaint alleged, among other things, that PreIPO, through its *de facto* principal and Grzan, raised at least \$4.2 million from investors. PreIPO, Grzan and others told investors in the offering that their money would be used to develop an online platform that offers access to shares in private companies before their initial public offerings. Contrary to their statements to investors, the complaint alleged that only a small portion of the offering proceeds were used to fund PreIPO's online platform. Instead, PreIPO made undisclosed payments totaling about \$1.7 million to PreIPO's *de facto* principal, to Grzan and to others out of investor funds. In addition, according to the complaint, PreIPO, the undisclosed *de facto* principal, and Grzan made material misrepresentations and omissions to investors regarding PreIPO's management in order to conceal the *de facto* principal's involvement in and control over the company. Grzan and others sought to conceal the *de facto* principal's involvement in PreIPO because in 2013 in the Southern District of New York, he pled guilty to conspiracy to commit securities fraud, securities fraud, wire fraud, and money laundering, and was sentenced to 132 months in federal prison. The *de facto* principal was also permanently enjoined from violating the registration and antifraud provisions of the Securities Act and the antifraud provisions of the Exchange Act in a parallel civil action brought by the Commission.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Grzan be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Grzan be, and hereby is barred 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.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary