

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10994 / September 30, 2021

SECURITIES EXCHANGE ACT OF 1934
Release No. 93205 / September 30, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20614

In the Matter of

**Adam Heimann,
Michael Perinotti,
EGM Firm Inc., and
MIDAM Ventures LLC**

Respondents.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933 AND SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Adam Heimann (“Heimann”), Michael Perinotti (“Perinotti”), MIDAM Ventures LLC (“MIDAM”), and EGM Firm Inc. (“EGM”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

These proceedings arise out of Respondents' misconduct during their promotional campaigns for ten microcap companies from July 2015 to August 2018 (the "Relevant Period"). During the Relevant Period, Respondents concealed they were buying and selling the shares of the issuers that were the subjects of the promotional campaigns in the public market, through accounts they secretly controlled, to create actual or apparent active trading volume with the expectation that the increased volume would induce other investors to purchase or sell the securities, which would thereby demonstrate Respondents' successful promotion efforts. Through their actions, Respondents engaged in manipulative trading in violation of Exchange Act Section 9(a)(2). Also during the Relevant Period, Heimann published certain online articles promoting six of these ten stocks, and failed to accurately disclose that he was compensated to promote those stocks in violation of Securities Act Section 17(b).

Respondents

1. Heimann, 37, is a resident of Miami, Florida. Heimann is co-founder, co-owner and President of MIDAM and EGM.
2. Perinotti, 36, is a resident of Belleville, New Jersey. Perinotti is co-founder and co-owner of MIDAM and EGM.
3. MIDAM is a Florida limited liability company that is co-owned and was co-founded in 2015 by Heimann and Perinotti. MIDAM is paid by issuers and third parties to publish articles, newsletters, and research reports that promote those issuers' stock on websites and on social media.
4. EGM is a Florida company that is co-owned and was co-founded in 2011 by Heimann and Perinotti. EGM is paid by issuers and third parties to publish articles, newsletters, and research reports that promote those issuers' stock on websites and on social media.

MIDAM and EGM Engaged in Paid Promotional Campaigns

5. During the Relevant Period, Respondents were paid to conduct promotional campaigns for ten microcap companies. According to engagement letters, Respondents' promotional campaigns consisted of "advisory and consulting services for the purpose of creating market awareness." Respondents created this "market awareness" through (i) assembling large databases of email addresses to conduct mass email promotions; (ii) publishing articles on multiple websites that accepted unsolicited content; and (iii) publishing reports and promotional material on

¹ The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

penny stock-centered websites that Respondents created, own, and control. For their services, Respondents were compensated with payments, and at times, shares of stock from the issuers.

Manipulation of Promoted Stocks Through Controlled Accounts

6. Simultaneous with their promotional campaigns, Respondents traded extensively through accounts they controlled but established and held in other individuals' names ("controlled accounts"). Respondents engaged in this trading to create actual or apparent active trading in the stocks.

7. Respondents funded the controlled accounts with their own money during the Relevant Period. They used the bank account of an entity that Heimann controlled to send money to the personal bank account of a MIDAM employee and to the account of an entity the employee controlled. At Heimann's direction, the employee transferred that money to the controlled accounts.

8. Respondents' trading generally did not appear to have a legitimate business or economic purpose; they usually lost small amounts of money on the trades. However, their trading created a false appearance of volume in stocks they were promoting. Respondents placed these trades with the expectation that the increased volume would induce other investors to buy the stock, which would thereby demonstrate their successful promotion efforts.

9. During the Relevant Period, Respondents' trading represented a significant portion of all trading in the relevant stocks. For all ten issuers Respondents were paid to promote, Respondents' trading in the controlled accounts accounted for more than 20% of the total market volume of each of the stocks on multiple trading days.

10. For example, Respondents began promoting Issuer 1 on October 1, 2017 and continued to do so through March 30, 2018. During Respondents' controlled account trading and promotion of Issuer 1 trade volume in Issuer 1 increased significantly from an average of approximately 2,800 shares per day to an average of approximately 32,685 shares per day, an increase of more than 1,167%. Once Respondents ended their promotions and controlled account trading, the volume of the promoted stocks declined significantly.

Inaccurate and Incomplete Compensation Disclosures in Research Articles

11. During the Relevant Period, Heimann published 19 articles under his own name that promoted some of these issuers' stocks on three general and financial news websites that accept unsolicited content. In these articles, Heimann failed to disclose either that he and/or EGM or MIDAM were being compensated for promoting the issuers that were the subject of the articles, the amount (or, in one instance the correct amount) they were paid, or who was compensating EGM or MIDAM for the promotion at the time of the article's publication. In some instances, Heimann's disclosures contained inaccurate information regarding Respondents' receipt of shares as compensation and/or how much cash compensation was being paid to promote the issuers mentioned in the articles.

12. For example, on July 10, 2015, Heimann published an article that was posted on a financial news website. The article, which promoted Issuer 2, contained a disclosure at the end inaccurately stating “[t]his article is commentary by an independent contributor. At the time of publication, the author held no positions in the stocks mentioned.” In fact, on June 17, 2015, MIDAM had entered into an agreement with Issuer 2 to promote its stock. As compensation for the promotion of the stock, MIDAM had been awarded 10 million shares of Issuer 2 and was also paid \$60,000; none of this compensation was disclosed. The 10 million shares of Issuer 2 were issued to MIDAM one day before the July 10, 2015 article was published.

13. Heimann authored 18 other articles for three news websites that also contained incomplete or inaccurate disclosures about his relationship with the issuers, including whether, or by whom, he was being compensated to promote their stock.

Violations

14. As a result of the conduct described above, Respondents violated Section 9(a)(2) of the Exchange Act, which, among other things, makes it unlawful “[t]o effect, alone or with one or more other persons, a series of transactions in any security... creating actual or apparent active trading in such security ... for the purpose of inducing the purchase or sale of such security by others,” by the use of any means or instruments of interstate commerce or by the use of the mails.

15. As a result of the conduct described above, Respondent Heimann violated Section 17(b) of the Securities Act which makes it unlawful for any person, by the use of any means or instruments of interstate commerce or by the use of the mails, to:

publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

Undertakings

16. All Respondents have undertaken to refrain from trading in any account, or directing others to trade in any account, in the securities of any client or issuer that any Respondent is advertising, marketing, or otherwise promoting, or has been engaged to advertise, market, or otherwise promote.

17. Respondent Heimann has undertaken to refrain from preparing or disseminating any written communication advertising, marketing, or otherwise promoting any security without fully disclosing in the communication itself the source, amount, and duration of all consideration received, or to be received, directly or indirectly, by Respondent Heimann in connection with such communication.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents Heimann, Perinotti, EGM and MIDAM cease and desist from committing or causing any violations and any future violations of Section 9(a)(2) of the Exchange Act, and Respondent Heimann cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.

B. Respondents shall comply with the undertakings enumerated in paragraphs 16 and 17 above.

C. Respondents shall pay civil penalties to the Securities and Exchange Commission as described below. Payment shall be made in the following installments listed below for each Respondent. Payments shall be applied first to post order interest, which accrues pursuant to pursuant to 31 U.S.C. §3717. Prior to making the final payment set forth herein, Respondents shall contact the staff of the Commission for the amount due. If Respondents fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth below, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

D. Respondent MIDAM shall pay a civil money penalty in the amount of \$487,616 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment of the penalty shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$200,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$71,904, due within one hundred (100) days of the entry of this Order.
- Payment 3, in the amount of \$71,904, due within one hundred ninety (190) days of the entry of this Order.
- Payment 4, in the amount of \$71,904, due within two hundred eighty (280) days of the entry of this Order.
- Payment 5, in the amount of \$71,904, due within three hundred sixty (360) days of the entry of this Order.

E. Respondent EGM shall pay a civil money penalty in the amount of \$487,616 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional

interest shall accrue pursuant to 31 U.S.C. §3717. Payment of the penalty shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$200,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$71,904, due within one hundred (100) days of the entry of this Order.
- Payment 3, in the amount of \$71,904, due within one hundred ninety (190) days of the entry of this Order.
- Payment 4, in the amount of \$71,904, due within two hundred eighty (280) days of the entry of this Order.
- Payment 5, in the amount of \$71,904, due within three hundred sixty (360) days of the entry of this Order.

F. Respondent Perinotti shall pay a civil money penalty in the amount of \$97,523 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment of the penalty shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$50,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$11,880.75, due within one hundred (100) days of the entry of this Order.
- Payment 3, in the amount of \$11,880.75, due within one hundred ninety (190) days of the entry of this Order.
- Payment 4, in the amount of \$11,880.75, due within two hundred eighty (280) days of the entry of this Order.
- Payment 5, in the amount of \$11,880.75, due within three hundred sixty (360) days of the entry of this Order.

G. Respondent Heimann shall pay a civil money penalty in the amount of \$177,245 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment of the penalty shall be made in five (5) installments according to the following schedule:

- Payment 1, in the amount of \$50,000, due within ten (10) days of the entry of this Order.
- Payment 2, in the amount of \$31,811.25, due within one hundred (100) days of the entry of this Order.
- Payment 3, in the amount of \$31,811.25, due within one hundred ninety (190) days of the entry of this Order.
- Payment 4, in the amount of \$31,811.25, due within two hundred eighty (280) days of the entry of this Order.

- Payment 5, in the amount of \$31,811.25, due within three hundred sixty (360) days of the entry of this Order.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 265, AMK-326
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Heimann, Perinotti, MIDAM, and EGM as Respondents 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 Glenn S. Gordon, Division of Enforcement, Securities and Exchange Commission, Miami Regional Office, 801 Brickell Ave. Suite 1950, Miami, FL 33131.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by

Respondents Heimann and Perinotti, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents 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 Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary