

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98851 / November 3, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21655

In the Matter of

Stoner Cats 2, LLC,

Respondent.

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EXTENSION ORDER

The Division of Enforcement (“Division”) has requested an extension of time until November 20, 2024 to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(a).

On September 13, 2023, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Stoner Cats 2, LLC (“SC2” or the “Respondent”). The Commission found that on July 27, 2021, SC2 conducted an unregistered offering of crypto asset securities in the form of non-fungible tokens called Stoner Cats (hereinafter “Stoner Cats NFTs” or “NFTs”). According to the Order, SC2 offered and sold to the public, including U.S. investors, 10,320 NFTs for 0.35 ETH (approximately \$800) each. The offering sold out in 35 minutes and generated gross proceeds in ETH equal at the time to approximately \$8.2 million.

¹ Securities Act Rel. No. 11233 (Sept. 13, 2023).

The Commission found that SC2 offered and sold the Stoner Cats NFTs as investment contracts, and therefore securities, pursuant to the test laid out by the U.S. Supreme Court in *SEC v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946) and its progeny, including the cases referenced by the Commission in its *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO* (Exchange Act Rel. No. 81207) (July 25, 2017). According to the Order, investors in Stoner Cats NFTs had a reasonable expectation of obtaining a profit based on SC2's managerial and entrepreneurial efforts. The Commission also found that SC2 was required to, but did not, register the offer and sale of Stoner Cats NFTs with the Commission, and no exemption from registration was available. Thus, as described in the Order, SC2 violated Sections 5(a) and 5(c) of the Securities Act.

The Commission ordered the Respondent to pay a \$1,000,000.00 civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid can be distributed to harmed investors (the "Fair Fund").

The Fair Fund consists of the \$1,000,000.00 paid by the Respondent. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

In its request for an extension of time, the Division states that additional time is needed complete the fund administrator solicitation and appointment process, develop the distribution methodology, and prepare the proposed plan of distribution.

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division's request for an extension of time until November 20, 2024 to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.²

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 200.30-4(a)(21)(i).