

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11271 / February 20, 2024

SECURITIES EXCHANGE ACT OF 1934
Release No. 99559 / February 20, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21858

In the Matter of

CHRISTIAN FERNANDEZ

Respondent.

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 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 Christian Fernandez a/k/a Christian Crockwell (“Fernandez” 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents 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 a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

From 2020 through 2021, Fernandez engaged in a scheme to deceive investors by concealing undisclosed compensation paid by two issuers in exchange for purportedly independent recommendations from Palm Beach Venture ("Palm Beach"), an investment newsletter. Investors were given the misleading impression that Palm Beach's endorsements of the issuers were objective and independently formed when, in fact, the issuers were paying for the promotion. Fernandez negotiated secret compensation for Palm Beach's chief analyst and author, William Mikula, in exchange for his endorsements of the issuers in the Palm Beach newsletter, and Fernandez funneled the compensation through offshore entities and accounts that he controlled. Fernandez retained approximately half of the funds for himself and passed the other half to Mikula. As a result of his conduct, Fernandez violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder, and caused violations of Section 17(b) of the Securities Act.

Respondent

1. **Christian Fernandez a/k/a Christian Crockwell** ("Fernandez"), age 32, is a Mexican citizen residing in Marietta, Georgia. Fernandez controls Nucleo de Negocios Dialin SA DE CV ("Nucleo de Negocios"), a Mexican entity through which some of the funds at issue were funneled. The Commission charged Fernandez for similar conduct related to three other issuers in *SEC v. Mikula, et al.*, 2:22-cv-07096-SB-PLA (filed Sept. 30, 2022, C.D. Cal.), and Fernandez has consented to judgment against him in that action.

Relevant Entities and Individuals

2. **William Mikula a/k/a Jonathan W. Mikula** ("Mikula"), age 38, is a resident of Woodstock, Georgia. Mikula was chief analyst and author of Palm Beach Venture, a newsletter published by Palm Beach Research Group, from at least 2019 through late 2021. The Commission has charged Mikula in three separate matters, most recently as co-Defendant in the pending action against Fernandez. *SEC v. Mikula*, 2:22-cv-07096-SB-PLA.

3. **Issuer 1** is a Canadian-based issuer whose securities trade on the Cboe Canada exchange (formerly NEO Exchange). Its securities are also quoted and traded on OTC Link whose parent company is OTC Markets Group Inc. ("OTC Link"). Issuer 1 was promoted by Palm Beach between at least July 2020 and January 2021. Executive 1 was an executive of Issuer 1 during the time period of the promotion.

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

4. **Issuer 2** is a Canadian-based issuer whose securities trade on the Cboe Canada exchange. Unsolicited quotations for its common stock are published on OTC Link. Issuer 2 was promoted by Palm Beach between at least February 2021 and December 2021. Executive 2 was an executive of Issuer 2 during the time period of the promotion.

Facts

5. Fernandez, a close affiliate of Mikula, played a central role in the scheme to conceal compensation from issuers in exchange for Mikula's promotion in the Palm Beach newsletter. Fernandez was responsible for collecting and disbursing illicit funds related to the promotions. Fernandez negotiated Mikula's share of the proceeds with issuers and/or middlemen, sent sham invoices to collect Mikula's share of the illicit proceeds, and funneled the proceeds through various entities and accounts that Fernandez controlled.

Issuer 1

6. From at least July 2020 through January 2021, Palm Beach circulated emails and articles touting Issuer 1's securities to its subscribers. At no time did the Palm Beach newsletter disclose that Mikula was receiving compensation in exchange for the promotion of Issuer 1's securities. At least some of the emails included a false disclaimer stating that neither Palm Beach "nor its affiliates receive compensation for bringing this deal to you."

7. In or around December 2020, Executive 1, Mikula, and Fernandez agreed that Executive 1 would pay undisclosed compensation in exchange for the promotion. Executive 1 thereafter directed an associate to send \$326,502.23 to Fernandez. Fernandez used approximately \$134,385.42 of that amount to purchase and insure a Range Rover for Mikula, which represented Mikula's share of the compensation in exchange for the promotion.

8. Fernandez retained approximately \$191,782.11 of the compensation from Issuer 1 for his role in funneling and concealing the payments that were made to Mikula in exchange for the promotion.

9. Fernandez knew, or was reckless in not knowing, that he was engaged in a scheme to defraud investors by concealing compensation from Issuer 1 in exchange for promotion by Palm Beach.

Issuer 2

10. In or around December 2020, Fernandez and Executive 2 entered into an agreement whereby Issuer 2 would pay undisclosed compensation in exchange for promotion by Mikula through the Palm Beach newsletter.

11. From at least February 2021 through December 2021, Palm Beach circulated emails and articles touting Issuer 2's securities to its subscribers. At no time did the Palm Beach newsletter disclose that Mikula was receiving compensation in exchange for the promotion of

Issuer 2's securities. At least some of the emails included a false disclaimer stating that neither Palm Beach "nor its affiliates receive compensation for bringing this deal to you."

12. Fernandez sent fake invoices to Executive 2 to collect payment for the promotion. In response, Issuer 2 sent \$280,000 to Nucleo de Negocios, the Mexican-entity controlled by Fernandez. Fernandez transferred the monies to his personal bank account in the United States. Fernandez thereafter provided Mikula approximately \$140,000 in cash, which represented Mikula's share of the compensation in exchange for the promotion.

13. Fernandez retained approximately \$140,000 of the compensation from Issuer 2 for his role in funneling and concealing the payments that were made to Mikula in exchange for the promotion.

14. Fernandez knew, or was reckless in not knowing, that he was engaged in a scheme to defraud investors by concealing compensation from Issuer 2 in exchange for promotion by Palm Beach.

Violations

15. As a result of the conduct described above, Fernandez violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) and thereunder, which prohibits fraudulent conduct in connection with the purchase or sale of securities.

16. As a result of the conduct described above, Fernandez caused Mikula's violations of Section 17(b) of the Securities Act, which makes it unlawful for any person to tout a stock for any consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt and amount of such consideration.

Disgorgement

17. The disgorgement and prejudgment interest ordered in paragraph IV.B. is consistent with equitable principles and does not exceed Respondent's net profits from its violations and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to paragraph IV.B. in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a distribution, upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

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 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent shall, within 30 days of the entry of this Order, pay disgorgement of \$331,782.11 and prejudgment interest of \$30,094.34 to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Fernandez 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 Katharine Zoladz, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

C. Respondent acknowledges that the Commission is not imposing a civil penalty based upon his cooperation in a Commission investigation and related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay a civil money penalty. Respondent may contest by way of

defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

It is further ORDERED that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the findings in the Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under the 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).

By the Commission.

Vanessa A. Countryman
Secretary