

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068899801**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Honeycomb Portal LLC (Respondent)
Funding Portal Member
CRD No. 289015

Pursuant to FINRA Rule 9216, Respondent Honeycomb Portal LLC (Honeycomb) submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Honeycomb is a funding portal that acts as an intermediary for crowdfunding securities offerings conducted in reliance on Section 4(a)(6) of the Securities Act of 1933 (Regulation Crowdfunding or Reg CF). It is located in Pittsburgh, PA, and has been a funding portal member of FINRA since December 2017.

OVERVIEW

Between March 2021 and January 2023, Honeycomb acted as an intermediary for an issuer (Issuer A) in two Reg CF offerings. A separate funding portal affiliated with Issuer A (Funding Portal A) also performed certain functions in both offerings that are required to be performed only by an intermediary. Because Honeycomb knew or should have known that the offerings were not conducted exclusively through a single intermediary, as required by Reg CF Rule 100(a)(3), it lacked a reasonable basis to believe that Issuer A complied with the requirements of Reg CF, in violation of Reg CF Rule 301(a) and FINRA Funding Portal Rule 200(a).

In addition, from March 2021 to the present, Honeycomb failed to make and preserve certain electronic communications with Issuer A about the two offerings, in violation of Reg CF Rule 404(a) and FINRA Funding Portal Rule 200(a).

For these violations, Honeycomb is censured, fined \$140,000, and has agreed to an undertaking to certify its corrective action.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a cause exam.

A. Honeycomb participated in the same offering as another intermediary.

From March 2021 to August 2021 and again from August 2022 to January 2023, Honeycomb agreed to serve as intermediary in two separate Reg CF offerings of Issuer A. In connection with the offerings, Honeycomb entered into a technology licensing agreement with Issuer A to permit it to conduct Issuer A's offerings using the same technology as Issuer A's affiliated funding portal, Funding Portal A. Honeycomb earned \$125,000 for its involvement in Issuer A's two offerings.

Reg CF Rule 300(b) guards against conflicts of interest between intermediaries and issuers by prohibiting a funding portal from serving as intermediary if its officers have a financial interest in the issuer.¹ Funding Portal A was therefore prohibited from serving as intermediary in Issuer A's offerings, because its officers held financial interests in Issuer A.

B. Honeycomb lacked a reasonable belief that Issuer A complied with Reg CF.

Under Reg CF Rule 301(a), a funding portal must have a reasonable basis for believing that issuers seeking to offer and sell securities through the portal's platform comply with the requirements in Section 4A(b) of the Securities Act and related Reg CF Rules. Reg CF Rule 100(a)(3) requires transactions in a Reg CF offering to be "conducted exclusively through the intermediary's platform." Reg CF states, in an instruction to paragraph (a)(3), that "[a]n issuer shall not conduct an offering or concurrent offerings [under Reg CF] . . . using more than one intermediary." The Securities and Exchange Commission has explained that Reg CF Rule 100(a)(3) helps potential investors effectively "obtain and share information" about particular securities offerings, while "avoiding dilution or dispersment of the 'crowd.'" Reg CF Rule 100(a)(3) also "helps to minimize the risk that issuers and intermediaries would circumvent the requirements of Regulation Crowdfunding."²

FINRA Funding Portal Rule 200(a) requires a funding portal member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of any of the federal securities laws, Reg CF Rules, or FINRA Funding Portal rules is also a violation of Rule 200(a).

From March 2021 to August 2021 and from August 2022 to January 2023, Honeycomb knew or should have known that Funding Portal A was improperly acting as an intermediary in Issuer A's two offerings. For example, Funding Portal A advertised the offerings on its own platform; prospective investors were required to use or create a Funding Portal A account to invest in Issuer A; and, after having invested, investors were

¹ See, *Final Rule: Crowdfunding*, Exchange Act Release No. 76324, 2015 SEC LEXIS 5486, *581 (Oct. 30, 2015) ("conflicts of interest between intermediaries and investors . . . may reduce investor protection.").

² *Id.* at *34-35.

able to track and manage their investments in Issuer A from their accounts at Funding Portal A, including by canceling those investments. Funding Portal A also participated in the transmittal and reconciliation of investments and refunds in connection with the offerings.

For these reasons, Honeycomb lacked a reasonable basis to believe that the issuer was in compliance with the requirement in Reg CF Rule 100(a)(3) to conduct an offering exclusively through one intermediary.

Therefore, Honeycomb violated Reg CF Rule 301(a) and FINRA Funding Portal Rule 200(a).

C. Honeycomb failed to make and preserve certain required records.

Reg CF Rule 404(a) requires funding portals to make and preserve certain records for five years, the first two years in an easily accessible place. Reg CF Rule 404(a)(2) requires the creation and preservation of “[a]ll records related to issuers who offer and sell . . . securities through the funding portal and the control persons of such issuers.” A violation of Rule 404(a) is also a violation of FINRA Funding Portal Rule 200(a).

From March 2021 to the present, Honeycomb failed to preserve certain electronic communications with Issuer A related to Issuer A’s two Reg CF offerings, as required under Rule 404(a). Honeycomb deleted, or permitted Funding Portal A to delete, the electronic communications, without retaining copies.

Therefore, Honeycomb violated Reg CF Rule 404(a) and FINRA Funding Portal Rule 200(a).

B. Respondent also consents to the imposition of the following sanctions:

- a censure;
- a \$140,000 fine; and
- an undertaking that, within 90 days of the date of the notice of acceptance of this AWC, a member of Honeycomb’s senior management shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Honeycomb’s remediation and implementation. FINRA staff may request further evidence of Honeycomb’s remediation and implementation, and Honeycomb agrees to provide such evidence. Honeycomb shall submit the certification to Lorraine Page, Senior Paralegal, at Lorraine.Page@finra.org and 9509 Key West Avenue, Rockville, MD 20850, with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

April 29, 2025

Date

George Cook

Honeycomb Portal LLC
Respondent

George Cook

Print Name: _____

CEO & Co-Founder

Title: _____

Reviewed by:

Mark Roderick

Mark Roderick
Counsel for Respondent
Lex Nova Law
10 East Stow Road Suite 250
Marlton, NJ 08053

Accepted by FINRA:

May 14, 2025

Date

Signed on behalf of the
Director of ODA, by delegated authority

John-Michael Seibler

John-Michael Seibler
Principal Counsel
FINRA
Department of Enforcement
9509 Key West Ave
Rockville, MD 20850