

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11301 / September 3, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22045

In the Matter of

CHANON GORDON,

Respondent.

**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**

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”), against Chanon Gordon (“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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this 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 (“Order”), as set forth below.

III.

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

Summary

These proceedings arise out of Respondent's agreement to allow Wilson Baston ("Baston") to use Respondent's entities and bank accounts under Respondent's control, as well as Respondent's acquiescence in Baston's use of Respondent's name, in connection with their business dealings, notwithstanding numerous red flags and warning signs that Baston was using them to further a fraud, thereby causing Baston's violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

Respondent

1. Respondent Gordon was a principal of Gordon Management Group LLC ("Gordon Management-CT"), a Connecticut limited liability company from at least 2015 to 2023, and the principal of a New Jersey limited liability company also called Gordon Management Group LLC ("Gordon Management-NJ," collectively "Gordon Management") from at least 2017 to 2023. He is 50 years old and is a resident of Bloomfield, Connecticut.

Other Relevant Individual and Entities

2. Baston is a convicted felon. On August 7, 2008, Baston pled guilty to 17 counts of mail and wire fraud, for conducting a Ponzi scheme which defrauded more than two hundred investors of over \$22 million. *USA v. Baston*, No. 07-cr-750 (PAE) (filed Aug. 13, 2007, S.D.N.Y.). On June 23, 2023, the Commission filed a civil action against Baston, charging him with fraud, including violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, in connection with another scheme through which he defrauded at least 19 investors of more than \$10 million between September 2018 and November 2022. *SEC v. Baston*, No. 23-cv-5347 (MKV) (filed June 23, 2023, S.D.N.Y.). On June 23, 2023, Baston was also charged in a criminal indictment with wire fraud, securities fraud and aggravated identity theft, in connection with the same facts underlying the Commission action. Pursuant to a plea agreement, on January 31, 2024, Baston pled guilty to securities fraud. *USA v. Baston*, No. 23-cr-303 (VM) (filed June 22, 2023, S.D.N.Y.). As part of that scheme, Baston used several aliases, including Chanon Gordon. Baston, 62 years old, is a resident of Brooklyn, New York.

3. Gordon Management-CT is a purported real estate business, formed by Gordon in Connecticut in 2015. Gordon Management-NJ is a company formed by Gordon in New Jersey in 2017. Through their bank accounts, both Gordon Management entities served as a vehicle to accept investor funds for purported real estate transactions in connection with Baston's fraudulent scheme.

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.

Background

4. In about March 2015, Gordon established Gordon Management-CT to conduct a real estate business. He bought one income-producing property before deciding to focus the business on buying, refurbishing and flipping houses.

5. In about late 2016, Gordon met Baston, while Baston was serving time in prison in connection with his first fraud conviction. They were introduced by an inmate who was a common acquaintance, and who told Gordon that Baston had expertise in flipping houses. After Baston was released from prison in about March 2017 and while Baston was on supervised release, Gordon spoke with Baston by phone and visited him in Brooklyn on multiple occasions. During that time, Baston told Gordon that he had been in prison for extortion. Despite Gordon's awareness of Baston's criminal history, they struck a handshake deal to become equal partners in a real estate venture to flip houses. Baston was to handle most aspects of the business, while Gordon agreed that Gordon Management's and Gordon's names could be used, and that Baston's name would not be used, to conduct the business and to obtain financing for the business.

6. For example, Gordon agreed to form Gordon Management-NJ, and also agreed to open bank accounts and to be the sole signatory on Gordon Management-NJ accounts. Although Baston's name was not on these accounts, Gordon gave Baston the usernames and passwords for online access to all the bank accounts, and allowed Baston to exercise control over those accounts. In addition, Gordon gave Baston bankcards, which among other things, allowed Baston to withdraw cash at ATMs from Gordon Management accounts.

7. Both Gordon and Baston initially attended real estate closings, where Gordon personally signed loan and other documents for several properties, with Gordon also personally guaranteeing the loans. Gordon later learned that Baston was using DocuSign to electronically sign documents in his name on certain real estate documents.

8. By at least late 2019, Gordon became aware that Baston was also using his name to solicit investors. Although Gordon had not previously communicated with any investors, several investors – who knew Baston as “Chanon Gordon” – began contacting Gordon with complaints about money being owed to them. Around the same time, Gordon also learned that Baston's prior criminal conviction related to a scheme involving the solicitation of promissory notes, which Baston was also entering into with investors on behalf of Gordon Management.

9. On multiple occasions, Baston assured Gordon that the investors would be paid. However, by at least May 2022, Gordon also became aware of multiple instances in which Baston made promises to pay investors back by specific dates, and then failed to do so.

10. In or around March 2023, Gordon learned from an investor that the Federal Bureau of Investigation was conducting an investigation relating to the solicitation of investments for Gordon Management.

11. Notwithstanding Gordon's awareness of "red flags" that should have alerted him to Baston's fraudulent conduct, including Baston's criminal history, his use of Gordon's name and entity bank accounts, and his failure to repay investors as promised, Gordon did not cut off Baston's access to the Gordon Management bank accounts through which Baston carried out his scheme.

12. Over the course of Baston's scheme, beginning about September 2018, Baston received more than \$10 million dollars from investors.

13. Of the more than \$10 million raised from investors, Gordon personally received approximately \$89,681. He also invested, personally or through his spouse, approximately \$81,575, with Baston in connection with purported real estate transactions. The resulting net profits to Gordon were \$8,106.

14. As a result of the conduct described above, Respondent caused Baston's violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act which prohibit fraud in the offer or sale of securities.

Disgorgement and Civil Penalties

15. The disgorgement and prejudgment interest ordered in paragraph IV.B is consistent with equitable principles and does not exceed Respondent's net profits from his 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 and in the public interest to impose the sanctions agreed to in Respondent Gordon's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Gordon cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

B. Respondent shall, within 14 days of the entry of this Order, pay disgorgement of \$8,106 and prejudgment interest of \$800.24, and a civil money penalty in the amount of \$25,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties

collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. 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 Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of the civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

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 Gordon 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 Tejal Shah, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

C. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he 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 Respondent 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 Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 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