

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 101210 / September 27, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22215**

**In the Matter of**

**ERIC HANNELIUS**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
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 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Eric Hannelius (“Hannelius” 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, 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 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 finds<sup>1</sup> that:

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<sup>1</sup> 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.

## Summary

This matter concerns insider trading by Hannelius based on material nonpublic information (“MNPI”) that Bruce Garelick (“Garelick”), an employee of Hannelius’s business associate, learned as a director on the board of Digital World Acquisition Corporation (“DWAC”), which was a special purpose acquisition company (“SPAC”) at the time of the relevant conduct. Specifically, Garelick was aware of MNPI in September and October 2021 regarding DWAC’s ongoing merger negotiations with Trump Media & Technology Group Corp. (“TMTG”). As a director, Garelick owed a fiduciary duty to DWAC and its shareholders to keep the information confidential and refrain from tipping the information to others. In breach of that duty, Garelick communicated DWAC’s information to Hannelius with the understanding that Hannelius could use that information to trade securities. Hannelius purchased DWAC securities on the basis of the MNPI provided by Garelick despite knowing, or being reckless in not knowing, that the information was material and nonpublic and that Garelick had breached his fiduciary duty for personal benefit by providing Hannelius the information. On October 20, 2021, after market close, DWAC and TMTG announced that they had entered into a merger agreement. Hannelius sold his DWAC securities shortly thereafter, reaping illicit profits of \$168,206.

## Respondent

1. **Hannelius**, age 63, is a resident of Studio City, CA. Hannelius works in the payment processing industry. Hannelius is not registered with the Commission in any capacity.

## Other Relevant Individuals and Entities

2. **DWAC**, a Delaware corporation based in Miami, FL, was a SPAC. DWAC had no operations of its own and existed for the purpose of merging with a privately held company to, in effect, take that company public. On September 8, 2021, DWAC completed an initial public offering (“IPO”) of 28,750,000 units at a price of \$10.00 per unit, generating gross proceeds of \$287.5 million, which were held in trust for the benefit of shareholders until completion of a business combination.

3. **TMTG**, a Delaware corporation with its principal place of business in Sarasota, FL. TMTG operates a social media platform. On October 20, 2021, DWAC and TMTG entered into a definitive merger agreement, which was subsequently amended several times. TMTG closed its merger with DWAC on March 25, 2024. The surviving entity renamed itself “Trump Media & Technology Group Corp.” and now trades under the ticker symbol “DJT.” This Order will solely refer to the entity names prior to the closing of the merger.

4. **Garelick**, age 54, is a resident of Cohasset, MA. Garelick was a DWAC director from July 8, 2021 through June 22, 2022. At the time of the relevant conduct, Garelick was an employee of Rocket One Capital LLC, a venture capital firm. He is not registered with the Commission in any capacity. In June 2023, the Commission charged Garelick with insider trading and trade reporting violations under Sections 10(b) and 16(a) and Rules 10b-5 and 16a-3 thereunder. *See SEC v. Garelick, et al.*, 1:23-cv-05567 (S.D.N.Y.). The United States Attorney’s

Office for the Southern District of New York filed criminal insider trading charges against Garelick in June 2023. *See United States v. Shvartsman, et al.*, 1:23-cr-00307 (S.D.N.Y.). On May 9, 2024, a jury found Garelick guilty on all counts charged in the criminal case. One of those counts related to Garelick tipping Hannelius.

## **Facts**

### ***Background***

5. A SPAC has no underlying business operations. The management team (often referred to as the “sponsor”) that forms the SPAC does so in order to raise capital through an IPO, for the purpose of using the proceeds to acquire an unidentified private operating company at a later date but within a specified period of time (typically two years).

6. Generally, in a SPAC IPO, investors purchase units, which are securities that are redeemable for shares of common stock and warrants. Typically, each unit can be redeemed for one share of common stock and a fraction of a warrant. A warrant gives the holder the right to purchase a certain number of shares of the SPAC’s common stock at a specific price on a future date.

7. Following a SPAC IPO, the unit’s component parts can be separated, such that the investor can trade units, shares of common stock, or warrants independently. Each of these securities would be listed separately if trading on U.S. securities exchanges.

8. After it raises funds through an IPO, a SPAC will seek to identify acquisition candidates and attempt to complete a business combination transaction, after which the company will continue the operations of the acquired company as a public company.

### ***Hannelius Traded on the Basis of MNPI about DWAC***

9. In June 2021, prior to DWAC’s IPO, Garelick helped DWAC’s CEO solicit investors, including Hannelius, for potential investment in DWAC’s sponsor. As part of this process, Hannelius learned that TMTG was a potential merger target for DWAC. Garelick knew Hannelius “somewhat well,” as Hannelius was a business associate of Garelick’s employer. As such, Garelick could benefit professionally and reputationally by sharing DWAC’s MNPI with Hannelius.

10. In July 2021, DWAC announced that Garelick was a nominee to its Board of Directors (“DWAC’s Board”). Garelick became a director at the time of DWAC’s IPO. As a director, Garelick owed a fiduciary duty to DWAC and its shareholders to keep DWAC’s information confidential and refrain from tipping the information to others. DWAC’s Code of Ethics had a section titled “Insider Trading” that stated, in relevant part:

Employees, officers and directors must not trade in securities of a company while in possession of material non-public information regarding that company. It is also

illegal to “tip” or pass on inside information to any other person who might make an investment decision based on that information or pass the information to third parties.

11. DWAC’s IPO commenced on September 3, 2021 and closed on September 8, 2021.

12. Following DWAC’s IPO closing on September 8, 2021, Hannelius emailed Garelick regarding Hannelius’s investment in DWAC’s founder shares and wrote: “What are next steps?” Garelick responded the next day and, among other things, wrote: “The stock will likely trade within 30c of a \$10 handle until they announce a ‘target.’ The announcement (*expected 6-10 weeks from now*) is our expected catalyst to then profitably sell the IPO shares.” [emphasis added].

13. The expected timing of DWAC announcing its target was not known to the public and would have been material to a reasonable investor.

14. Hannelius met in person with Garelick’s employer in Miami, FL on September 12 and 13, 2021. During the course of those meetings, Hannelius interacted with Garelick. Hannelius purchased 500 DWAC units on September 13.

15. On September 22, 2021, DWAC’s Board (including Garelick) approved the signing of a letter of intent with TMTG that contained mutual exclusivity clauses and included a term sheet outlining a prospective merger between DWAC and TMTG. The two entities met and executed the letter of intent on the same day.

16. From the commencement of DWAC’s IPO until September 30, 2021, the only DWAC securities that traded on the market were DWAC units. Starting on September 30, 2021, however, investors could separate their DWAC units into the underlying DWAC warrants and DWAC shares. From this date forward, all three DWAC securities (units, warrants, and shares) traded on the markets under their own ticker symbol (DWACU, DWACW, and DWAC, respectively).

17. After September 30, the availability of warrants gave investors a less capital-intensive way to purchase DWAC securities compared to the shares and units. For example, on October 1, 2021, DWAC warrants traded for approximately 50 cents per warrant, whereas DWAC units and shares traded for approximately \$10.15 and \$10 respectively.

18. On October 3, 2021, Hannelius emailed Garelick and wrote:

Want to follow your lead here. See my agreement attached. I just did \$75k in Founders Class Shares. I've been buying some DWACU since seeing you in Miami via my brokerage account. Should I keep buying? What's your thoughts? Again, want to follow your lead here. Any updates on timing and next steps from [DWAC's CEO]?

19. Garelick responded a few hours later: “Free to discuss this today? Or tomorrow morning?” Later in the day, Garelick wrote: “I’ll call you at 8am PST tomorrow.” On the morning of October 4, 2021, beginning at 8 am PST, Garelick and Hannelius spoke by telephone for approximately 29 minutes.

20. On October 5, 2021, Hannelius called his brokerage firm and disaggregated the 500 DWAC units he previously purchased, which resulted in him receiving 500 DWAC shares and 250 DWAC warrants. Hannelius purchased an additional 1,000 DWAC warrants on October 5 and 300 more DWAC warrants on October 7, 2021.

21. Starting on October 19, 2021, Hannelius, Garelick’s employer, and Garelick attended a conference that did not relate to DWAC and stayed at the same hotel. They exchanged text messages regarding their travel and plans to meet up.

22. On October 19, 2021, DWAC’s Board (including Garelick) met virtually and approved the signing of a definitive merger agreement with TMTG.

23. At approximately 1 am ET on October 20, 2021, a few hours after DWAC’s Board meeting, Hannelius placed an order to buy an additional 10,000 DWAC warrants. The order was not executed because its limit price was below the prevailing market price. At approximately 1 pm ET on October 20, 2021, Hannelius cancelled the limit order and placed a new order for 10,000 DWAC warrants at a higher limit price. As a result of the second order, Hannelius purchased an additional 10,000 DWAC warrants.

24. Following his trade on October 20, 2021, Hannelius held a total of 11,550 DWAC warrants and 500 DWAC shares. Hannelius purchased these securities on the basis of MNPI provided by Garelick. Hannelius knew, or was reckless in not knowing, that Garelick was a DWAC director, had obtained the relevant MNPI in that capacity, and was breaching a duty of trust and confidence for personal benefit by sharing the information with Hannelius with knowledge that he would use it to trade.

25. DWAC and TMTG signed the definitive merger agreement on October 20, 2021, and it was announced on social media after market close that day. DWAC filed a Form 8-K regarding the deal late on October 20, 2021. The filing was publicly available on EDGAR (the SEC’s electronic system for receiving, accepting, and disseminating company filings) at approximately 6 AM on October 21, 2021. DWAC’s common stock, which had closed at \$9.96 on October 20, 2021, closed at \$45.50 on October 21, 2021, up more than 450% from the prior day’s closing price. The price of DWAC common stock continued to climb on October 22, reaching a high of \$175 per share before closing at \$94.20. DWAC warrants and units experienced similar price spikes following the merger announcement.

26. On October 21 and 22, 2021, Hannelius sold his position of 11,550 DWAC warrants and 500 DWAC shares for illicit profits of \$168,206.

27. As a result of the conduct described above, Hannelius violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

### **Disgorgement and Civil Penalties**

The disgorgement and prejudgment interest ordered in Section IV is consistent with equitable principles and does not exceed Respondent's net profits from its violations; returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered Section IV shall 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 Hannelius's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Hannelius cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$168,206, prejudgment interest of \$29,400, and a civil money penalty in the amount of \$168,206 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 SEC Rule of Practice 600 and 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 Eric Hannelius 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 Joseph G. Sansone, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

C. 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