

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10955 / July 13, 2021

SECURITIES EXCHANGE ACT OF 1934
Release No. 92391 / July 13, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20393

In the Matter of

**MOMENTUS, INC., STABLE
ROAD ACQUISITION CORP., SRC-
NI HOLDINGS, LLC, and BRIAN
KABOT,**

Respondents.

**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 Momentus, Inc. (“Momentus”), Stable Road Acquisition Corp. (“SRAC”), SRC-NI Holdings, LLC (“SRC-NI”), and Brian Kabot (“Kabot”), collectively referred to herein as “Respondents.”

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 Respondents and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds¹ that:

Summary

1. This case concerns materially false statements, omissions, and other deceptive conduct by Momentus, a privately held space company that aspires to provide space infrastructure services, and its former Chief Executive Officer Mikhail Kokorich ("Kokorich"), as it sought to go public through a business combination with Stable Road Acquisition Corp. ("SRAC"), a publicly traded special-purpose acquisition company ("SPAC"). SRAC also engaged in negligent misconduct by repeating and disseminating Momentus's misrepresentations in Commission filings without a reasonable basis in fact. Brian Kabot, SRAC's CEO who signed public filings that included misrepresentations about Momentus's technology and national security risks, caused SRAC's disclosure violations. Kabot is also a managing member of SRAC's sponsor, SRC-NI Holdings, LLC ("SRC-NI"), and his conduct as described herein is attributable to SRC-NI.

2. In the summer and fall of 2020, Momentus and SRAC negotiated a series of transactions that, if approved, would result in Momentus going public through a business combination with SRAC, generating considerable value for Kokorich, Momentus, Kabot, and SRC-NI through the stakes they stood to receive in the newly-formed public company. On October 7, 2020, Momentus and SRAC announced their merger agreement, and on the same day, SRAC entered into subscription agreements with private investment in public equity ("PIPE") investors, pursuant to which the PIPE investors agreed to inject \$175 million of capital into Momentus by purchasing an aggregate of 17,500,000 shares of common stock of the merged company for \$10.00 per share if and after the business combination was approved.

3. Momentus's business plans and multi-billion dollar revenue projections, as provided to PIPE investors and described in SRAC's Form S-4 registration statement/proxy statement filed in connection with the anticipated merger, were premised on Momentus's development of commercially viable technology that it could employ to provide commercial space services to customers in the near-term on U.S.-based launches.

4. Momentus and Kokorich misled SRAC's investors, including the PIPE investors, in two key respects. First, Momentus and SRAC both claimed that in 2019, Momentus had "successfully tested" in space its key technology, a microwave electro-thermal ("MET") water plasma thruster, that Momentus claimed was designed to move a satellite into custom orbit after launch. In fact, that 2019 test failed to meet Momentus's own public and internal pre-launch criteria for success, and was conducted on a prototype that was not designed to generate commercially significant amounts of thrust.

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

5. Second, Kokorich and Momentus concealed and made false statements about U.S. government concerns with national security and foreign ownership risks posed by Kokorich, including concerns related to his affiliation with Momentus. Based on those concerns, U.S. government agencies had the functional authority to block Momentus's involvement in U.S. based launches, and in January 2021, Kokorich resigned his position as CEO as part of an effort to resolve the ongoing national security concerns. Up to at least that point, Momentus and SRAC had disclosed that Momentus could face CFIUS restrictions in future transactions as a result of Kokorich's status as a "foreign person," but investors lacked material information about the extent to which Kokorich's affiliation with Momentus jeopardized, among other things, the company's launch schedule and the revenue projections that were based in part on assumptions about the timing of its first commercial launch.

6. SRAC's due diligence failures compounded Momentus's and Kokorich's misrepresentations and omissions and resulted in the dissemination of materially false and misleading information to investors. SRAC's due diligence of Momentus was conducted in a compressed timeframe and unreasonably failed both to probe the basis of Momentus's claims that its technology had been "successfully tested" in space and to follow up on red flags concerning national security and foreign ownership risks. As a result, SRAC's public filings, including registration statements signed by Kabot, incorporated Momentus's and Kokorich's false and misleading claims and caused investors to be misled about material aspects of Momentus's business.

Respondents

7. Momentus is a Delaware corporation with its principal place of business in Santa Clara, California. Founded in 2017, Momentus aspires to provide satellite-positioning services with in-space propulsion systems powered by MET water plasma thrusters.

8. SRAC is a Delaware corporation with its principal place of business in Venice, California. As a SPAC, SRAC has no operations of its own and exists for the purpose of merging with a privately held company with the effect of taking that company public. On November 13, 2019, SRAC completed its initial public offering of 17,250,000 units at a price of \$10.00 per unit, generating gross proceeds of \$172.5 million, which are held in trust for the benefit of shareholders until completion of a business combination. Momentus will receive the proceeds of the IPO upon completion of the proposed business combination with SRAC. SRAC's securities are traded on Nasdaq under the ticker symbols "SRAC," "SRACU" and "SRACW." The IPO proceeds will be returned to shareholders if a business combination is not consummated.

9. Brian Kabot, age 43, has been SRAC's CEO and Chairman of its Board of Directors since its founding in 2019.

10. SRC-NI is a Delaware corporation with its principal place of business in Venice, California. SRC-NI initially contributed \$4.625 million in working capital to fund SRAC from its inception through a business combination. SRC-NI received shares in SRAC in exchange for this capital investment. It also contributed an additional \$6.4 million between November 2020 and June 2021 but received no additional shares in SRAC. Kabot is one of SRC-NI's three managing

members and a minority shareholder. Kabot's actions as alleged herein were taken on behalf of and for the benefit of SRC-NI.

Other Relevant Person

11. Mikhail Kokorich, age 45, is a Russian citizen residing in Switzerland. He served as Momentus's CEO from the time he founded the company in 2017 until his resignation on January 25, 2021.

Background

I. Misrepresentations of Material Fact and Misleading Omissions about Momentus's Technology

a. Momentus's Technology Is Currently Unproven

12. Large commercial satellite launch providers offer launch services to satellite owners but leave the "rideshare satellites" in a limited range of orbits. Momentus hopes to address a market need by offering "last mile" satellite placement services for these rideshare satellites, allowing the satellites to be placed in a custom orbit. According to Momentus's plans, Momentus will integrate its customer's payload, *i.e.*, a satellite, into a Momentus vehicle, which will then be loaded onto a larger rocket operated by the commercial launch provider. The rocket will then deposit Momentus's vehicle in orbit, at which point Momentus will move its vehicle and the customer's integrated payload into a custom orbit using its "cornerstone" technology, a propulsion system using MET water plasma thrusters.

13. Momentus's business model is premised in part on the development and testing of its MET water propulsion thruster technology. To achieve commercial viability, Momentus plans to operate its MET water propulsion thruster reliably in space and provide the necessary thrust and length of operation needed to move customer satellites into specified orbits. At present, Momentus does not have the in-space flight experience to demonstrate commercial viability of its thruster technology.

14. The MET water propulsion thruster has never been used commercially in space. Momentus has only tested a version of its MET water propulsion thruster in space once, during a July 2019 mission named "El Camino Real." For this mission, Momentus built and placed its 2019 version of the MET water propulsion thruster on a third-party satellite for the purpose of testing the thruster and performing various maneuvers. Prior to the mission, Momentus internally defined "mission success" as "100 individual burns of 1 minute or more."

15. Momentus also externally defined success to include a demonstration of the thruster's ability to provide commercial launch services. For example, in a January 2019 blog post on its website, Momentus stated that the El Camino Real mission would give investors "absolute confidence" that Momentus's service would be "on time, safe and reliable." Momentus went on to say that it would "be able to run the thruster long enough to fully characterize its performance in space with dozens of stop start cycles and [to] then safely de-orbit the vehicle."

16. Momentum's claim that the El Camino Real mission would demonstrate its ability to provide commercial launch services was false. The 2019 version of the Momentum MET water propulsion thruster was not powerful enough to provide commercial satellite-placement services. Moreover, the thruster tested in the El Camino Real mission did not provide measurable or detectable changes in the satellite's orbital velocity. According to a former Momentum officer, the thruster was too small and inefficient to have commercial potential.

b. The 2019 In-Space Test Failed to Meet the Pre-Launch Success Criteria

17. The El Camino Real mission did not meet any of the public or internal success criteria. After experiencing significant issues with supporting sub-systems and its propulsion system, Momentum achieved only twelve "hot firings" with microwave power turned on out of 23 firings. While a pump issue significantly restricted flow of water into the thruster during nine of the 12 hot firings, preventing plasma-generation, data suggests that only three hot firings produced plasma. However, none of the firings lasted a full minute and none generated measurable thrust. Momentum lost contact with the satellite approximately three months into the planned six-month mission and was never able to attempt the remaining 77 firings it had planned, much less achieve any of the "100 individual burns of 1 minute or more."

18. The El Camino Real satellite is still in space, but it is not functional.

19. The El Camino Real mission did not demonstrate the thruster's ability to provide commercial launch services. The mission yielded no data to suggest that the 2019 version of the thruster would deliver an impulse of any commercial significance, failed to demonstrate the propulsion system's reliability of longevity, and did not characterize the performance of the thrusters.

20. Kokorich was informed of all relevant aspects of the El Camino Real results. In addition, a member of senior management internally acknowledged, in a document on which Kokorich was copied, that Momentum did not obtain "any useful mission results" from the launch. Kokorich was also copied on emails discussing the creation of a "failure review board" to study the El Camino Real mission due to the inability to obtain useful data from the mission because of its failure.

c. Kokorich and Momentum Mischaracterized Results of the In-Space Testing

21. In a September 25, 2019 article in Space News titled, "Momentum reports success in testing water plasma propulsion," Kokorich enthused, after testing had begun on the El Camino Real mission, "Water plasma propulsion is now technologically mature enough to be baselined for operational in-space transportation missions." He also repeated the claim from Momentum's January 2019 blog post that "the purpose of the El Camino Real mission was to flight demonstrate our core propulsion technology so customers, investors and stakeholders can have absolute confidence that Momentum will deliver their payloads to a given orbit."

22. Kokorich's claims in the Space News article were false because the El Camino Real mission was never intended to demonstrate the thruster's commercial viability or to give investors and customers "absolute confidence" that Momentum could maneuver customer payloads to a custom

orbit. Moreover, as Kokorich knew or was reckless in not knowing, the mission failed because the thruster produced a plasma, which is necessary but not sufficient to generate thrust, only 3 times out of 23 attempts, and each plasma formation lasted less than a full minute. In fact, Momentus did not obtain “any useful mission results” and the in-space test of the thruster did not meet any of its success criteria. Even if the mission had accomplished Momentus’s internal criteria—which it did not—it still would not have demonstrated that the thruster was “technologically mature enough to be baselined for operational in-space transportation missions.”

23. Prior to the execution of the merger agreement, Momentus and Kokorich told SRAC and Kabot that the El Camino Real mission was a success but did not inform them of any internal concerns or shortcomings with the in-space test.

d. SRAC Did Not Perform Reasonable Due Diligence on Momentus’s Claims Regarding the El Camino Real Mission

24. SRAC exists for the purpose of merging or otherwise combining with a privately held company in order to take that company public. After its November 2019 initial public offering, SRAC’s charter allowed the company eighteen months, or until May 2021, to find a merger partner, obtain shareholder approval, and complete the business combination. Otherwise, the company would dissolve, the money raised in the IPO would be returned to investors, and SCR-NI’s investment of working capital would be lost.

25. SRAC’s initial efforts to identify a merger candidate focused on the cannabis industry, and dozens of companies in that industry were evaluated, but SRAC ultimately decided not to pursue a target in that industry given changes in the regulatory and business environment. By late June 2020, SRAC was considering other early-stage growth companies, but still had not identified a company for a merger.

26. Kabot met Kokorich on or about June 29, 2020, and merger discussions began in earnest in early July.

27. SRAC engaged several firms to assist with due diligence, including a space technology consulting firm with the expertise to investigate the state of development of Momentus’s technology. However, SRAC did not retain the firm and begin its substantive due diligence on Momentus’s technology until late August or early September 2020, a little more than a month before the merger announcement on October 7.

28. SRAC hired the space technology consulting firm to conduct a rapid technical assessment. The consulting firm initially represented in its proposal that it could perform its work in two weeks, although it eventually took over four weeks. SRAC did not specifically ask the consulting firm to review the El Camino Real mission and, in response to the firm’s questions, Momentus suggested that the early-stage test launch was not relevant to their current work due to their development of the technology in the intervening sixteen months. As a result, the consulting firm did not evaluate the mission’s results or review any related data or other information, and the report it provided to SRAC made no mention of the El Camino Real mission, even though it would have been capable of examining and reporting on that issue.

29. SRAC nonetheless included Momentus’s false claims in its registration statement on Form S-4 filed on November 2, 2020 and as amended on December 14, 2020 and March 8, 2021, stating that Momentus had “successfully tested” its MET technology in space. SRAC also included Momentus’s financial projections, which were based in part on the assumption that Momentus’s thruster was approaching commercial viability and were buttressed by misleading claims about the success of the El Camino Real mission.

e. Repeated Mischaracterizations of the El Camino Real Results

30. Before publicly announcing their merger agreement, Momentus and SRAC made multiple slide presentations to potential PIPE investors. Each of those presentations contained a slide titled, “Momentus at a Glance,” which claimed that Momentus “successfully tested water based propulsion technology on a demo flight launched mid-2019 – is still operational today.”

31. Momentus and SRAC announced their merger on October 7, 2020. That day, SRAC and Momentus made a presentation to institutional investors and analysts using slides virtually identical to the ones shown to PIPE investors. This presentation claimed that Momentus “successfully tested water based propulsion technology on a demo flight launched mid-2019 – is still operational today.” In his comments to the presentation, Kokorich reiterated that Momentus had “successfully tested our groundbreaking thruster in space.” SRAC publicly filed a copy of this slide presentation on both Form 8-K and Form 425, and filed similar presentations containing similar claims about Momentus’s in-space testing on November 17, 2020 and December 14, 2020.

32. On November 2, 2020, SRAC filed its initial registration statement on Form S-4 related to the merger with Momentus and subsequently filed two Form S-4 amendments on December 14, 2020 and March 8, 2021, respectively. Kabot signed each of these registration statements on behalf of SRAC.

33. Each of these three registration statements contained a subsection titled, “Information about Momentus,” in which Momentus falsely claimed that it “successfully tested our water plasma propulsion technology in space,” referring to but not specifically naming the El Camino Real mission.

34. SRAC adopted Momentus’s characterization of the mission, separately representing in a different subsection of each registration statement that in 2019 Momentus “successfully tested” its “cornerstone water plasma propulsion technology in space.” SRAC also stated that it conducted “extensive due diligence” on a number of issues, one of which was Momentus’s “technology solutions.” SRAC also stated that its consultants were asked to and did report on Momentus’s “testing progress.”

35. By characterizing the mission as a “success” without explaining that the mission did not meet any of Momentus’s pre-launch evaluation criteria, Momentus made false statements and omitted facts necessary to make their statements not misleading.

36. SRAC incorporated Momentus’s claims about the mission’s “success” into multiple public filings, including multiple versions of the registration statement, even though its due diligence neglected to evaluate—much less confirm—the factual basis of the claims. For example, SRAC

stated in its November 2020 registration statement on Form S-4 and amendments that its board recommended shareholder approval of the business combination with Momentus based on, among other things, Momentus's "[v]aluable [i]ntellectual [p]roperty," "including its cornerstone water plasma propulsion technology, which it successfully tested in space in 2019."

37. Investors, whether PIPE investors who received the slide presentations or retail investors who reviewed the November 2020 registration statement on Form S-4 and subsequent amendments, had no way of knowing that the mission did not meet any of its pre-launch goals or demonstrate that Momentus's services would be "on time, safe and reliable," as promised in the January 2019 blog post.

38. SRAC's statements in the November 2020 registration statement on Form S-4 and the December 2020 and March 2021 amendments also gave investors the misleading impression that its due diligence extended to and independently verified the claim that Momentus's technology had been "successfully tested" in space. Investors had no way to know that SRAC was merely repeating what it had been told by Kokorich and Momentus, since the "due diligence" concerning Momentus's "technology solutions" and "testing progress" never examined the results of the El Camino Real mission.

39. The misrepresentations and omissions in the November 2020 registration statement on Form S-4 and the December 2020 and March 2021 amendments were material. Because Momentus can only generate revenue in future missions under its current business plan if its thruster can generate commercially significant thrust, reasonable investors would find it important to know whether Momentus had demonstrated in space that its technology had that capability. They would find it important to know whether Momentus had shown that its services would be "on time, safe and reliable" or whether Momentus could "deliver [customer] payloads to a given orbit." They would also find it important to know whether the mission succeeded according to Momentus's pre-launch definition of success. By misleading investors about the results of the in-space test, the registration statement on Form S-4 and other public filings falsely assured investors that Momentus was further on the road to the commercial deployment of its technology than it actually was.

40. Momentus knowingly or recklessly made the misrepresentations and omissions of material fact regarding the El Camino Real mission. Momentus understood that the launch was never designed to test the commercial viability of Momentus's thrusters. It also knew that the launch did not yield "any useful mission results," as one of Momentus's engineers wrote in an internal document shared with Kokorich. In contrast to its public statements, Momentus knew the test was not a success and did not provide "absolute confidence" that Momentus could deliver customer payloads to a given orbit.

41. Although Kokorich and Momentus never shared with SRAC and Kabot material internal analyses about the mission's failure, SRAC nevertheless acted unreasonably in adopting and repeating Momentus's claim that it had successfully tested its technology in space when it had not conducted any specific due diligence to evaluate and verify the accuracy of that material assertion.

f. Statements About the El Camino Real Mission in the Third Amendment to the Registration Statement on Form S-4

42. In its third amendment to the registration statement on Form S-4 filed on June 29, 2021, Momentus and SRAC disclosed that the El Camino Real mission “did not demonstrate the MET’s ability to generate thrust in space, which is crucial to our ability to maneuver objects in space.” The June 2021 registration statement on Form S-4 also states, “Moreover, even if the unit generates thrust, there can be no assurance that it can be operated in a manner that is sufficiently reliable and efficient to permit commercialization of the technology.”

II. Misrepresentations of Material Fact and Misleading Omissions Regarding the U.S. Government’s National Security Concerns

a. U.S. Government Agencies Had National Security Concerns About Kokorich

43. Since 2018, multiple U.S. government agencies have expressed national security concerns about Kokorich, a fact that was well known to both Kokorich and Momentus but never disclosed to investors.

44. The Bureau of Industry and Security (“BIS”), a bureau of the U.S. Department of Commerce, oversees the issuance of export licenses, which authorize the provision of certain technologies to foreign individuals or entities. The stated mission of the BIS is to “advance U.S. national security, foreign policy, and economic objectives.”

45. Because Kokorich is a foreign national, he could not access parts of Momentus’s technology without an export license. In 2017, Momentus (then operating under the name “Space Apprentices Enterprise”) applied for an export license for Kokorich. In March 2018, the BIS denied the application on the ground that Kokorich was not an “acceptable recipient” of U.S. origin-items controlled for national security reasons.”

46. In April 2018, in connection with Kokorich’s investment in a different space technology company, the Committee on Foreign Investment in the United States (“CFIUS”), an intergovernmental agency that includes the U.S. Departments of Commerce, Defense, and State, informed Kokorich that, as with every transaction it reviews, it assesses whether a foreign person has the capability or intention to exploit or cause harm (which CFIUS defines as the “threat”) and whether the nature of the U.S. business creates susceptibility to impairment of U.S. national security (the “vulnerability”). CFIUS further explained that a national security risk is a “function of the interaction between threat and vulnerability.” CFIUS subsequently informed Kokorich, through his counsel, that it had specific concerns about Kokorich himself, meaning that CFIUS considered Kokorich to be a “threat” that caused his affiliation with that other space technology company to be a risk to national security. As there was no acceptable mitigation option, CFIUS ordered Kokorich to divest his interest in the space technology company in June 2018.

47. SRAC disclosed in its November 2020 registration statement on Form S-4 and in subsequent amendments, that in 2018, CFIUS had ordered Kokorich to divest ownership in the other space technology company but did not disclose CFIUS’s express concerns with Kokorich himself.

48. In June 2018, U.S. Customs and Immigration Services (“USCIS”) revoked Kokorich’s work visa and denied his application for permanent resident status. Kokorich then applied for political asylum in September 2018, claiming that he was a prominent critic of the Russian government. A year later, on or about August 28, 2019, USCIS issued a referral notice informing Kokorich that it had not granted his asylum application, and that it had referred his case to an immigration judge for adjudication in removal proceedings. USCIS based its determination on “inconsistencies” in Kokorich’s application and testimony “with regard to [his] political affiliations and activities in Russia.” Kokorich was in the process of adjudicating the removal proceedings before an immigration judge when he left the U.S. in January 2021.

49. Kokorich’s national security issues continued to create problems in the months leading up to the merger announcement. In February 2020, Momentus filed a new application for an export license for Kokorich. In July 2020, Momentus and Kokorich learned that the Defense and State Departments had objected to Kokorich’s application, requiring the application to be elevated to the BIS’s Operating Committee. In October 2020, Momentus learned that the Operating Committee would recommend that BIS deny the license, and in November 2020, after the filing of the first registration statement for the merger but before the filing of the amendment, Momentus and Kokorich learned that the Commerce Department would outright deny the license for reasons related to national security.

b. Kokorich’s National Security Risks Were Material to Investors

50. Before it is able to launch any vehicle on a U.S. mission, Momentus or its launch partners must obtain licenses from various U.S. government agencies, including the FAA. Those agencies have the authority to deny a license for national security reasons and work in consultation with the Defense Department to determine if the payload of a mission presents a national security risk. If Momentus or its launch partners are unable to obtain the necessary licenses, Momentus cannot participate in launches and thus cannot execute on its business plan. The U.S. government’s national security-related concerns about Kokorich therefore posed a significant threat to Momentus’s ability to participate in launches and generate meaningful revenue.

51. The growing issues that Momentus faced as a result of its affiliation with Kokorich came to a head in December 2020, just two months after the merger announcement. Momentus was scheduled to participate in a third party’s launch in January 2021. That launch represented a key milestone for Momentus because it was supposed to be the company’s first commercial flight. On December 23, 2020, the FAA notified the third party launch provider that it would not approve the launch with Momentus’s payload on board. As a result, the third party launch provider removed Momentus’s payload from its rocket and proceeded with the launch.

52. Shortly afterwards, in January 2021, Momentus and SRAC became aware of correspondence from the Defense Department stating that Momentus posed a risk to national security as a result of its association with Kokorich. To address this issue, Kokorich formally stepped down as CEO of Momentus on January 25, 2021 and on March 31, 2021, placed his shares of Momentus stock in a voting trust.

53. Kokorich's resignation did not immediately solve Momentus's problems. In May 2021, the FAA once again did not approve Momentus's participation in the June 2021 launch of a third-party launch provider. The FAA explicitly based its denial on a finding that the launch of Momentus's payload would jeopardize national security due to Momentus's then current corporate structure, a reference to Kokorich's continued ownership interest in the company. Later in May 2021, the third party launch provider informed Momentus that it would not allow any Momentus payload on any launch through the end of the year while Momentus "works to secure approvals from the U.S. government."

54. On June 8, 2021, Kokorich and Momentus entered into a National Security Agreement with CFIUS, pursuant to which Kokorich agreed to fully divest from the company and Momentus agreed, among other things, to implement increased security measures and appoint a CFIUS-approved director to its board of directors. As recently disclosed by SRAC, the time required to finalize the NSA and resolve issues stemming from Kokorich's involvement with Momentus has resulted in a reforecast of potential launch dates from 2021 to 2022.

c. SRAC Failed to Conduct Reasonable Due Diligence Related to Kokorich's National Security Issues

55. Momentus and Kokorich did not share the extent of Kokorich's national security issues with SRAC and Kabot.

56. SRAC nonetheless conducted inadequate due diligence related to Kokorich's forced divestiture in 2018 from a prior space technology company and his status as a national security risk generally. SRAC and Kabot knew that CFIUS, which exists for the express purpose of assessing national security risks posed by foreign investment in U.S. businesses, had required Kokorich to divest from another space technology company in 2018. During due diligence, SRAC received a copy of CFIUS's final order and repeatedly asked Momentus for correspondence and other documents that would describe the basis of the order. Momentus responded that it did not possess those documents—despite the fact that Kokorich had custody and control over correspondence and documents related to the CFIUS order. SRAC nonetheless executed its merger agreement with Momentus and filed multiple registration statements without obtaining a full and complete understanding of the basis for the CFIUS's order or its impact on Momentus' business.

d. False Statements or Omissions Regarding Kokorich's National Security Issues

57. Both the November 2020 registration statement on Form S-4 and the December 2020 amendment, which was filed after Momentus learned that Kokorich's most recent application for an export license would be denied for national security reasons, contain false statements and misleading omissions regarding the U.S. government's national security concerns about Kokorich. SRAC disclosed the existence of general national security risks in January 2021, at the time of Kokorich's resignation, and disclosed further material details about those concerns and their impact on Momentus and the merger in the March 2021 registration statement on Form S-4 amendment.

58. In a subsection of both the November 2020 registration statement on Form S-4 and the December 2020 amendment titled, "Risk Factors," Momentus stated that it believed Kokorich's

asylum application would be granted, but failed to disclose the fact that Kokorich was considered a national security risk and thus less likely to obtain asylum.

59. Also in the “Risk Factors” subsection, Momentus disclosed that Kokorich had not “yet” obtained an export control license. Momentus did not explain, however, that the BIS had already denied Momentus’s first application in 2018 because of national security issues. It also did not explain that, at the time of the November 2020 registration statement on Form S-4, Momentus’s second application had been referred to BIS’s Operating Committee based on objections by the Defense and State Departments for national security reasons, and at the time of the December 2020 Form S-4 amendment, BIS had itself indicated its intent to deny the application. Those omissions were materially misleading because they left investors with the impression that Momentus anticipated that Kokorich would ultimately receive an export control license, when in fact the company knew or was reckless in not knowing that it would likely not be granted.

60. In both the November and December 2020 Form S-4 registration statements, SRAC included revenue projections for Momentus, forecasting that the company would grow from zero revenues in 2019 to revenues of over \$4 billion in 2027. Those projections failed to take into account the effect of any adverse decisions by the U.S. government based on national security concerns about Kokorich. As disclosed by SRAC in its June 2021 Form S-4 amendment Momentus was forced to considerably reduce its financial projections for the same period due to the year-long delay to its inaugural payload launch caused by the adverse licensing decisions stemming from Kokorich’s national security risks, and contributed to a reduction in the enterprise valuation of Momentus by almost 50%, from more than \$1.1 billion to less than \$600 million.

Violations

61. As a result of the conduct described above, Momentus violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities. Momentus also caused Stable Road’s violations described below.

62. As a result of the conduct described above, SRAC violated Sections 17(a)(2) and (3) of the Securities Act, Section 14(a) of the Exchange Act and Rule 14a-9 thereunder, which prohibit the solicitation of a proxy by means of a proxy statement containing a material false statement, and Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-11 thereunder, which prohibit issuers from filing reports, including Forms 8-K, that contain materially false or misleading information.

63. As a result of the conduct described above, SRC-NI and Kabot caused Stable Road’s violations of Section 17(a)(3) of the Securities Act. Kabot also violated Section 14(a) of the Exchange Act and Rule 14a-9 thereunder.

Undertakings

64. Respondent Momentus has undertaken to:

a. Momentus shall, within sixty (60) days of the consummation of the anticipated merger, create and maintain a permanent committee of its Board of Directors,

composed exclusively of independent directors with no compliance history, responsible for overseeing: (i) the implementation of the terms of this Order and (ii) controls governing Momentus's and its management's public statements regarding Momentus, including but not limited to the creation of a disclosure committee of the Board.

b. Momentus shall retain, within sixty (60) days of the consummation of the anticipated merger, the services of an Independent Compliance Consultant ("Independent Consultant") not unacceptable to the staff of the Commission and provide a copy of this Order to the Independent Consultant. The Independent Consultant shall have extensive experience in developing, implementing and overseeing organizational compliance and ethics programs. No later than ten (10) days following the date of the Independent Consultant's engagement, Momentus shall provide the Commission staff with a copy of the engagement letter detailing the Independent Consultant's responsibilities, which shall include all reviews and reports required by this Order. The Independent Consultant's compensation and expenses shall be borne exclusively by Momentus.

c. Momentus shall require the Independent Consultant to:

- i. conduct a comprehensive ethics and compliance program assessment of Momentus's disclosure practices;
- ii. at the end of the review, which in no event shall be more than 210 days after the entry of this Order, submit a written and dated report to Momentus and the Commission staff that shall include a description of the review performed, the names of the individuals who performed the review, the Consultant's findings and recommendations for changes or improvements to Momentus's disclosure practices, policies, procedures, systems, and internal controls, and a procedure for implementing the recommended changes and improvements;
- iii. conduct one annual review 365 days from the date of the issuance of the Independent Consultant's initial report, to assess whether Momentus is complying with its then-current disclosures, policies, procedures, systems, and internal controls and whether the then-current disclosures, policies, procedures, systems, and internal controls are effective in achieving their stated purposes;
- iv. at the end of the annual review, which in no event shall be more than 180 days from the date that the annual review commenced, submit a written annual report to Momentus and the Commission staff that shall include a description of its findings and recommendations, if any, for additional changes or improvements to the disclosures, policies, procedures, systems, and internal controls, and a procedure for implementing the recommended changes and improvements.

d. Momentus shall, within forty-five (45) days of receipt of each of the Independent Consultant's reports, adopt all recommendations contained in the reports, provided,

however, that within thirty (30) days after the date of the applicable report, Momentus shall in writing advise the Independent Consultant and the Commission staff of any recommendations that it considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Momentus considers to be unduly burdensome, impractical, or inappropriate, Momentus need not adopt that recommendation at that time but Momentus shall instead propose in writing to the Independent Consultant and Commission staff an alternative policy or procedure designed to achieve the same objective or purpose as that recommended by the Independent Consultant. Momentus shall attempt in good faith to reach an agreement with the Independent Consultant on any recommendations objected to by Momentus. Within fifteen (15) days after the conclusion of the discussion and evaluation by Respondent and the Independent Consultant, Momentus shall require that the Independent Consultant inform Momentus and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation. At the same time, Momentus may seek approval from the Commission staff to not adopt recommendations that the Momentus can demonstrate to be unduly burdensome, impractical, or inappropriate. In the event that Momentus and the Independent Consultant are unable to agree on an alternative proposal within thirty (30) days and the Commission staff does not agree that any proposed recommendations are unduly burdensome, impractical, or inappropriate, Momentus shall abide by the determinations of the Independent Consultant.

e. Within thirty (30) days of Momentus's adoption and implementation of all of the recommendations in the Independent Consultant's reports that the Independent Consultant deems appropriate, as determined pursuant to the procedures set forth herein, Momentus shall certify in writing to the Independent Consultant and the Commission staff that Momentus has adopted and implemented all recommendations in the applicable report. The Commission staff may make reasonable requests for further evidence of compliance, and Momentus agrees to provide such evidence.

f. Momentus shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of its files, books, records and personnel as reasonably requested for the Independent Consultant's review, including access by on-site inspection.

g. To ensure the independence of the Independent Consultant, Momentus (1) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant without prior written approval of the Commission staff; and (2) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

h. Momentus shall require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Momentus, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement shall also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the

Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Momentus, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement. The reports by the independent consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) is otherwise required by law.

i. Momentus shall not be in, and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-client privilege or any other doctrine of privilege to prevent the Independent Consultant from transmitting any information, reports, or documents to the Commission staff.

j. Momentus shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance no later than sixty (60) days from the completion of each of the undertakings. The Commission staff may make reasonable requests for further evidence of compliance, and Momentus agrees to provide such evidence. The certification and supporting material shall be submitted to Anita Bandy, Associate Director, 100 F Street, NE, Washington, DC 20549.

k. The staff of the Commission may extend any of the procedural dates set forth above for good cause shown. The procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday the next business day shall be considered to be the last day.

65. Momentus shall, jointly with SRAC and upon the issuance of this Order, notify and offer each PIPE investor who entered into a subscription agreement with SRAC on or about October 7, 2020, the right to terminate such subscription agreement during a period of no less than twenty-four hours following such notice and offer. Momentus shall provide written confirmation of the notice and offer, as well any exercise thereof to Commission staff within forty-eight hours of the notice and offer.

66. Respondent SRAC has undertaken to, jointly with Momentus and upon the issuance of this Order, notify and offer each PIPE investor who entered into a subscription agreement with SRAC on or about October 7, 2020, the right to terminate such subscription agreement during a period of no less than twenty-four hours following such notice and offer. SRAC shall provide written confirmation of the notice and offer, as well any exercise thereof to Commission staff within forty-eight hours of the notice and offer.

67. Respondents SRC-NI has undertaken to forego 250,000 founders shares, as that term is defined in the initial registration statement filed by SRAC on Form S-4 on November 2, 2020, that they otherwise were entitled to receive upon shareholder approval of the business combination. SRAC shall provide written confirmation of the relinquishment of the founder's shares to Commission staff within forty-eight hours.

68. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, each Respondent (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) agrees to appoint an agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondents' travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over Respondents in any United States District Court for purposes of enforcing any such subpoena.

69. In determining whether accept the Offers, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Momentum cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Section 10(b), 13(a) and 14(a) of the Exchange Act and Rules 10b-5, 12b-20, 13a-11, and 14a-9 promulgated thereunder.

B. Respondent SRAC cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and 17(a)(3) of the Securities Act and Sections 13(a) and 14(a) of the Exchange Act and Rules 12b-20, 13a-11, and Rule 14a-9 promulgated thereunder.

C. Respondent SRC-NI from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act.

D. Respondent Kabot cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act and Section 14(a) of the Exchange Act and Rule 14a-9 thereunder.

E. SRAC shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$1,000,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

F. Kabot shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$40,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

G. Momentum shall pay civil penalties of \$7,000,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: \$2,000,000 within 30 days of the entry of this Order and the remaining balance of \$5,000,000 within 364 days of the entry of this order. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

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 Momentum, SRAC, or Kabot 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 Anita Bandy, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

H. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalties referenced in paragraphs E, F, and G above. 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, Respondents Momentus, SRAC, and Kabot agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they 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, Respondents agree that they 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.

I. Respondents Momentus, SRAC, and Kabot acknowledge that the Commission is not imposing a civil penalty in excess of the amounts specified above based upon their cooperation in a Commission investigation or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondents 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 Respondents, petition the Commission to reopen this matter and seek an order directing that the Respondents pay an additional civil penalty. Respondents 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.

J. Momentus shall comply with the undertakings enumerated in Paragraphs 64 and 65 above.

K. SRAC shall comply with the undertakings enumerated in Paragraph 66 above.

L. SRC-NI shall comply with the undertakings enumerated in Paragraph 67 above.

M. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, each Respondent (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) agrees to appoint an agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses Respondents' travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over Respondents in any United States District Court for purposes of enforcing any such subpoena.

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 Kabot, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Kabot 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