

1 STEPHEN T. KAM (Cal. Bar No. 327576)  
Email: kams@sec.gov  
2 ROBERT C. STILLWELL (Cal. Bar No. 308630)  
Email: stillwellr@sec.gov

3 Attorneys for Plaintiff  
4 Securities and Exchange Commission  
Michele Wein Layne, Regional Director  
5 Katharine E. Zoladz, Associate Regional Director  
Gary Y. Leung, Regional Trial Counsel  
6 444 S. Flower Street, Suite 900  
Los Angeles, California 90071  
7 Telephone: (323) 965-3998  
Facsimile: (213) 443-1904

8  
9 **UNITED STATES DISTRICT COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**

11  
12  
13 SECURITIES AND EXCHANGE  
COMMISSION,

14 Plaintiff,

15 vs.

16  
17 VIVERA PHARMACEUTICALS,  
INC., EFT GLOBAL HOLDINGS,  
18 INC., d/b/a SENTAR  
PHARMACEUTICALS, and PAUL P.  
19 EDALAT,

20 Defendants.

Case No.

**COMPLAINT**

21  
22  
23 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

24 **JURISDICTION AND VENUE**

25 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
26 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§  
27 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the  
28 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),

1 78u(d)(3)(A), 78u(e) & 78aa(a).

2 2. Defendants have, directly or indirectly, made use of the means or  
3 instrumentalities of interstate commerce, of the mails, or of the facilities of a national  
4 securities exchange in connection with the transactions, acts, practices and courses of  
5 business alleged in this complaint.

6 3. Venue is proper in this district pursuant to Section 22(a) of the Securities  
7 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),  
8 because certain of the transactions, acts, practices and courses of conduct constituting  
9 violations of the federal securities laws occurred within this district. In addition,  
10 venue is proper in this district because Defendant Edalat resides in this district, and  
11 Defendants Vivera and Sentar maintain their principal place of business within this  
12 district.

13 **SUMMARY**

14 4. This action concerns a fraudulent investment scheme by defendant  
15 Vivera Pharmaceuticals, Inc. (“Vivera”), its chief executive officer defendant Paul P.  
16 Edalat, and defendant EFT Global Holdings, Inc. d/b/a Sentar Pharmaceuticals  
17 (“Sentar”), an intellectual property holding company also owned and controlled by  
18 Edalat.

19 5. From May 2018 until June 2020, Vivera raised about \$6.6 million from  
20 approximately 63 individual investors through a private placement memorandum  
21 (“PPM”) that claimed Vivera owned “an exclusive global license” to a sublingual  
22 drug-delivery technology for the pharmaceutical use of cannabidiol (CBD) or  
23 tetrahydrocannabinol (THC).

24 6. Vivera’s PPM misled potential investors. It failed to disclose that: (1)  
25 Edalat was the controlling shareholder of both Vivera and Sentar, the ostensible  
26 licensor; (2) Edalat used his joint control of both companies to transfer new Vivera  
27 investor funds to Sentar, for the purpose of paying down a \$10 million licensing fee  
28 that Edalat had previously negotiated between the two companies that he controlled;

1 (3) the purported “exclusive” intellectual property rights for which Vivera was still  
2 paying \$10 million to Edalat’s other company, Sentar, were not in fact exclusive or  
3 valid – Sentar had previously conveyed in January 2017 overlapping license rights to  
4 a third party, Alternate Health Corp. and Alternate Health USA Inc. (collectively,  
5 “Alternate Health”); and (4) there remained an ongoing dispute over the validity of  
6 the license that had been conveyed to Vivera due to Sentar’s prior conveyance of an  
7 exclusive license to Alternate Health.

8 7. In fact, Vivera’s represented investment opportunity – the chance to  
9 profit from the commercialization of Vivera’s valuable and exclusive intellectual  
10 property rights – was illusory because those rights were neither paid for, nor were  
11 they “exclusive.”

12 8. Vivera, Sentar, and Edalat profited from this fraudulent conduct.  
13 Between June 2018 and August 2020, Vivera paid Sentar a total of \$4,510,000 in  
14 purported licensing fees, which included at least \$550,000 from funds it had raised  
15 from Vivera investors. Sentar then transferred significant sums into various accounts  
16 controlled by Edalat, from which Edalat made lavish purchases, including down  
17 payments on two homes and a \$425,000 luxury car.

18 9. By engaging in the conduct described in this Complaint, Vivera, Sentar,  
19 and Edalat violated Section 17(a)(1) and 17(a)(3) of the Securities Act, 15 U.S.C. §§  
20 77q(a)(1) and 77q(a)(3); and Section 10(b) of the Securities Exchange Act of 1934  
21 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5(a) and 10b-5(c) thereunder, 17  
22 C.F.R. §§ 240.10b-5(a) and 240.10b-5(c). In addition, Defendants Vivera and Edalat  
23 violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2); and Section  
24 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, 17 C.F.R. § 240.10b-5(b).

25 10. The SEC seeks findings that the Defendants committed these violations;  
26 permanent injunctions, disgorgement with prejudgment interest, and civil penalties  
27 against all Defendants. The SEC also seeks conduct-based injunctions against Vivera  
28 and Edalat, and officer and director bars against Edalat.

1 **THE DEFENDANTS**

2 11. **Defendant Edalat**, age 53, of Orange County, California, has been the  
3 CEO, controlling shareholder, and chairman of the board of Vivera since April 2018.  
4 During the relevant time period, Edalat was also the controlling shareholder and  
5 chairman of the board of Sentar. In 2014, following an FDA investigation of a  
6 separate company that Edalat controlled, Edalat entered into a consent decree  
7 enjoining him from manufacturing or distributing dietary supplements.

8 12. **Defendant Vivera** is a pharmaceutical company incorporated in  
9 Delaware and headquartered in Newport Beach, California. During the relevant  
10 period, Edalat controlled Vivera.

11 13. **Defendant Sentar** is an IP holding company incorporated in Nevada  
12 and headquartered in Irvine, California. During the relevant period, Edalat controlled  
13 Sentar.

14 **THE ALLEGATIONS**

15 **A. Sentar Conveyed an Exclusive License to Alternate Health**

16 14. At all relevant times, Sentar owned the intellectual property rights to a  
17 sublingual drug delivery system (the “Technology”). The Technology consisted of  
18 tablets that could deliver substances to the body by dissolving under a person’s  
19 tongue. Edalat was the founder, controlling shareholder, and chairman of the board  
20 of Sentar.

21 15. In January 2017, Sentar entered into a license agreement with Alternate  
22 Health. Edalat signed the agreement on behalf of Sentar. Under the agreement (the  
23 “Alternate Health Agreement”), Sentar conveyed to Alternate Health an exclusive  
24 license to make and sell CBD or THC products that used the Technology.

25 16. By approximately May 2017, a dispute emerged between Sentar and  
26 Alternate Health as to the scope of the license rights that Sentar had conveyed under  
27 the Alternate Health Agreement. In communications, Alternate Health took the  
28 position that its exclusive license included both pharmaceutical and non-

1 pharmaceutical products, while Edalat, on behalf of Sentar, took the position that  
2 Alternate Health’s license was limited to non-pharmaceutical products.

3 17. For example, in a May 2017 text message exchange, an Alternate Health  
4 representative communicated to Edalat that Alternate Health’s position was that its  
5 license was exclusive and covered both pharmaceutical and non-pharmaceutical  
6 products: “The contract reads ‘exclusive rights to THC and CBD’ . . . I need to have  
7 this confirmed in writing as it keeps being misstated . . . there cannot be competitors  
8 in the market with this!”

9 **B. Sentar Also Conveyed an “Exclusive” License to Vivera**

10 18. Edalat formed Vivera in April 2018, more than a year after he caused  
11 Sentar to convey an exclusive license in the Technology to Alternate Health.

12 19. Since its formation, Edalat has been the CEO, controlling shareholder,  
13 and chairman of the board of Vivera.

14 20. In April 2018, Vivera entered into a license agreement with Sentar,  
15 pursuant to which Vivera purportedly acquired the exclusive right to sell  
16 pharmaceutical products that used the Technology and contained cannabinoids, such  
17 as CBD or THC (the “Vivera Agreement”).

18 21. Edalat controlled both counterparties, Sentar and Vivera, to this  
19 purported technology transfer and used that control to engage in self-dealing. In  
20 exchange for the license, Vivera agreed to pay \$10 million to Sentar. Edalat signed  
21 the Vivera Agreement on behalf of Sentar in April 2018. Then in May 2018, in his  
22 capacity as the sole member of Vivera’s board of directors, Edalat signed a board  
23 resolution approving Vivera’s execution of the Vivera Agreement.

24 22. Given Edalat’s prior communications with Alternate Health’s  
25 representative and his role at both Vivera and Sentar, Edalat knew that under the  
26 Vivera Agreement, Vivera was purportedly acquiring a license right that Sentar had  
27 already conveyed to Alternate Health.

28 23. At a minimum, Edalat knew that right – the exclusive right to sell

1 pharmaceutical products containing CBD or THC that used the Technology – was the  
2 subject of an ongoing disagreement with Alternate Health.

### 3 **C. The Legal Dispute between Vivera and Alternate Health**

4 24. In December 2018, Vivera filed a complaint against Alternate Health in  
5 the Superior Court of California in Los Angeles County. In the complaint, Vivera  
6 acknowledged that Alternate Health had “claim[ed] that Vivera’s business ‘infringes’  
7 on [Alternate Health]’s license” and alleged that the Alternate Health Agreement was  
8 limited to non-pharmaceutical products and sought a declaratory judgment that  
9 Vivera could use the Technology for pharmaceutical products without infringing on  
10 the Alternate Health Agreement. In May 2019, Alternate Health filed a cross-  
11 complaint seeking a declaration that it held an exclusive license to use the  
12 Technology for both pharmaceutical and non-pharmaceutical products containing  
13 CBD or THC.

14 25. In April 2020, the California Superior Court issued a tentative decision  
15 ruling that the Alternate Health Agreement covered both pharmaceutical and non-  
16 pharmaceutical products containing CBD or THC that used the Technology. In May  
17 2020, the Court issued its final decision and entered a judgment in favor of Alternate  
18 Health. Vivera appealed the Superior Court’s judgment. In April 2021, an appellate  
19 court affirmed the judgment.

### 20 **D. Vivera’s Securities Offering**

21 26. In May 2018, just one month after the execution of the Vivera  
22 Agreement that obligated Vivera to pay Sentar \$10 million, Vivera began to solicit  
23 and receive new investments through a PPM (the “May 2018 PPM”). At the time of  
24 the May 2018 PPM, Edalat was the chairman of Vivera’s board of directors and was  
25 the company’s controlling shareholder. As the chairman of Vivera’s board of  
26 directors, Edalat approved the board resolution adopting the May 2018 PPM.

27 27. Vivera provided subsequent versions of the PPM to prospective  
28 investors dated June 2019, October 2019, January 2020, March 2020, and May 2020.

1 The subsequent versions of the PPM provided to investors between June 2019 and  
2 May 2020 were materially identical to the May 2018 PPM. During this time, as the  
3 controlling shareholder and chairman of Vivera’s board of directors, Edalat  
4 authorized these subsequent, materially identical, versions of the PPM to prospective  
5 investors on June 2019, October 2019, January 2020, March 2020, and May 2020.

6 28. From May 2018 until June 2020, Vivera raised approximately \$6.6  
7 million from approximately 63 individual investors, including 12 investors from the  
8 United States.

9 29. Moreover, for nearly every investment during this time period, the  
10 prospective investor submitted a signed subscription agreement that specifically  
11 referenced the PPM and in nearly every case, Edalat personally accepted the  
12 investment by signing the agreement on behalf of the company.

### 13 **E. Vivera’s Fraudulent PPM**

#### 14 **1. The PPM contained misrepresentations and omissions regarding the** 15 **company’s exclusive rights to the Technology**

16 30. Vivera’s PPM highlighted its purported exclusive license to use the  
17 Technology to develop and sell pharmaceutical products containing CBD or THC.

18 31. For example, the PPM stated that Vivera was “primarily focused on the  
19 research and development of finished cannabinoid pharmaceutical products” and that  
20 Vivera held “an exclusive, global license to the patented, Tabmelt sublingual drug-  
21 delivery system for the pharmaceutical use of cannabinoids.”

22 32. Vivera further represented that its path to profitability relied on its  
23 purported exclusive license to sell these pharmaceutical products.

24 33. These statements misrepresented that Vivera held an exclusive license to  
25 sell these pharmaceutical products, free and clear of any dispute. The May 2018  
26 PPM failed to disclose that the license Vivera had purportedly acquired from Sentar –  
27 the exclusive right to sell pharmaceutical products containing CBD or THC that used  
28 the Technology – was the subject of an ongoing disagreement since at least May 2017

1 with Alternate Health as to its scope.

2 34. Moreover, the subsequent versions of the PPM provided to prospective  
3 investors following the initiation of Vivera’s lawsuit against Alternate Health in  
4 December 2018 failed to disclose that there was ongoing litigation as to whether  
5 Vivera could use the Technology to develop and sell pharmaceutical products  
6 containing CBD or THC.

7 **2. The PPM contained misrepresentations and omissions regarding use**  
8 **of investor funds and Edalat’s self-dealing through Sentar**

9 35. Vivera’s PPM also misrepresented how investor funds would be used.  
10 The PPM represented that investor funds would be used for expenses such as research  
11 and development, patent filings, manufacturing/distribution, and working capital.

12 36. The PPM, however, did not disclose that Vivera had obtained its  
13 purported license from a related party that was also controlled by Edalat (Sentar).

14 37. The PPM also did not disclose that the exclusive license purportedly  
15 conveyed to Vivera was not paid for – Vivera still owed \$10 million to Edalat’s  
16 company Sentar. Nor did the PPM disclose that Vivera would use a portion of  
17 investor funds to pay down that significant liability.

18 **F. Edalat and Sentar Profit from the Fraud**

19 38. The Vivera Agreement called for Vivera to pay \$10 million to Sentar  
20 “upon execution of this Agreement.”

21 39. No such lump sum payment was made. Instead, on its balance sheet,  
22 Vivera recorded a “current liability” owed to Sentar, which Vivera gradually paid  
23 down over time.

24 40. Between June 2018 and August 2020, Vivera paid Sentar a total of  
25 \$4,510,000 towards the licensing fee that Vivera purportedly owed to Sentar under  
26 the Vivera Agreement.

27 41. Vivera used at least \$550,000 of the investor funds it had raised to make  
28 its payments to Sentar. Sentar transferred significant sums through and into various

1 other accounts controlled by Edalat, from which Edalat made lavish purchases, such  
2 as a \$425,000 Ferrari, and down payments totaling more than a million dollars on two  
3 homes in Newport Beach, California.

4 42. In addition, Vivera made several payments to Sentar totaling \$255,000  
5 after Vivera had lost its lawsuit against Alternate Health.

6 43. The Superior Court issued its initial decision on April 21, 2020 that the  
7 Alternate Health Agreement covered both pharmaceutical and non-pharmaceutical  
8 products containing CBD or THC that used the Technology. Nonetheless, on April  
9 22 and April 30, 2020, Vivera made two payments to Sentar totaling \$140,000.

10 44. In May 2020, the Superior Court entered a judgment in favor of  
11 Alternate Health. Nonetheless, between June and August 2020, Vivera made three  
12 further payments to Sentar totaling \$115,000.

13 **G. The Fraud was Material**

14 45. Defendants' misrepresentation that Vivera held "an exclusive global  
15 license" to commercially develop the Technology in pharmaceutical products  
16 containing CBD or THC would be significant information to an objectively  
17 reasonable investor because the undisclosed truth – that Vivera's license rights were  
18 not what defendants had represented – concerned the fundamental reason as to why  
19 investors participated in the Vivera offering, *i.e.*, that Vivera's path to profitability  
20 depended on its commercialization of the represented intellectual property rights.

21 46. Defendants' failure to disclose that there was litigation over the scope of  
22 Vivera's license rights beginning in December 2018 is also significant information to  
23 an objectively reasonable investor because Vivera's commercial success depended on  
24 its ownership of an exclusive license to commercially develop the Technology in  
25 pharmaceutical products containing CBD or THC and because existing litigation  
26 about the validity of those rights placed any commercial success in significant doubt.

27 47. Defendants' failure to disclose the related-party nature of the Vivera  
28 Agreement, the fact that Vivera owed \$10 million to the licensor of the Technology, a

1 company also controlled by Edalat, would further be significant information to an  
2 objectively reasonable investor because those undisclosed facts show that Vivera's  
3 touted intellectual property interest was not in fact paid for, and moreover that  
4 investor funds would be diverted away from Vivera's research and development,  
5 patent filings, manufacturing/distribution, and working capital.

6 **H. Vivera, Edalat, and Sentar Acted with Scienter and Their Conduct was**  
7 **Negligent**

8 48. Edalat acted with scienter. No later than May 2017, he knew that  
9 Alternate Health had asserted an exclusive license right over CBD or THC products  
10 that used the Technology.

11 49. Accordingly, in April 2018, when Edalat entered into the Vivera  
12 Agreement on behalf of Sentar; and, in May 2018, when Edalat approved Vivera's  
13 execution of the Vivera Agreement, Edalat knew, or was reckless in not knowing,  
14 that there was a risk that Vivera had purportedly acquired license rights which  
15 already belonged to Alternate Health.

16 50. Edalat's approval of Vivera's PPM in May 2018 was, at a minimum,  
17 reckless, because the PPM failed to specifically disclose a significant, known risk to  
18 the viability of Vivera's purported license rights.

19 51. In addition, in December 2018, Vivera filed its lawsuit against Alternate  
20 Health. Even thereafter, Edalat signed numerous further subscription agreements and  
21 accepted millions in further investments in Vivera. However, Edalat recklessly or  
22 intentionally failed to ensure that the PPMs used to solicit those further investments  
23 adequately disclosed that the validity of the license rights conveyed under the Vivera  
24 Agreement were the subject of litigation.

25 52. Last, Vivera made three further payments to Sentar after the Superior  
26 Court entered judgment in May 2020 finding that Alternate Health's prior license  
27 covered pharmaceutical products containing CBD or THC that used the Technology.

28 53. Edalat also acted with scienter because, given that he controlled both

1 Sentar and Vivera, he knew that investor funds would immediately start flowing to  
2 him through Sentar.

3 54. Edalat's conduct in connection with the Vivera securities offering, the  
4 self-dealing negotiation and execution of the purported exclusive license agreement  
5 between Vivera and Sentar, companies that he both controlled, and his failure to  
6 disclose his affiliation with Sentar, Vivera's licensor, or the prior conveyance of a  
7 license to Alternate Health and the ensuing litigation, was unreasonable, and by  
8 engaging in that conduct, Edalat acted negligently.

9 55. Because at all relevant times he was both entities' controlling  
10 shareholder and chairman of the board, Edalat's scienter and negligence with respect  
11 to his actions on behalf of Sentar and Vivera can be imputed to Sentar and Vivera,  
12 respectively.

13 **FIRST CLAIM FOR RELIEF**

14 **Fraud in the Connection with the Purchase and Sale of Securities**

15 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

16 **(against Defendants Vivera and Edalat)**

17 56. The SEC realleges and incorporates by reference paragraphs 1 through  
18 55 above.

19 57. When raising approximately \$6.6 million from dozens of investors from  
20 May 2018 to June 2020, Vivera and Edalat solicited investors with a PPM that  
21 claimed Vivera had an exclusive global license to a sublingual drug-delivery  
22 technology for the pharmaceutical use of CBD or THC. Vivera and Edalat defrauded  
23 investors. They failed to disclose that: (i) Edalat controlled Sentar, the licensor; (ii)  
24 Vivera did not have an exclusive license since Edalat had previously used his control  
25 of Sentar to license the Technology to Alternate Health in January 2017; (iii) there  
26 was an ongoing dispute between Alternate Health and Sentar over Alternate Health's  
27 own exclusive right to the Technology, a dispute that was eventually resolved in  
28 Alternate Health's favor; and most significantly, (iv) even though the Vivera PPM

1 stated that the company possessed an exclusive license, Edalat's company, Vivera, in  
2 fact owed \$10 million to Edalat's other company, Sentar, and after causing Vivera to  
3 enter into the Vivera licensing agreement, Edalat and Vivera used a significant  
4 portion of investor funds raised to pay Sentar, which ultimately was transferred to  
5 Edalat. In sum, Vivera's represented investment opportunity – a return on the  
6 commercialization of Vivera's valuable and exclusive intellectual property rights –  
7 was false because those rights were neither paid for, nor were they "exclusive," as the  
8 rights had already been conveyed to Alternate Health.

9       58. By engaging in the conduct described above, Defendants Vivera and  
10 Edalat, and each of them, directly or indirectly, in connection with the purchase or  
11 sale of a security, by the use of means or instrumentalities of interstate commerce, of  
12 the mails, or of the facilities of a national securities exchange: (a) employed devices,  
13 schemes, or artifices to defraud; (b) made untrue statements of a material fact or  
14 omitted to state a material fact necessary in order to make the statements made, in the  
15 light of the circumstances under which they were made, not misleading; and (c)  
16 engaged in acts, practices, or courses of business which operated or would operate as  
17 a fraud or deceit upon other persons.

18       59. Defendants Vivera and Edalat, with scienter, employed devices, schemes  
19 and artifices to defraud; made untrue statements of a material fact or omitted to state  
20 a material fact necessary in order to make the statements made, in the light of the  
21 circumstances under which they were made, not misleading; and engaged in acts,  
22 practices or courses of conduct that operated as a fraud on the investing public by the  
23 conduct described in detail above.

24       60. By engaging in the conduct described above, Defendants Vivera and  
25 Edalat violated, and unless restrained and enjoined will continue to violate, Section  
26 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a), 10b-5(b), and  
27 10b-5(c) thereunder, 17 C.F.R. §§ 240.10b-5(a), 240.10b-5(b) & 240.10b-5(c).



1 schemes, or artifices to defraud; (b) obtained money or property by means of untrue  
2 statements of a material fact or by omitting to state a material fact necessary in order  
3 to make the statements made, in light of the circumstances under which they were  
4 made, not misleading; and (c) engaged in transactions, practices, or courses of  
5 business which operated or would operate as a fraud or deceit upon the purchaser.

6 64. Defendants Vivera and Edalat, with scienter, employed devices, schemes  
7 and artifices to defraud; with scienter or negligence, obtained money or property by  
8 means of untrue statements of a material fact or by omitting to state a material fact  
9 necessary in order to make the statements made, in light of the circumstances under  
10 which they were made, not misleading; and, with scienter or negligence, engaged in  
11 transactions, practices, or courses of business which operated or would operate as a  
12 fraud or deceit upon the purchaser.

13 65. By engaging in the conduct described above, Defendants Vivera and  
14 Edalat violated, and unless restrained and enjoined will continue to violate, Sections  
15 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1),  
16 77q(a)(2), & 77q(a)(3).

### 17 **THIRD CLAIM FOR RELIEF**

#### 18 **Fraud in Connection with the Purchase or Sale of Securities**

#### 19 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c)**

#### 20 **(against Defendant Sentar)**

21 66. The SEC realleges and incorporates by reference paragraphs 1 through  
22 55 above.

23 67. In April 2018, Edalat entered into the Vivera Agreement on behalf of  
24 Sentar. In May 2018, in his capacity as the sole member of Vivera's board, Edalat  
25 approved Vivera's execution of the Vivera Agreement and also authorized and  
26 approved Vivera's PPM, which contained the misrepresentations and omissions set  
27 forth above. With these actions, Sentar, Edalat, and Vivera jointly created the false  
28 appearance of fact that Vivera held an exclusive license to sell pharmaceutical

1 products that used the Technology and that contained CBD or THC, free of any  
2 dispute as to whether Vivera could legally monetize those rights. Further, Edalat  
3 used Vivera's agreement with Sentar as a mechanism to appropriate investor funds.  
4 Rather than transferring funds directly to Edalat, Vivera made payments to Sentar,  
5 which then sent funds to a variety of entities and accounts controlled by Edalat.

6 68. By engaging in the conduct described above, Defendant Sentar, directly  
7 or indirectly, in connection with the purchase or sale of a security, and by the use of  
8 means or instrumentalities of interstate commerce, of the mails, or of the facilities of  
9 a national securities exchange: (a) employed devices, schemes, or artifices to  
10 defraud; and (b) engaged in acts, practices, or courses of business which operated or  
11 would operate as a fraud or deceit upon other persons.

12 69. Defendant Sentar, with scienter, employed devices, schemes and  
13 artifices to defraud; and engaged in acts, practices or courses of conduct that operated  
14 as a fraud on the investing public by the conduct described in detail above.

15 70. By engaging in the conduct described above, Defendant Sentar violated,  
16 and unless restrained and enjoined will continue to violate, Section 10(b) of the  
17 Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and 10b-5(c) thereunder, 17  
18 C.F.R. §§ 240.10b-5(a) & 240.10b-5(c).

19 **FOURTH CLAIM FOR RELIEF**

20 **Fraud in the Offer or Sale of Securities**

21 **Violations of Sections 17(a)(1) and (3) of the Securities Act**

22 **(against Defendant Sentar)**

23 71. The SEC realleges and incorporates by reference paragraphs 1 through  
24 55 above.

25 72. In April 2018, Edalat entered into the Vivera Agreement on behalf of  
26 Sentar. In May 2018, in his capacity as the sole member of Vivera's board, Edalat  
27 approved Vivera's execution of the Vivera Agreement, and also authorized and  
28 approved Vivera's PPM, which contained the misrepresentations and omissions set

1 forth above. With these actions, Sentar, Edalat, and Vivera jointly created the false  
2 appearance of fact that Vivera held an exclusive license to sell pharmaceutical  
3 products that used the Technology and that contained CBD or THC, free of any  
4 dispute as to whether Vivera could legally monetize those rights. Further, Edalat  
5 used Vivera's agreement with Sentar as a mechanism to appropriate investor funds.  
6 Rather than transferring funds directly to Edalat, Vivera made payments to Sentar,  
7 which then sent funds to a variety of entities and accounts controlled by Edalat.

8 73. By engaging in the conduct described above, Defendant Sentar, directly  
9 or indirectly, in the offer or sale of securities, and by the use of means or instruments  
10 of transportation or communication in interstate commerce or by use of the mails  
11 directly or indirectly: (a) employed devices, schemes, or artifices to defraud; and (b)  
12 engaged in transactions, practices, or courses of business which operated or would  
13 operate as a fraud or deceit upon the purchaser.

14 74. Defendant Sentar, with scienter, employed devices, schemes and  
15 artifices to defraud; and, with scienter or negligence, engaged in transactions,  
16 practices, or courses of business which operated or would operate as a fraud or deceit  
17 upon the purchaser.

18 75. By engaging in the conduct described above, Defendant Sentar violated,  
19 and unless restrained and enjoined will continue to violate, Sections 17(a)(1) and  
20 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & 77q(a)(3).

21 **PRAYER FOR RELIEF**

22 WHEREFORE, the SEC respectfully requests that the Court:

23 **I.**

24 Issue findings of fact and conclusions of law that Defendants committed the  
25 alleged violations.

26 **II.**

27 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
28 Civil Procedure, permanently enjoining Defendants Vivera, Edalat, and Sentar, and

1 their officers, agents, servants, employees and attorneys, and those persons in active  
2 concert or participation with any of them, who receive actual notice of the judgment  
3 by personal service or otherwise, and each of them, from violating Section 17(a) of  
4 the Securities Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15  
5 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

6 **III.**

7 Issue an order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. §  
8 77t(e), and Sections 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), prohibiting  
9 Defendant Edalat from acting as an officer or director of any issuer that has a class of  
10 securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or  
11 that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15  
12 U.S.C. § 78o(d).

13 **IV.**

14 Enter an order permanently enjoining Defendants Vivera and Edalat from  
15 participating, directly or indirectly, including, but not limited to, through any entity  
16 owned or controlled by either or both of them, in the issuance, purchase, offer, or sale  
17 of any security; provided, however, that such injunction shall not prevent Edalat from  
18 purchasing or selling securities for their own personal account.

19 **V.**

20 Order Defendants to disgorge all funds received from their illegal conduct,  
21 together with prejudgment interest thereon, pursuant to Sections 21(d)(5) and  
22 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)].

23 **VI.**

24 Order Defendants to pay civil penalties under Section 20(d) of the Securities  
25 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §  
26 78u(d)(3)].

27 **VII.**

28 Retain jurisdiction of this action in accordance with the principles of equity and

1 the Federal Rules of Civil Procedure in order to implement and carry out the terms of  
2 all orders and decrees that may be entered, or to entertain any suitable application or  
3 motion for additional relief within the jurisdiction of this Court.

4 **VIII.**

5 Grant such other and further relief as this Court may determine to be just and  
6 necessary.

7  
8 Dated: September 30, 2022

9 */s/ Stephen T. Kam*

10 \_\_\_\_\_  
11 Stephen T. Kam  
12 Robert C. Stillwell  
13 Attorneys for Plaintiff  
14 Securities and Exchange Commission  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# Complaints and Other Initiating Documents

[8:22-cv-01792 Securities and Exchange Commission v. Vivera Pharmaceuticals, Inc. et al](#)

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

## Notice of Electronic Filing

The following transaction was entered by Kam, Stephen on 9/30/2022 at 7:30 AM PDT and filed on 9/30/2022

**Case Name:** Securities and Exchange Commission v. Vivera Pharmaceuticals, Inc. et al

**Case Number:** [8:22-cv-01792](#)

**Filer:** Securities and Exchange Commission

**Document Number:** [1](#)

### Docket Text:

**COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Stephen Tian Li Kam added to party Securities and Exchange Commission(pty:pla))(Kam, Stephen)**

**8:22-cv-01792 Notice has been electronically mailed to:**

Stephen Tian Li Kam kams@sec.gov, simundacc@sec.gov

**8:22-cv-01792 Notice has been delivered by First Class U. S. Mail or by other means BY THE FILER to :**

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**C:\fakepath\Vivera Complaint 2022.09.30 (FINAL).pdf

**Electronic document Stamp:**

[STAMP cacdStamp\_ID=1020290914 [Date=9/30/2022] [FileNumber=34662306-0  
][92b90ce3c5a694ee191af403f6c5ead27b48ad07c5cd043a717105f34bb77d0a3c7  
a6bb57e307644e65de4ddf6a81463cdd58fc0efc10ce491da268fdffc757]]