

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

In the Matter of

**Can-Cal Resources Ltd.,  
China Fruits Corp., and  
SkyStar Bio-Pharmaceutical Co.**

**Initial Decision on Default  
as to China Fruits Corp. and  
SkyStar Bio-Pharmaceutical  
Co.**  
September 19, 2017

Appearances: Neil J. Welch, Jr., and Kevin P. O'Rourke for the Division of  
Enforcement, Securities and Exchange Commission

Before: Brenda P. Murray, Chief Administrative Law Judge

### **Background**

On June 8, 2017, the Securities and Exchange Commission issued an order instituting proceedings (OIP) alleging that these three Respondents have securities registered with the Commission and have not filed required periodic reports. This initial decision deals with two respondents: China Fruits Corp. and SkyStar Bio-Pharmaceutical Co. Respondent Can-Cal Resources, Ltd., is participating in this proceeding, and the allegations against it will be resolved separately.

As of the date of this initial decision, neither China Fruits nor SkyStar Bio-Pharmaceutical has answered the OIP, which was served on them by June 13, 2017. OIP at 3; 17 C.F.R. § 201.220(a); *Can-Cal Res., Ltd.*, Admin. Proc. Rulings Release No. 4906, 2017 SEC LEXIS 2010 (ALJ July 3, 2017). China Fruits and SkyStar Bio-Pharmaceutical did not participate in the prehearing conference held on June 30, 2017. Tr. 4-6;<sup>1</sup> *Can-Cal Res., Ltd.*, 2017 SEC LEXIS 2010. As of the date of this initial decision, neither China Fruits nor SkyStar Bio-Pharmaceutical has responded to my July 3, 2017,

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<sup>1</sup> Reference is to the transcript of the June 30, 2017, prehearing conference.

order requiring them to show cause why the registrations of their registered securities should not be revoked by default for their failure to timely file answers, participate in the prehearing conference, or otherwise defend the proceeding.

### **Conclusions of Law**

China Fruits and Sky Star Bio-Pharmaceutical are in default because they did not answer the OIP, participate in the June 30, 2017, prehearing conference, or otherwise defend the proceeding. OIP at 3; 17 C.F.R. §§ 201.155(a), .220(f), .221(f). Accordingly, I find the allegations as to them in the OIP to be true. 17 C.F.R. § 201.155(a).

China Fruits, Central Index Key (CIK) No. 1029802,<sup>2</sup> is a revoked Nevada corporation located in Beijing, China, with a class of securities registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934. China Fruits is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended March 31, 2015. As of May 30, 2017, China Fruits's stock, symbol CHFR, was traded on the over-the-counter markets. OIP at 2.

SkyStar Bio-Pharmaceutical, CIK No. 1076939, is a defaulted Nevada corporation located in Xi'an, Shaanxi Province, China, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). SkyStar Bio-Pharmaceutical is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended September 30, 2014. As of May 30, 2017, SkyStar Bio-Pharmaceutical's stock, symbol SKBI, was quoted on OTC Link, had six market makers, and was eligible for the piggyback exception of Exchange Act Rule 15c2-11(f)(3). *Id.*

The failure of China Fruits and SkyStar Bio-Pharmaceutical to timely file annual and quarterly reports violates Exchange Act Section 13(a) and Rules 13a-1 and 13a-13.

### **Sanction**

Under Exchange Act Section 12(j), the Commission is authorized, "as it deems necessary or appropriate for the protection of investors," to revoke the registration of a security or suspend the registration for a period not exceeding twelve months if it finds, after notice and an opportunity for a

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<sup>2</sup> A Central Index Key number is an internal Commission identification number used in the Commission's EDGAR system.

hearing, that the issuer of the security has failed to comply with any provision of the Exchange Act or rules thereunder. 15 U.S.C. § 78l(j).

Compliance with the Commission's reporting requirements is mandatory. *America's Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 SEC LEXIS 1241, at \*12 (Mar. 22, 2007), *recons. denied*, Exchange Act Release No. 55867, 2007 SEC LEXIS 1239 (June 6, 2007). The case law is unequivocal that the investing public can be harmed when a publicly traded company does not provide the public complete, timely, and accurate financial information. *See SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)). The criteria for determining whether a sanction is appropriate are

the seriousness of the issuer's violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer's efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.

*Gateway Int'l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 SEC LEXIS 1288, at \*19-20 (May 31, 2006). When measured against these criteria, revocation is appropriate. The failures of SkyStar Bio-Pharmaceutical and China Fruits to provide financial information in quarterly and annual reports for almost three years and over two years, respectively, are serious, recurrent violations. *See, e.g., Impax Labs., Inc.*, Exchange Act Release No. 57864, 2008 SEC LEXIS 1197, at \*25-26 (May 23, 2008) (respondent's failure to make eight filings over an eighteen-month period considered recurrent). No respondent has made an effort to remedy past violations or assure compliance in the future.

In addition, China Fruits and SkyStar Bio-Pharmaceutical failed to heed delinquency letters sent to them by the Division of Corporation Finance or through their failure to maintain valid addresses on file with the Commission as required by Commission rules, did not receive the correspondence.

### **Order**

I ORDER that, pursuant to Section 12(j) of the Securities Exchange Act of 1934, the registrations of each class of registered securities of China Fruits Corp. and SkyStar Bio-Pharmaceutical Co. are REVOKED.<sup>3</sup>

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<sup>3</sup> This order applies to all classes of Respondents' securities registered under Section 12 of the Exchange Act, whether or not such securities are specifically identified by ticker symbol or otherwise in this initial decision.

This initial decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this initial decision within twenty-one days after service of the initial decision. A party may also file a motion to correct a manifest error of fact within ten days of the initial decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The initial decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the initial decision as to a party. If any of these events occur, the initial decision shall not become final as to that party.

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Brenda P. Murray  
Chief Administrative Law Judge