UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10341 / April 10, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17915

In the Matter of **EDWARD BORRELLI AND DUNEDIN, INC.,** **Respondents.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") against Edward Borrelli and Dunedin, Inc. ("Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement ("Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V with respect to Respondent Borrelli, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds[1]:

SUMMARY

1. From December 2012 to October 2013, Edward Borrelli, through his investor relations firm Dunedin, Inc., paid writers for 21 internet publications promoting the securities of Dunedin's publicly-traded clients. The publications purported to be independent when, in fact, they were promotions indirectly funded by Dunedin's clients. Borrelli knew or should have known that the writers Dunedin paid were not disclosing the compensation they received and, in some cases, were affirmatively misrepresenting that they were not receiving compensation for their publications, thereby creating the misleading impression that the views expressed in the publications were objective and independently formed. As a consequence of this conduct, Borrelli and Dunedin violated, and caused violations of, the anti-fraud and anti-touting provisions of the federal securities laws.

RESPONDENTS

2. **Edward Borrelli,** 54, resides in New York, New York. He is the sole principal of Dunedin, an investor relations firm.

3. **Dunedin, Inc.**, is a Florida corporation based in New York, New York. Dunedin describes itself as an investor relations firm serving micro to small-sized companies. Dunedin is controlled by Borrelli.

FACTS

4. From December 2012 to October 2013, Borrelli and Dunedin provided services to seven publicly-traded companies that included the generation of internet publications about their clients. Dunedin promised clients that these articles would "raise investor visibility" for the issuers and "[g]et thousands of investors to hear [their] story."

5. Borrelli and Dunedin paid writers to publish, under their own names or under pseudonyms, articles promoting its clients' securities on investment websites such as Seeking Alpha.[2] None of the 21 articles for which Dunedin paid the writers contained a disclosure of the writers' compensation, and 16 of the articles published on Seeking Alpha's website affirmatively misrepresented that the writers had not received compensation other than from Seeking Alpha.

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[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.

[2] Seeking Alpha maintains a website (www.seekingalpha.com) that describes itself as a "platform for investment research, with broad coverage of stocks, asset classes, ETFs and investment strategy," where "articles frequently move stocks, due to a large and influential readership which includes money managers, business leaders, journalists and bloggers."

6. For example, in early 2013, executives of an issuer began discussions with Borrelli about ways that Dunedin could help the issuer get its story out to investors – primarily by covering the company's press releases – using writers that Borrelli knew. The issuer paid Dunedin $2,000 to publish two articles. Executives of the issuer reviewed drafts of the articles before publication and also often spoke to the writers as part of the drafting process during conference calls set up by Borrelli or a consultant working for Borrelli. On January 28, 2013, a writer published an article about the issuer on Seeking Alpha's website. The article did not disclose the writer's compensation for the article, or that it was part of a paid promotion. Also, the writer affirmatively misrepresented in the article, "I am not receiving compensation for it." Five days after publication, Dunedin paid the writer $500. The following month, Borrelli arranged for another writer to publish a story about the issuer. Borrelli set up a conference call between the writer and an executive of the issuer, and the following week, the executive was provided with a draft of the proposed article to review. The issuer's executives were not happy with the quality or the focus of the first draft, and asked the writer to make several changes. After the writer revamped the article, Borrelli sent it to the executives again for review. On February 27, 2013, the article was published on Seeking Alpha's website. Again, the article did not disclose the writer's compensation for the article, or that it was part of a paid promotion, and the writer affirmatively misrepresented in the article, "I am not receiving compensation for it." A week later, Dunedin paid the writer $456.

7. In August 2013, Seeking Alpha informed Borrelli and a Dunedin consultant that they were blocked from Seeking Alpha's direct message system after learning that both were using it to solicit authors to write articles for payment. The emails from Seeking Alpha expressly told Borrelli and the consultant that writing articles for payment is "strictly prohibited by [Seeking Alpha's] author rules" and that "each article is preceded by a disclaimer indicating that the author is not receiving compensation for it (other than from Seeking Alpha)."[3]

8. Despite Seeking Alpha's admonition, Borrelli and the consultant continued to solicit business from a new client and arrange for the publication of three additional compensated articles, which Borrelli and Dunedin knew or should have known (a) failed to disclose the writers' compensation and (b) contained affirmative misrepresentations that the writers were not receiving compensation for the article.

9. For example, on October 8, 2013, despite Seeking Alpha's admonition, another article commissioned by Dunedin was published on Seeking Alpha for a different Dunedin client. The article did not disclose the writer's compensation for the article, or that it was part of a paid promotion. Also, the writer affirmatively misrepresented in the article, "I am not receiving compensation for [this article]." Three days later, Dunedin paid the writer $500.

[3] In June 2012, Seeking Alpha informed its contributors that it was changing its policies and would no longer publish articles that a writer had been paid for preparing, because "articles that have been paid for by a third-party carry an inherent bias that is a disservice to our readership."

10. At all relevant times, Borrelli knew or should have known that the writers paid by Dunedin, and indirectly by Dunedin's clients, were not disclosing their compensation in their articles or were misrepresenting that no compensation was being received. The omissions and misrepresentations about Dunedin's payments, and the issuer clients' indirect payments, for the promotional articles were material.

11. A number of the articles that Dunedin commissioned were published while Dunedin's clients were offering, or preparing to offer, securities, and the articles solicited offers to buy those securities.

VIOLATIONS

12. As a result of the conduct described above, Borrelli and Dunedin violated Securities Act Section 17(a)(3), which makes it unlawful for any person, in the offer or sale of securities, by the use of communication in interstate commerce, "to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser."[4]

13. As a result of the conduct described above, Borrelli and Dunedin violated Securities Act Section 17(b), which prohibits any person from publishing, giving publicity to, or circulating any communication that describes a security in exchange for direct or indirect consideration from an issuer, underwriter, or dealer without fully disclosing the receipt of such consideration, whether past or prospective, and the amount thereof.

14. As a result of the conduct described above, Borrelli and Dunedin caused certain writers' violations of Securities Act Section 17(b), which prohibits any person from publishing, giving publicity to, or circulating any communication that describes a security in exchange for direct or indirect consideration from an issuer, underwriter, or dealer without fully disclosing the receipt of such consideration, whether past or prospective, and the amount thereof.

UNDERTAKINGS

A. Respondents have undertaken to forgo, for five years from the date of this Order, directly or indirectly, including through any entity owned or controlled by Respondents, providing consideration to any person or entity for publishing, giving publicity to, or circulating any communication that describes the securities of an issuer client unless Respondents (i) first obtain from such person or entity a written representation that the communication will fully disclose the past or prospective receipt of such consideration, including the amount thereof, and (ii) in those instances in which such consideration is to be provided after publication, confirm before providing consideration that such disclosure was made.

[4] A showing of scienter is not necessary to establish a violation of Section 17(a)(3) of the Securities Act. Rather, a showing of negligence suffices. *See Aaron v. SEC*, 446 U.S. 680, 701-02 (1980).

B. Respondents have also undertaken to certify, in writing, compliance with the undertaking set forth above. The certification shall identify the undertaking, provide written evidence of compliance in the form of a narrative, and be supported, as appropriate, by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Rami Sibay, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

C. 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, Respondents (i) agree 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, email, 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) with respect to such notices and subpoenas, waive 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 (iv) consent to personal jurisdiction over Respondents in any United States District Court for purposes of enforcing any such subpoena.

In determining whether to accept the Offer, the Commission has considered the undertaking set forth in Paragraph C.

IV.

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

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

A. Respondents cease and desist from committing or causing any violations and any future violations of Sections 17(a) and 17(b) of the Securities Act.

B. Respondent Borrelli shall, within 14 days of the entry of this Order, pay disgorgement of $18,224, pre-judgment interest of $1,909.72, and a civil money penalty in the amount of $30,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue on disgorgement and prejudgment interest amounts pursuant to SEC Rule of Practice 600, and on civil money penalty amounts pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the payor 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 Melissa Hodgman, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent Borrelli agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

D. Respondents shall comply with the undertakings enumerated in Paragraphs III. A. and B. above.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Borrelli, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Borrelli 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 Borrelli 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.

Brent J. Fields
Secretary