

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10342 / April 10, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 80411 / April 10, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17916

In the Matter of

STEPHEN RAMEY

Respondent.

**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 Stephen Ramey (“Ramey” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 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 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹:

SUMMARY

Between November 2011 and November 2013, Stephen Ramey violated the anti-fraud and anti-touting provisions of the federal securities laws by publishing various articles describing issuer securities on investment websites that purported to be independent when, in fact, they were paid promotions. Ramey also caused violations of the federal securities laws when he wrote articles for a stock promotion firm when he knew the stock promotion firm would publish the articles without disclosure of compensation. Ramey also "scalped" or committed fraud by failing to disclose that his personal investment decisions contradicted his publicly stated investment views about securities.

RESPONDENT

1. **Stephen Ramey**, 45, resides in Moultrie Georgia. He published numerous articles on investment websites under the pseudonym "Chemistfrog" for stock promotion firms Dunedin, Inc. and Lidingo Holdings, LLC. Ramey also wrote articles for Lidingo to publish under its own pseudonyms. He also "scalped" by failing to disclose that his personal investment decisions contradicted his publicly stated investment views about securities. He currently works as a chemist.

RELATED PARTIES

2. **Dunedin, Inc.** is a Florida corporation headquartered in Jupiter, Florida. Dunedin, which is owned and operated by Edward Borrelli, provided promotional services to issuers that included the publication of more than 12 articles describing securities on investment websites. The Commission has charged Dunedin and Borrelli for their roles in the misconduct described in this Order and for other misconduct unrelated to Ramey.

3. **Lidingo Holdings, LLC** was a Nevada limited liability company that was formed in 2011 and dissolved in 2014. Lidingo, which was owned and operated by Kamilla Bjorlin, provided promotional services to issuers that included the publication of over 400 articles describing securities on investment websites. The Commission has charged Lidingo and Bjorlin for their roles in the misconduct described in this Order and for other misconduct unrelated to Ramey.

FACTS

4. Between November 2011 and November 2013, Ramey published at least 60 articles on investment websites Bezinga.com, MarketPlayground.com, and SeekingAlpha.com under the pseudonym "Chemistfrog". Ramey's articles positively described the securities of the

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

following 11 issuers that were clients of Dunedin, Lidingo, or another stock promotion firm affiliated with Lidingo: Advanced Medical Isotope Corporation, Assured Pharmacy, Inc., DelMar Pharmaceuticals Inc., Enzo Biochem Inc., Galena Biopharma, Inc., ImmunoCellular Therapeutics, Ltd., Labstyle Innovations Corp. (now doing business as DarioHealth Corp.), LPath, Inc., NeoStem, Inc. (now doing business as Caladrius Biosciences, Inc.), OncoSec Medical Incorporated, and Soligenix, Inc. Dunedin and Lidingo paid Ramey for these articles.

5. Ramey did not disclose that these articles were paid-for promotions or the amount of the compensation he received. Moreover, in at least 25 of the articles published on Seeking Alpha's website, Ramey misrepresented that he was "not receiving compensation" for the article."² Ramey falsely stated that he was not receiving compensation because, at the time, Seeking Alpha had a policy that expressly prohibited compensated articles. Ramey's misstatements regarding his compensation were material.

6. Ramey's articles were bullish descriptions of publicly-traded stocks. Seeking Alpha held itself out 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."

7. Ramey also wrote additional articles for Lidingo to publish under its own pseudonyms. The articles positively described the securities of OncoSec Medical Incorporated and Stevia First Corporation (now doing business as Vitality Biopharma, Inc.), issuers that were clients of Lidingo or another stock promotion firm affiliated with Lidingo. Lidingo then published the articles under its own pseudonyms without disclosing that these articles were paid-for promotions or the amount of the compensation received. Lidingo paid Ramey for these articles.

8. Ramey knew or was reckless in not knowing that Lidingo would not disclose the compensation it received for publishing the articles he provided. He knew that Lidingo was in the business of getting articles published on SeekingAlpha.com and other investment websites because during the period he wrote the articles and provided them to Lidingo, Lidingo was paying him to publish articles relating to OncoSec and numerous other issuers on SeekingAlphacom. Ramey also believed that Seeking Alpha would not publish articles that an author was paid to write.

9. Dunedin and Lidingo paid Ramey at least \$35,000 for the above-mentioned articles.

10. On at least three occasions, Ramey failed to disclose to readers that he was making securities trades that contradicted the investment beliefs expressed in his articles. In

² On June 22, 2012, Seeking Alpha announced that it would "no longer publish articles that a writer has been paid for preparing." Starting in August 2012, Seeking Alpha required writers to affirmatively disclose whether they received third-party compensation. If the writer represented that he was not compensated, then Seeking Alpha added the representation quoted above to the article on its website.

each instance, he purchased an issuer's stock shortly before publishing an article that praised the security as a long-term investment and then sold the newly-purchased stock on the same day that his bullish article appeared on Seeking Alpha.

11. For example, Ramey purchased OncoSec shares on October 8, 2012. The next day, he published an article on Seeking Alpha in which he told investors about his "fear of ever trading completely out of my {Oncosec} position in the next few months." That same day, he proceeded to sell all of his Oncosec shares at a profit.

12. Ramey knew that his articles failed to disclose the contradiction between his published investment beliefs and his personal investment decisions.

13. Ramey's misstatements and/or omissions regarding his investment beliefs and personal investment decisions were material. A reasonable investor would consider Ramey's intention to sell his shares as an important factor in assessing the objectivity and credibility of his descriptions.

VIOLATIONS

14. As a result of the conduct described above, Ramey violated Securities Act Section 17(a) and Exchange Act Section 10(b) 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.

15. As a result of the conduct described above, Ramey 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 past or prospective consideration and the amount.

16. As a result of the conduct described above, Ramey caused Lidingo's violations of Securities Act Section 17(b).

UNDERTAKING

Respondent has undertaken to:

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, (i) appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) 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) appoint his attorney in these proceedings as agent to receive service of such notices and subpoenas; (iv) 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 Respondent's travel, lodging, and subsistence expenses at the

then-prevailing U.S. Government per diem rates; and (v) consent to personal jurisdiction over Respondent in any United States District Court for purposes of enforcing any such subpoena.

In determining whether to accept the Offer, the Commission has considered this undertaking.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Ramey cease and desist from committing or causing any violations and any future violations of Sections 17(a) and 17(b) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Ramey shall, shall pay disgorgement of \$35,000, prejudgment interest of \$3,538, and a civil money penalty of \$24,000 in 21 installments 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), according to the following schedule: (1) \$6,000 within 14 days of the entry of this Order; (2) \$2,794 on May 1, 2017; (3) \$2,794 on August 1, 2017; (4) \$2,794 on November 1, 2017; (5) \$2,794 on February 1, 2018; (6) \$2,808 on May 1, 2018; (7) \$2,808 on August 1, 2018; (8) \$2,808 on November 1, 2018; (9) \$2,808 on February 1, 2019; (10) \$2,826 on May 1, 2019; (11) \$2,826 on August 1, 2019; (12) \$2,826 on November 1, 2019; (13) \$2,826 on February 1, 2020; (14) \$2,844 on May 1, 2020; (15) \$2,844 on August 1, 2020; (16) \$2,844 on November 1, 2020; (17) \$2,844 on February 2021; (18) \$2,863 on May 1, 2021; (19) \$2,863 on August 1, 2021; (20) \$2,863 on November 1, 2021; and (21) \$2,863 on February 1, 2022. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post-Order interest, which accrues pursuant to SEC Rule of Practice 600 and 31 U.S.C. §3717 on any unpaid amounts due after 14 days of the entry of the Order. Prior to making the final payment set forth herein, Respondent Ramey shall contact the staff of the Commission for the amount due for the final payment, which shall include accrued interest.

If Respondent Ramey 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 the Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of 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 Stephen Ramey 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 Associate Director Melissa Hodgman, 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 agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary