

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10343 / April 10, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17917

In the Matter of

**MICHAEL A. MCCARTHY,
THE DREAMTEAM GROUP, LLC,
MISSION INVESTOR RELATIONS, LLC,
AND QUALITYSTOCKS LLC**

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 Michael A. McCarthy, The DreamTeam Group, LLC, Mission Investor Relations, LLC, and QualityStocks LLC (together, “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**, 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 finds¹:

SUMMARY

From August 2012 to February 2014, Michael McCarthy, through three entities he owns and controls, The DreamTeam Group, LLC, Mission Investor Relations, LLC, and QualityStocks LLC (together, "DreamTeam"), paid writers for 39 internet articles promoting the securities of some of their publicly-traded clients. The articles purported to be independent when, in fact, they were promotions indirectly funded by the clients. McCarthy knew or should have known that the writers DreamTeam 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 articles were objective and independently formed. McCarthy and DreamTeam also directly published more than 20 blog posts that linked to and summarized the articles they had commissioned. The blog posts suggested that there was organic interest in the companies discussed and did not disclose that the underlying articles were part of a paid promotion indirectly funded by DreamTeam's clients. The above conduct operated as a fraud upon investors and violated, and caused violations of, the anti-touting provisions of the federal securities laws.

RESPONDENTS

1. **Michael A. McCarthy**, 47, resides in San Antonio, Texas. McCarthy formed, owns, and controls the entities that comprise DreamTeam, which are corporate communications firms focused on branding and marketing, investor relations, public relations, and social media relations.

2. **The DreamTeam Group, LLC**, a Florida limited liability company headquartered in Indianapolis, Indiana, referred to itself during the relevant period as a "Family of Businesses" that included investor-relations companies such as Mission Investor Relations, LLC, and QualityStocks LLC. We will refer to The DreamTeam Group, LLC, Mission Investor Relations, LLC and QualityStocks LLC together in this Order as "DreamTeam."

3. **Mission Investor Relations, LLC** is a Delaware limited liability company headquartered in Atlanta, Georgia.

4. **QualityStocks LLC** is a Florida limited liability company headquartered in Indianapolis, Indiana.

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.

OTHER RELEVANT ENTITIES

5. Galena Biopharma, Inc. (“Galena” or “GALE”) is a biopharmaceutical company incorporated in Delaware. During the relevant time period, Galena was headquartered in Oregon; it is now headquartered in California. Galena’s common stock is registered with the Commission pursuant to Exchange Act Section 12(b) and trades on the NASDAQ Capital Market. The Commission has charged Galena and its former CEO, Mark J. Ahn, for misconduct unrelated to McCarthy and DreamTeam, and for their roles in the misconduct described in this Order.

6. CytRx Corporation (“CytRx”) is a biopharmaceutical company incorporated in Delaware and headquartered in Los Angeles, California. CytRx’s common stock is registered with the Commission pursuant to Exchange Act Section 12(b) and trades on the NASDAQ Capital Market Exchange. The Commission has charged CytRx for misconduct unrelated to the misconduct described in this Order.

FACTS

7. During the relevant period, McCarthy and DreamTeam provided public relations and investor relations services to issuers. From August 2012 to February 2014, McCarthy and DreamTeam provided 13 publicly-traded companies services that included the generation of internet articles about their securities. For these clients, DreamTeam paid writers to publish, under their own names or pseudonyms, 39 articles promoting the clients’ securities on investment websites such as Seeking Alpha.² None of these articles disclosed the writers’ compensation, and more than 15 of the articles published on Seeking Alpha’s website affirmatively misrepresented that the writers had not received compensation other than from Seeking Alpha.³

8. McCarthy and DreamTeam also publicized many of the articles they generated on their “Instablog” on Seeking Alpha’s website without disclosing that the authors of the articles they were publicizing had been paid by DreamTeam, and indirectly by its clients. This falsely suggested to readers that the articles were independent, unbiased pieces.

9. For example, in July 2013, Galena paid DreamTeam \$25,000 under a contract for 90 days of social media relations, marketing and branding services that stated that “[r]etail trading will be the target,” and that DreamTeam would leverage its “Extensive Online Social Network to Maximize Exposure.” On August 1, 2013, DreamTeam emailed a writer, “We would like to engage your research services in an effort to see an extra good article on GALE published via Seeking Alpha.” On August 6, 2013, the writer published an article entitled “Galena

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.”

³ DreamTeam also published articles about its clients on its own “branded” websites. For those articles, DreamTeam disclosed the compensation it received from its clients.

Biopharma Presents An Attractive Investment Opportunity,” on Seeking Alpha’s website under the pseudonym “Wonderful Wizard.” 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] (other than from Seeking Alpha).” Three days after publication, DreamTeam sent the writer a check for \$300.

10. On August 7, 2013, the day after Wonderful Wizard published the article on Seeking Alpha, DreamTeam featured the article in a post on its Instablog on Seeking Alpha’s website. The post, entitled “Seeking Alpha Publishes Article Featuring Galena Biopharma, Inc. (GALE),” summarized and provided a hyperlink to the article. The post disclosed DreamTeam’s compensation by Galena, but did not disclose that DreamTeam had generated Wonderful Wizard’s article by agreeing to pay him as part of its work for Galena. This gave investors the misleading impression that the views expressed in the article were objective and independently formed.

11. 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.” Because of the importance of Seeking Alpha to McCarthy and DreamTeam as a distribution channel, they instituted a new business model designed to give their writers a basis for continuing to publish articles on Seeking Alpha: McCarthy and DreamTeam advanced the position that they no longer paid writers for publishing articles, but that they instead paid writers to conduct research about their clients, and let the writers decide whether to publish articles based on their research on their own time.

12. In reality, DreamTeam paid writers to publish articles — not to conduct research. McCarthy and DreamTeam served as intermediaries between the issuer clients and the writers for the purpose of communicating to the writers the issuers’ comments and/or approval for submission of articles. McCarthy and DreamTeam also often conveyed guidance to the writers about where and when to publish articles, and they never paid a writer under the model unless the writer had published an article — or at least submitted an article for publication.

13. For example, in January 2013, DreamTeam found a new writer and told him that when writing about DreamTeam clients, he would have to “tie in other big [company] names in order for [Seeking Alpha] to publish the article.” When the writer expressed his opinion that Seeking Alpha was not the best place to publish articles about DreamTeam’s small-capitalized clients — and recommended a different website that had a “more dedicated small cap audience” — DreamTeam informed the writer that DreamTeam and their clients “really want to be on Seeking Alpha” In January 2013, after the writer published an article on Seeking Alpha that included charts that did not meet with DreamTeam’s approval, DreamTeam instructed the writer to contact Seeking Alpha to have the charts removed from the published article. On October 4, 2013, the writer published an article on Seeking Alpha’s website entitled, “Advances in Battle Against Cancer Has CytRx Up More Than 40% For Quarter.” The writer initially submitted the article to a different website for publication, but DreamTeam, upon learning of this, instructed the writer to submit it to Seeking Alpha. Although the writer wrote and published the article in

exchange for payment from DreamTeam, he affirmatively misrepresented in the article, “I am not receiving compensation for [this article] (other than from Seeking Alpha).”

14. As another example, on or about December 10, 2013, CytRx, which had contracted with DreamTeam for social media, marketing and branding services, and, among other things, for DreamTeam to “assist in writing Two (2) articles for publication on Seeking Alpha along with [DreamTeam] typical distribution for such articles,” instructed McCarthy to focus DreamTeam’s next article on the Phase IIB test results that CytRx would be announcing the next day. McCarthy contacted a writer, who asked a sub-contractor to “draft up an article ASAP for Seeking [Alpha].” Within hours, a draft article and edits circulated between the sub-contractor and CytRx, with DreamTeam and the writer who contacted the sub-contractor acting as intermediaries. On December 12, 2013, the sub-contractor published an article on Seeking Alpha entitled “CytRx Surges As Aldoxorubicin Dominates Doxorubicin In Phase IIB Tests.” On December 20, DreamTeam paid the writer \$300 for the article, in which the writer had affirmatively misrepresented, “I am not receiving compensation for [this article] (other than from Seeking Alpha).”

15. In October 2013, McCarthy emailed DreamTeam’s counsel to request a consultation about the payment-for-research model that they had been using since July 2012. The email included links to three articles on Seeking Alpha’s website in which writers paid by DreamTeam stated that they had not received compensation other than from Seeking Alpha. McCarthy and his counsel had a brief consultation a few days later. Counsel, who believed that the articles generated by DreamTeam would be published on a website that contained a disclosure of the writers’ compensation, did not raise issues with the propriety of DreamTeam’s model.

16. In January 2014, Seeking Alpha emailed DreamTeam to ensure that DreamTeam was not paying writers to publish articles on Seeking Alpha’s website. The email stated that Seeking Alpha had noticed “a troubling pattern” of articles from Seeking Alpha contributors about DreamTeam’s clients, and reminded DreamTeam that Seeking Alpha did “not allow sponsored content on Seeking Alpha, and contributors may not accept payment from third parties for writing content.” McCarthy directed DreamTeam’s communications director to send the following response: “I confirmed that we are not paying any of your contributors to publish articles on Seeking Alpha. However, there have been a couple writers in contact with us to get questions answered and clarification”

17. Even after receiving Seeking Alpha’s admonition about sponsored content and providing a misleading response, McCarthy and DreamTeam paid a writer to publish an article on Seeking Alpha that they knew or should have known (a) failed to disclose the writers’ compensation and (b) contained an affirmative misrepresentation that the writer was not receiving compensation for the article (other than from Seeking Alpha). Also after their exchange with Seeking Alpha, McCarthy and DreamTeam publicized four articles on their Seeking Alpha Instablog that they knew or should have known failed to disclose the writers’ compensation for the articles.

18. At all relevant times, McCarthy knew that the writers paid by DreamTeam, and indirectly by DreamTeam's clients, were required to disclose their compensation in their articles, and he knew or should have known that they were not doing so or were misrepresenting that such compensation was not being received. The omissions and misrepresentations about DreamTeam's payments, and the issuer clients' indirect payments, were material.

19. A number of the articles and blog posts were published while DreamTeam's clients were offering, or preparing to offer, securities, and the articles and blog posts solicited offers to buy those securities.

VIOLATIONS

20. As a result of the conduct described above, McCarthy and DreamTeam violated Securities Act Section 17(a)(2) and (3), which make it unlawful for any person, in the offer or sale of securities, by the use of communication in interstate commerce, "to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading," and "to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser."⁴

21. As a result of the conduct described above, McCarthy and DreamTeam 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.

22. As a result of the conduct described above, McCarthy and DreamTeam 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.

⁴ A showing of scienter is not necessary to establish a violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act. Rather, a showing of negligence suffices. *See Aaron v. SEC*, 446 U.S. 680, 701-02 (1980).

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.

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, Assistant Director, 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) appoint Respondents' counsel 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 Respondents' travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) 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, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, 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. McCarthy shall, within 14 days of the entry of this Order, pay disgorgement of \$42,000, pre-judgment interest of \$3,906, and a civil money penalty in the amount of \$75,000 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 of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600, and if timely payment of civil money penalty is not made, interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) McCarthy may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) McCarthy 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) McCarthy 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 McCarthy 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, McCarthy 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 his payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, McCarthy 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 McCarthy 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 A and B of their undertakings set forth 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 McCarthy, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent McCarthy 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 McCarthy 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