

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82033 / November 8, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18277

In the Matter of

STEPHEN D. FERRONE,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
IMPOSING TEMPORARY SUSPENSION
PURSUANT TO RULE 102(e)(3)(i)(B) OF
THE COMMISSION'S RULES OF
PRACTICE**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Stephen D. Ferrone (“Respondent” or “Ferrone”) pursuant to Rule 102(e)(3)(i)(B)¹ of the Commission’s Rules of Practice (17 C.F.R. § 200.102(e)(3)(i)(B)).

II.

The Commission finds that:

1. Ferrone has been licensed to practice law in Illinois since 1977 and actively practiced law until 1983. Between 1983 and 2005 he held Series 7, 8, 24, and 63 licenses and worked in sales capacities with various broker-dealers and investment advisers. Between 2007 and 2008 Ferrone was the President and Chief Executive Officer (CEO) of Immunosyn Corporation

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney . . . who has been by name: (B) [f]ound by any court of competent jurisdiction in an action brought by the Commission to which he or she is a party . . . to have violated (unless the violation was found not to have been willful) or aided and abetted the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

(“Immunosyn”), a public biopharmaceutical company that was touting a drug (know as “SF-1019”) as a treatment for various serious illnesses.

2. On August 1, 2011, the Commission filed a complaint against Ferrone in the U.S. District Court for the Northern District of Illinois, alleging that he violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Exchange Act Rules 10b-5 and 13a-14, and aided and abetted Immunosyn’s violations of Section 13(a) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, 13a-11 and 13a-13.

3. The Commission’s complaint allged that as Immunosyn’s President and CEO Ferrone made misleading statements in Immunosyn’s public filings with the Commission and in press releases that he drafted about the regulatory status of the biopharmaceutical product SF-1019. Ferrone signed Immunosyn’s 2007 and 2008 Forms 10-K and certified that they contained no untrue statements of fact and omitted no facts necessary to make the statements therein not materially misleading. Both Forms 10-K misleadingly stated that documents necessary for obtaining regulatory approval for SF-1019 in the U.S. and other countries had been filed, but omitted that the Federal Drug Administration (“FDA”) had issued a clinical hold prohibiting human testing of SF-1019. Similarly, a November 2007 Immunosyn press release quoted Ferrone as stating, “SF-1019 has garnered manufacturing and import approval from the” Medicines and Healthcare products Regulatory Agency, the European equivalent of the FDA. This statement was false and misleading as the agency never granted regulatory approval for SF-1019. Ferrone had no basis to reasonably believe that the information in these filings and releases was true and, in some instances, he knew the information to be false. Ferrone also did not disclose to investors that in December 2008 the FDA imposed its second clinical hold on human testing of SF-1019. This false or omitted information was material to investors. During the period that Ferrone made these misleading public statements about SF-1019 he received compensation from Immunosyn totaling \$30,195.

4. On April 29, 2016, after a ten-day jury trial, the jury found that Ferrone, “knowingly or with reckless distregard for the truth”, violated Exchange Act, Section 10(b) and Rules 10b-5 thereunder, and with intent or recklessness violated Rule 13a-14, as he filed, or caused to be filed, a certification that was false or misleading. Ferrone was not found liable for aiding and abetting Immunosyn’s failure to file accurate annual, quarterly and current reports.

5. On July 28, 2017, the court entered final judgment as to Ferrone that prohibited Ferrone, for a period of three years *nunc pro tunc* to July 24, 2016, from acting as an officer or director of any issuer that has a class of securities required to be registered pursuant to Section 12 of the Exchange Act or required to file reports pursuant to Section 15(d) of the Exchange Act. The court further ordered that Ferrone pay a civil penalty of \$120,000 to the SEC pursuant to Section 21(d)(3) of the Exchange Act. The court did not order disgorgement or enjoin Ferrone from future violations of the federal securities laws.

III.

Based on the foregoing, the Commission finds that Ferrone has been found by a court of competent jurisdiction, in an action brought by the Commission, to have willfully violated provisions of the Federal securities laws, within the meaning of Rule 102(e)(3)(i)(B) of the Commission's Rules of Practice. In view of this finding, the Commission deems it appropriate and in the public interest that Ferrone be temporarily suspended from appearing or practicing before the Commission as an attorney.

IT IS HEREBY ORDERED that Ferrone be, and hereby is, temporarily suspended from appearing or practicing before the Commission as an attorney. This Order will be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Ferrone may, within thirty days after service of this Order, file a petition with the Commission to lift the temporary suspension. If the Commission receives no petition within thirty days after service of the Order, the suspension will become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission will, within thirty days after the filing of the petition, either lift the temporary suspension, or schedule the matter for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Ferrone personally or by certified mail at his last known address.

By the Commission.

Brent J. Fields
Secretary