I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Corix Bioscience, Inc. (“Corix”) and Michael L. Ogburn (“Ogburn”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 for Respondent Ogburn in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.
III.

On the basis of this Order and Respondents’ Offers, the Commission finds that:

Summary

These proceedings arise out of false and misleading public statements that Corix and Ogburn made from March 2017 through April 2018 (the “relevant period”) about Corix’s purported operations in the cannabidiol (“CBD”) industry. These statements included claims that Corix had access to Native American tribal lands to grow hemp, had research relationships with well-known institutions, had obtained state approval to produce hemp in Nevada, and had harvested hemp for sale. In fact, Corix had extremely limited operations, and none of these statements was true.

Respondents

1. Corix Bioscience, Inc. is a Wyoming corporation with its principal place of business in Phoenix, Arizona. Since it was formed in March 2017, Corix has claimed to be in the business of manufacturing and selling CBD products. Through November 2017, Corix filed periodic reports with the Commission pursuant to Section 15(d) of the Exchange Act. Corix has made no periodic filings since November 2017. Corix’s common stock was traded on OTC Link until April 12, 2018, when the Commission suspended trading of the securities for ten business days. Corix is currently in the process of winding down its business and distributing remaining assets.

2. Michael L. Ogburn, age 45, is a resident of Mission Viejo, California. Ogburn served as Chairman of the Board, Chief Executive Officer (“CEO”), and Chief Financial Officer of Corix from March 2017 until April 2018. Thereafter, he continued to serve as CEO until June 2018 and as a consultant until July 2018. Ogburn participated in offerings of Corix stock, which is a penny stock.

Background

3. Ogburn formed Corix in March 2017 by merging two other companies. Ogburn intended to focus Corix’s business on the CBD industry after the merger. Corix had no CBD operations at that time, and Ogburn used Corix stock to obtain assets, services, and funding.

4. Throughout the relevant period, Ogburn was responsible for and managed all of Corix’s activities and was familiar with all of its operations. Ogburn was responsible for the content of all of Corix’s public statements.

Material Misrepresentations and Omissions

5. From March 2017 through April 2018, Respondents made several material false and misleading statements relating to the status of Corix’s purported CBD operations. These statements appeared in Corix’s press releases, filings with the Commission, and website.
6. On March 17, 2017, Corix issued a press release claiming that it had a joint venture with Native American tribes, enabling it to access “tribal lands for farming commercial hemp and cannabis” and to “sell hemp and cannabis products in retail outlets on tribal lands.” Corix included the same statements in a Form 8-K it filed with the Commission on March 17, 2017 and in its Form 10-K filed on April 10, 2017. These statements were false and misleading since Corix never had agreements with Native American tribes that gave Corix access to land or retail outlets.

7. From at least July 2017 through November 2017, Corix stated on its website that the company had relationships with academic, medical, and sports institutions. These statements included: (a) a reference to a production facility containing a “full testing lab” and “two classrooms” operated “as part of a partnership with the University of Reno, Harvard University and Valley Children’s Hospital” for “further studies using CDB for the treatment of cancer in pediatrics”; (b) a statement that this project was led by “a current top NFL quarterback” working with “other current and former NFL players . . . to study the treatment of concussions with CBD oil” and (c) a reference to a relationship with “Walter Reed Medical Center to use our study of using CBD for the treatment of PTSD.” These statements were false and misleading since Corix did not have any of these relationships.

8. From at least September 2017 through April 2018, Corix posted on its website a “Certificate of Compliance” purportedly issued by the Nevada Department of Agriculture approving Corix “for transportation, processing, compliance exporting, air shipment exporting and domestic and international trade” of industrial hemp products. This information was false and misleading since the certificate was a forgery and Corix had not sought or obtained such approval.

9. On February 6, 2018, Corix issued a press release stating that “Corix had a banner late harvest in Carson City, Nevada to close out 2017. Corix was able to excel in both quality and quantity in cultivation of industrial hemp” and produce a “substantial inventory[.]” Corix included this press release in a Form 8-K it filed with the Commission on February 8, 2018. These statements were false and misleading because Corix never cultivated, planted or harvested significant quantities of industrial hemp.

Violations

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

11. Also as a result of the conduct described above, Corix willfully violated, and Ogburn willfully aided and abetted and caused Corix to violate, Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-11 thereunder, which require that every issuer who has filed a registration statement that has become effective pursuant to the Securities Act to file with the Commission certain periodic reports as required by Section 13(a) in respect to a security registered pursuant to Section 12, and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading.
IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents Corix and Ogburn cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(d) of the Exchange Act and Rules 10b-5, 12b-20, 15d-1, and 15d-11 thereunder.

B. Respondent Ogburn be, and hereby is:

prohibited, for a period of five years from the date of this order, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Respondent Ogburn shall, within 360 days of the entry of this Order, pay a civil money penalty in the amount of $200,000 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 pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

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

(2) Respondent Ogburn 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 Ogburn 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:
Payments by check or money order must be accompanied by a cover letter identifying Michael L. Ogburn 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 Laura M. Metcalfe, Assistant Regional Director, Securities and Exchange Commission, 1961 Stout St., Suite 1700, Denver, CO 80294-1961.

D. 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 Ogburn 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 Ogburn’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 Ogburn 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 Ogburn 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 Ogburn, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Ogburn 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 Ogburn 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.

Vanessa A. Countryman
Secretary