

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10833 / September 3, 2020**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19961**

**In the Matter of**

**COVALENT COLLECTIVE,  
INC.,**

**Respondent.**

**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 Covalent Collective, Inc. f/k/a Doyen Elements International Inc. f/k/a Advantameds Solutions Inc. (“Covalent” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act, 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 finds<sup>1</sup> that:

#### **Respondent**

1. Covalent is a British Columbia corporation with its principal place of business in Longmont, Colorado. During the period at issue, Covalent was controlled by its previous CEO and founder, Geoffrey Thompson. Although Covalent has pursued several acquisitions in the cannabis sector, it never commenced any revenue-generating operations.

#### **Offerings of Securities**

2. From approximately July 2014 through June 2019, Respondent raised approximately \$19 million from nearly 500 investors located throughout the United States through a continuous series of securities offerings.

3. Covalent did not file or cause to be filed a registration statement with the Commission in connection with the offer and sale of its securities, and no exemption from the U.S. registration requirements was available.

4. Consistent with what some of the investors were told, Covalent used a significant portion of the funds it raised for payments toward acquisitions of various cannabis-related companies. It also used significant funds for management compensation and the payment of professional and consulting fees.

#### **Change in Management**

5. On June 4, 2019, the Commission filed a motion in the United States District Court for the Northern District of Illinois, seeking an order compelling Covalent to comply with an investigatory subpoena issued by the Commission. *See SEC v. Covalent Collective, Inc.*, 19-cv-03721. The Commission filed this motion because Covalent had failed to produce any documents in response to the Commission's subpoena.

6. Prior to the Commission's action to enforce its subpoena, Thompson had not ensured that the other members of Covalent management were aware of the status of Covalent's response to the Commission's subpoena. Covalent ultimately produced records to the Commission on July 22, 2019.

7. On July 26, 2019, Thompson left his positions as director and officer of Covalent and its subsidiaries, and relinquished all associated corporate authority and responsibilities. The

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<sup>1</sup> 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.

company asked Thompson to leave, including because of his handling of the Commission's subpoena.

### **Violations**

8. As a result of the conduct described above, Covalent violated Section 5(a) of the Securities Act, which prohibits the sale of securities through interstate commerce or the mails unless a registration statement is in effect, and Section 5(c) of the Securities Act, which prohibits the offer to sell any security through interstate commerce or the mails, unless a registration statement has been filed as to such security with the Commission.

### **Covalent's Remedial Efforts**

9. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent, by terminating its relationship with Thompson.

10. In determining to accept the Offer, the Commission has also considered the cooperation afforded the Commission staff, after Respondent terminated its relationship with Thompson.

### **Undertakings**

Respondent has undertaken to:

11. Notify each investor that purchased Covalent securities in writing, by electronic mail and U.S. mail, of this Order and include with the written notice a copy of this Order.

12. Cooperate fully with the Commission with respect to this action and any judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party relating to the matters in this Order or other matters related to Covalent's securities or current or former officers. Respondent's cooperation shall include, but is not limited to:

- a. **Production of Information:** At the Commission's request on reasonable notice and without a subpoena, Respondent shall truthfully and completely disclose information and documents requested by Commission staff in connection with the Commission's related investigation, litigation, or other proceedings.
- b. **Production of Cooperative Personnel:** At the Commission's request on reasonable notice and without a subpoena, Respondent shall use reasonable efforts to secure the attendance and truthful statements or testimony of any current partner, officer, agent, or employee of Respondent, at any meeting, interview, testimony, deposition, trial, or other legal proceeding.

13. In determining whether to accept the Offer, the Commission has considered the above undertakings.

**IV.**

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

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that Respondent cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

By the Commission.

Vanessa A. Countryman  
Secretary