I. The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Lisa Sanford (“Respondent” or “Sanford”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 4C\(^1\) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order.

\(^1\) Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.
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 her 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 Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 4C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, 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 Respondent’s Offer, the Commission finds that:

**SUMMARY**

From 2020 through 2021, Emerald Health Pharmaceuticals (“Emerald Health”) paid undisclosed compensation for the purportedly independent recommendation from Palm Beach Venture (“Palm Beach”), an investment newsletter. In fact, Palm Beach’s chief analyst and author was secretly paid for his endorsement through middlemen who Emerald Health engaged as consultants. These purported consultants funneled a portion of their Emerald Health consulting fees to the analyst as payment for the promotion of Emerald Health.

Lisa Sanford, in her role as Emerald Health’s chief financial officer and principal accounting officer, authorized and issued the payments to the middlemen who Emerald Health engaged as consultants. Sanford also signed and certified Emerald Health’s offering circulars and other filings with the Commission, which failed to disclose to investors (1) the true nature of Emerald Health’s consulting agreements with the middlemen, (2) that Emerald Health engaged in a paid promotion through Palm Beach, and (3) that investor funds would be used to pay for Palm Beach’s

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2  Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

3  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.
recommendation. These omissions rendered the filings false and misleading. As a result, Sanford violated Sections 17(a)(2) and (3) of the Securities Act.

RESPONDENT

1. Lisa Sanford, age 56, resides in San Diego, California. During the relevant period, Sanford was the chief financial officer (“CFO”) and principal accounting officer of Emerald Health. At all relevant times, Sanford was a certified public accountant licensed in California (inactive). As Emerald Health’s CFO, Sanford was responsible for, among other things, reviewing financial disclosures in periodic reports Emerald Health filed with the Commission.

RELEVANT ENTITY

2. Emerald Health Pharmaceuticals is a biopharmaceutical company incorporated in Delaware with its principal place of business in San Diego, California. The Commission first qualified Emerald Health to conduct a Regulation A (“Reg-A”) offering under the Securities Act in March 2018. Emerald Health has engaged in several rounds of Reg-A offerings from 2019 through 2021, and has filed periodic reports, including offering statements and annual reports, with the Commission pursuant to Reg-A.

FACTS

3. Founded in 2017, Emerald Health is a biopharmaceutical company focused on developing cannabinoid-derived drug products to treat autoimmune and neurodegenerative diseases.

4. From 2020 through 2021, Emerald Health participated in a fraudulent promotional scheme, paying undisclosed compensation for promotion by a purportedly independent investment newsletter, Palm Beach.

5. From March 2020 through 2021, Palm Beach circulated at least two different articles touting Emerald Health to its subscribers.

6. Emerald Health raised approximately $30 million in its Reg-A offering from thousands of investors through this fraudulent promotion.

7. Emerald Health covertly paid Palm Beach’s chief analyst and author for the promotion through two middlemen Emerald Health engaged to ostensibly provide consulting services. In turn, the middlemen consultants funneled a portion of their consulting fees to Palm Beach’s analyst.

8. In June and August 2020, Emerald Health entered into sham consulting agreements with two middlemen in order to procure Palm Beach’s promotion.
9. Pursuant to the June 2020 sham agreement, Emerald Health paid $100,000 to the first middleman and issued him 100,000 shares of stock as total compensation for purported consulting services. This middleman then transferred $80,000 of the consulting fees he received from Emerald Health to the Palm Beach analyst.

10. Pursuant to the August 2020 sham agreement, Emerald Health agreed to pay the second middleman 6% of investor funds raised through Palm Beach’s promotional efforts. From October 2020 through May 2021, Emerald Health paid this middleman a total of $1,636,313 for his purported consulting services. This middleman funneled approximately $700,000 of his Emerald Health consulting fees to the Palm Beach analyst and his associate.

11. Although Sanford did not know about the arrangement between the two purported consultants and Palm Beach’s analyst, she was negligent in failing to recognize the consulting agreements as shams.

12. Sanford reviewed, approved, and/or issued the compensation Emerald Health paid the middlemen purporting to serve as consultants.

13. In a 2020 quarterly update to its investors, Emerald Health highlighted that Palm Beach recommended the company “as an attractive investment opportunity” without disclosing that this was a paid-for recommendation.

14. Sanford approved the quarterly update and directed that it be sent to investors and posted on the company’s public website.

15. Throughout 2020, Emerald Health filed offering circulars with the Commission that included, as exhibits, the sham consulting agreements with the middlemen. These circulars misled investors about the true nature of these consulting agreements and failed to disclose that the company was paying for Palm Beach’s promotion.

16. Sanford, in her role as CFO and chief accounting officer, reviewed, approved, signed and certified the misleading circulars and their financial disclosures. Though she did not know about the fraudulent promotional scheme, she was negligent in certifying the misleading information.

VIOLATIONS

17. Section 17(a)(2) of the Securities Act makes it unlawful, in the offer or sale of securities, 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. Section 17(a)(3) of the Securities Act makes it unlawful, in the offer or sale of securities, to engage in any transaction, practice or course of business that operates as a fraud or deceit upon the purchaser.
FINDINGS

18. Based on the foregoing, the Commission finds that Sanford willfully violated Sections 17(a)(2) and (3) of the Securities Act.\(^4\)

IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Sanford shall cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

B. Sanford is denied the privilege of appearing or practicing before the Commission as an accountant.

C. After three (3) years from the date of the Order, Respondent may request that the Commission consider Respondent’s reinstatement by submitting an application to the attention of the Office of the Chief Accountant.

D. In support of any application for reinstatement to appear and practice before the Commission as a preparer or reviewer, or a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, Respondent shall submit a written statement attesting to an undertaking to have Respondent’s work reviewed by the independent audit committee of any public company for which Respondent works or in some other manner acceptable to the Commission, as long as Respondent practices before the Commission in this capacity and will comply with any Commission or other requirements related to the appearance and practice before the Commission as an accountant.

E. In support of any application for reinstatement to appear and practice before the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, as a preparer or reviewer, or as a person responsible for the preparation or review, of any public company’s financial statements that are filed with the Commission, Respondent shall submit a statement prepared by the audit committee(s) with which Respondent will be associated, including the following information:

\(^4\) “Willfully,” for purposes of imposing relief under Section 4C(a)(3) of the Securities Act and Rule 102(e)(1)(iii), “means no more than that the person charged with the duty knows what he is doing.” Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)).
1. A summary of the responsibilities and duties of the specific audit committee(s) with which Respondent will be associated;

2. A description of Respondent’s role on the specific audit committee(s) with which Respondent will be associated;

3. A description of any policies, procedures, or controls designed to mitigate any potential risk to the Commission by such service;

4. A description relating to the necessity of Respondent’s service on the specific audit committee; and

5. A statement noting whether Respondent will be able to act unilaterally on behalf of the Audit Committee as a whole.

F. In support of any application for reinstatement to appear and practice before the Commission as an independent accountant (auditor) before the Commission, Respondent must be associated with a public accounting firm registered with the Public Company Accounting Oversight Board (the “PCAOB”) and Respondent shall submit the following additional information:

1. A statement from the public accounting firm (the “Firm”) with which Respondent is associated, stating that the firm is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002;

2. A statement from the Firm with which the Respondent is associated that the Firm has been inspected by the PCAOB and that the PCAOB did not identify any criticisms of or potential defects in the Firm’s quality control system that would indicate that Respondent will not receive appropriate supervision; and

3. A statement from Respondent indicating that the PCAOB has taken no disciplinary actions against Respondent since seven (7) years prior to the date of the Order other than for the conduct that was the basis for the Order.

G. In support of any application for reinstatement, Respondent shall provide documentation showing that Respondent is currently licensed as a certified public accountant (“CPA”) and that Respondent has resolved all other disciplinary issues with any applicable state boards of accountancy. If Respondent is not currently licensed as a CPA, Respondent shall provide documentation showing that Respondent’s licensure is dependent upon reinstatement by the Commission.

H. In support of any application for reinstatement, Respondent shall also submit a signed affidavit truthfully stating, under penalty of perjury:
1. That Respondent has complied with the Commission suspension Order, and with any related orders and undertakings, including any orders in *In the Matter of Lisa Sanford*, or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;

2. That Respondent undertakes to notify the Commission immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending;

3. That Respondent, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);

4. That Respondent, since the entry of the Order:

   (a) has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission’s Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;

   (b) has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;

   (c) has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;

   (d) has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and

   (e) has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order.
5. That Respondent’s conduct is not at issue in any pending investigation of the Commission’s Division of Enforcement, the PCAOB’s Division of Enforcement and Investigations, any criminal law enforcement investigation, or any pending proceeding of a State Board of Accountancy, except to the extent that such conduct concerns that which was the basis for the Order.

6. That Respondent has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by any State Board of Accountancy, or other regulatory body.

I. Respondent shall also provide a detailed description of:

1. Respondent’s professional history since the imposition of the Order, including
   (a) all job titles, responsibilities and role at any employer;
   (b) the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Respondent reported for such work; and

2. Respondent’s plans for any future appearance or practice before the Commission.

J. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

K. If Respondent provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Respondent truthfully and accurately attested to each of the items required in Respondent’s affidavit, and the Commission discovers no information, including under Paragraph J, indicating that Respondent has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Respondent since entry of the Order (other than by conduct underlying Respondent’s original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate the respondent for cause shown.

L. If Respondent is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph J, the burden shall be on the Respondent to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Respondent believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate the Respondent for cause shown.
M. If the Commission declines to reinstate Respondent pursuant to Paragraphs K and L, it may, at Respondent’s request, hold a hearing to determine whether cause has been shown to permit Respondent to resume appearing and practicing before the Commission as an accountant.

N. Respondent shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of $25,000 to the Securities and Exchange Commission. 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 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 Lisa Sanford 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 Katharine Zoladz, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

O. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the penalties referenced in Paragraph N above. The Fair Fund may be combined with any other fund established in any related civil injunctive action or administrative proceeding arising out of the same investigative matter that is the basis of this action. 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, she shall not argue that she is entitled to, nor shall she 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 she 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.

Vanessa A. Countryman
Secretary