

## COVID-19: SEC Announces Trading Suspensions and Focuses on Potential Fraud

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The SEC has [suspended the trading](#) of eleven companies for issues related to the COVID-19 pandemic since February 7, 2020. Of those eleven suspensions, seven have come since April 3rd. Most of the suspensions follow the recent statement from the co-directors of the SEC's Division of Enforcement that "the Enforcement Division is committing substantial resources to ensuring that our Main Street investors are not victims of fraud or illegal practices in these [unprecedented market and economic conditions](#)." In addition, the SEC this week updated an [investor alert](#) about possible investor scams related to the pandemic.

The reasons for the suspensions range from possible confusion about the name of a company to suspicious statements from companies about having "FDA-approved" at-home COVID-19 test kits, supposed new technology for non-contact human temperature screening, or the ability to produce a vaccine or protective gear.

In support of these suspensions, the SEC's Enforcement Division has frequently cited the company's own press releases, social media posts, or website as the source of the information that allegedly raises "questions regarding the accuracy and adequacy of information in [the marketplace](#)." In two cases, the SEC also cited information that came from third-party stock promoters.

As its [recent tweet](#) makes clear, the Enforcement Division will continue to focus on COVID-19 related issues, so we expect the SEC to closely monitor companies' press releases, social media posts, or other public statements related to COVID-19 with a view towards suspending trading and initiating litigation on the basis of any disclosures proven to be false or misleading.

The table below lists all of the suspensions related to COVID-19 issues:

DATE	COMPANY	SEC'S STATED REASON FOR SUSPENSION
February 7, 2020	Aethlon Medical, Inc. ("AEMD")	Suspended "because of (i) concerns regarding the accuracy and adequacy of information in

		the marketplace since at least January 22, 2020, that appears to be disseminated by third-party promoters that are, purportedly, not affiliated with AEMD about, among other things, the viability of the company's product to treat the coronavirus, and (ii) questions regarding recent and unusual market activity since at least January 22, 2020."
February 24, 2020	Eastgate Biotech Corp. ("ETBI")	Suspended due to publicly available information about "the company's purported international marketing rights to an approved coronavirus treatment to potentially combat the Wuhan Coronavirus and disclosures by the company in their September 30, 2019 Quarterly Report regarding their issued and outstanding shares."
March 25, 2020	Praxsyn Corporation ("PXYN")	Suspended due to PXYN's statements "about having, and being able to obtain, large quantities of N95 masks used to protect wearers from COVID-19 in press releases issued by the Company on February 27, 2020 and March 4, 2020."
March 25, 2020	Zoom Technologies, Inc. ("Zoom")	Suspended because of possible confusion with the communications provider with the similar name, "which has seen a rise in share price during the ongoing COVID-19 pandemic." The suspended company also did not have any public financial disclosures since 2015.
April 3, 2020	No Borders, Inc. ("NBDR")	Suspended for statements "about NBDR's products and business activities related to the COVID-19 pandemic, including NBDR's COVID19 specimen collection kits, an agreement to bring COVID-19 test kits to the United States, and NBDR's activities related to the distribution of personal protective equipment."

April 3, 2020	Sandy Steele Unlimited, Inc. ("Sandy Steele")	Suspended for "promotional activity, including e-mail stock promotions from unknown sources directed to investors, which claim that Sandy Steele is an operational garment manufacturer producing various clothing items and that it has the ability to produce protective masks that are in high demand due to the COVID-19 crisis. . . There are also questions about recent trading activity in the securities of Sandy Steele including substantial concentrated selling of Sandy Steele's stock by offshore accounts."
April 7, 2020	Wellness Matrix Group, Inc. ("WMGR")	Suspended for "statements WMGR made through affiliated websites and a company consultant about selling at-home COVID-19 testing kits that had been approved by the FDA."
April 7, 2020	Prestige Capital Corp. ("PGEC")	Suspended due to "concerns about investors confusing this issuer with a similarly named private company that is a manufacturer of N95 masks and the subject of increased media attention during the ongoing COVID-19 pandemic."
April 7, 2020	Key Capital Corporation ("KCPC")	Suspended due to statements about the "ability to develop a COVID-19 vaccine and make it available to the mass market in 3 – 6 months."
April 8, 2020	BioELife Corp., f/k/a U.S. Lithium Corp. ("LITH")	Suspended because of statements about "a purported new 'Coronavirus (COVID-19) Prevention Products Line.'"
April 9, 2020	Turbo Global Partners, Inc. ("TRBO")	Suspended due to statements about "the COVID-19 pandemic that were contained in press releases issued by TRBO on March 30, 2020 and April 3, 2020 concerning its (i) entry into an agreement with BeMotion, Inc. to provide non-contact human temperature screening and facial

recognition technology to TRBO;  
and (ii) ability to ship the  
technology to customers within  
five days of receiving an order.”

Publicly traded companies should ensure that their public disclosures are accurate. Companies contacted by the staff of the SEC should consider engaging outside counsel to mitigate the risk of investigations and enforcement actions.

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