

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10340 / April 10, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 80410 / April 10, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17914

In the Matter of

**LION BIOTECHNOLOGIES,
INC.,**

Respondent.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933 AND
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, 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”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Lion Biotechnologies, Inc. (“Lion” or “Respondent”).

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 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 of 1933 and Section 21C of the Securities Exchange Act of 1934, 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 finds¹:

SUMMARY

From September 2013 to March 2014, Lion, through its former Chief Executive Officer, Manish Singh, engaged in a scheme to mislead investors by commissioning over 10 internet publications and 20 widely distributed emails promoting Lion to potential investors that purported to be independent from the company when, in fact, they were paid promotions. Singh engaged Lidingo Holdings, a stock promotion firm, to pay writers to publish articles about Lion on investment websites as well as to coordinate the distribution of articles to thousands of electronic mailboxes. Singh actively participated in Lidingo's promotional work for Lion and understood that Lidingo was using writers who would not disclose that Lion was indirectly compensating them for their publications. These omissions, and in some cases, affirmative misstatements by writers that they were not receiving compensation for their articles, created the misleading impression that the views contained in the publications were objective and independently formed. In addition, Lidingo itself published one article that Singh commissioned after Lion filed a registration statement, but before that registration statement became effective. This article did not comply with the federal securities laws relating to prospectuses. As a consequence of this conduct, Lion violated and caused violations of the anti-fraud provisions and caused violations of the anti-touting provisions of the federal securities laws and engaged in improper "gun-jumping."

RESPONDENT

1. **Lion Biotechnologies, Inc.** is a publicly-traded Nevada corporation headquartered in San Carlos, California. Lion's common stock is registered with the Commission pursuant to Exchange Act Section 12(b) and trades on the NASDAQ Global Market.

OTHER RELEVANT INDIVIDUALS AND ENTITIES

2. **Manish Singh**, 48, resides in Hidden Hills, California. Singh was Chief Executive Officer of Lion from July 2013 to December 2014. From 2011 until 2014, Singh controlled a stock promotion firm called Lavos, LLC and also helped direct the activities of stock promotion firm Lidingo Holdings, LLC. Singh has an MBA from UCLA and a PhD in Chemical Engineering from the University of Maryland, Baltimore County. The Commission has charged Singh and Lavos for their roles in the misconduct described in this Order and for other misconduct unrelated to Lion.

¹ 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.

3. **Lidingo Holdings, LLC** was a Nevada limited liability company that was formed in 2011 and dissolved in 2014. Lidingo, which was owned and operated by Kamilla Bjorlin, provided promotional services to issuers that included the publication of more than 400 articles describing securities on investment websites. The Commission has charged Lidingo and Bjorlin for their roles in the misconduct described in this Order and for other misconduct unrelated to Lion.

FACTS

A. Lidingo's Promotional Work for Lion

4. In September 2013, Lion's then-CEO Singh hired Lidingo to promote Lion stock.² Their contract required Lion to pay \$20,000 per month and issue 50,000 shares of Lion stock to Lidingo. Lion paid Lidingo more than \$230,000 in 2013 and 2014, before canceling the agreement in April 2014.³

5. Lidingo, in turn, paid writers to publish articles describing Lion securities on investment websites SeekingAlpha.com and WallStCheatSheet.com. In addition, Lidingo paid writers to ghost-write articles about Lion that Lidingo then published on Seeking Alpha's website under Lidingo-selected pseudonyms. None of the over 10 articles disclosed the writers' or Lidingo's compensation from Lion or otherwise disclosed that the publications were part of a paid promotion. Moreover, more than 10 of the articles published on Seeking Alpha's website affirmatively misrepresented that the author had not been compensated.⁴

6. For example, on October 10, 2013, Lion paid Lidingo \$20,000. Eight days later, Lidingo, using the pseudonym "The Swiss Trader," published a ghost-written article discussing Lion securities on Seeking Alpha's website entitled "5 Companies Race to Develop the Next Great Melanoma Product." In the article, Lidingo affirmatively misstated that it was not receiving compensation for the article. Similarly, on December 3, 2013, Lion paid Lidingo \$20,000. Lidingo subsequently paid a writer \$600 to publish an article about Lion securities six days later on Seeking Alpha's website entitled "4 Companies Developing Blockbuster Immunotherapies to Fight Cancer." Despite this payment, the writer affirmatively misstated that he was not receiving compensation for the article.

² Singh had a close working relationship with Lidingo prior to entering into this contract. Singh had his own stock promotion firm and helped Kamilla Bjorlin, Lidingo's founder, to organize Lidingo to work with him on promotional projects for public companies, including Lion.

³ Over the term of the agreement, Lion paid approximately \$90,000 more to Lidingo than the agreement required.

⁴ These articles included a disclosure that stated, the author was "not receiving compensation" for the article. On June 22, 2012, Seeking Alpha announced that it would "no longer publish articles that a writer has been paid for preparing." Starting in August 2012, Seeking Alpha required writers to affirmatively disclose whether they received third-party compensation. If the writer represented that they were not compensated, then Seeking Alpha added the representation quoted above to the article on its website.

7. Singh, acting as Lion's CEO, contributed to certain of the articles Lidingo or its writers published and sometimes controlled the timing of their publication. For example, on September 13, 2013, Singh sent Bjorlin an email attaching a proposed article discussing Lion and directed that Lidingo have the article published by a specific Lidingo writer or under the Lidingo pseudonym "The Swiss Trader." Two weeks later, Lidingo published a nearly verbatim version of Singh's attached article, called "3 Companies Developing the Future of Cancer Therapy." Lidingo published this article on Seeking Alpha's website using the pseudonym "The Swiss Trader" and falsely stated that it had not received compensation for the article. In another example, on December 31, 2013, Singh responded to a draft article about Lion, "This is okay to publish. I think I need to talk to [the writer] to explain how these technologies really work." In an email later that day, he instructed Bjorlin to have the writer publish the article on the following Thursday. As Singh was acting in his capacity as Lion's CEO, his conduct and state of mind are imputed to Lion.

8. Singh, acting as Lion's CEO, knew or was reckless in not knowing that Lidingo publications about the company would either not disclose compensation or would affirmatively misrepresent that the author had not been compensated.

9. The omissions and misrepresentations about Lion's payments for the promotional articles describing its securities were material because they suggested that the views contained in the publications were objective and independently formed.

10. The Lion articles published on Seeking Alpha's and Wall St. Cheat Sheet's websites described Lion securities and certain of the articles were intended to solicit offers to buy the company's securities. For example, Seeking Alpha operated a widely-read website that held itself out as a "platform for investment research, with broad coverage of stocks, asset classes, ETFs and investment strategy" where "articles frequently move stocks, due to a large and influential readership which includes money managers, business leaders, journalists and bloggers."

11. In addition, between September 2013 and March 2014, Lidingo hired a vendor to coordinate the distribution of 390,000 emails describing Lion's stock to potential investors in 20 separate mailings. Lidingo, which provided the email content to the vendor, did not disclose in the emails that it had been compensated by Lion or the amount of the compensation. Singh understood that Lidingo sent out mass emails to potential investors on behalf of stock promotion clients, such as Lion. In addition, he approved the expense of having Lidingo work with a vendor to send Lion-related mass emails.

B. Lion Engaged in Unlawful "Gun Jumping"

12. As set forth above, Singh, acting as Lion's CEO, hired and paid Lidingo to generate articles about Lion securities. One such article was published on Seeking Alpha's website between December 4, 2013, the date that Lion filed a Form S-1 registration statement, and January 30, 2014, the date when that registration statement, as subsequently amended, was

declared effective⁵ – a period referred to as the “waiting period.” The article was a prospectus because it was a written offer to sell Lion securities in a public offering, but it did not meet the requirements of Securities Act Section 10.⁶

VIOLATIONS

13. As a result of the conduct described above, Lion violated Securities Act Sections 17(a)(1) and (3) and Exchange Act Section 10(b) and Rules 10b-5(a) and (c) thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

14. As a result of the conduct described above, Lion caused Lidingo’s and certain writers’ violations of Securities Act Section 17(a) and Exchange Act Section 10(b) 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.

15. As a result of the conduct described above, Lion caused Lidingo’s and certain writers’ violations of Securities Act Section 17(b), which prohibits any person from publishing, giving publicity to, or circulating any communication that describes a security in exchange for direct or indirect consideration from an issuer, underwriter, or dealer without fully disclosing the past or prospective consideration and the amount.

16. As a result of the conduct described above, Lion violated Securities Act Section 5(b)(1), which prohibits any person from directly or indirectly using interstate means to carry or transmit a prospectus relating to any security with respect to which a registration statement has been filed unless such prospectus complies with Securities Act Section 10. The article that Lion caused to be published after the filing of its registration statement but before its registration statement was deemed effective was a prospectus that failed to meet the requirements of Securities Act Section 10.

UNDERTAKINGS

Respondent Lion has undertaken to:

In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, (i) appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) accept service by mail, email or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or

⁵ The article published on Seeking Alpha’s website during this period was a January 15, 2014 article entitled “Are Modified T-Cells a Game Changer in Treating Cancer?”

⁶ See 15 U.S.C § 77b(10).

trials, or in connection with any related investigation by Commission staff; (iii) appoint its attorney in these proceedings as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses witness travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consent to personal jurisdiction over Respondent in any United States District Court for purposes of enforcing any such subpoena.

In determining whether to accept the Offer, the Commission has considered this undertaking.

IV.

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

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

A. Respondent Lion cease and desist from committing or causing any violations and any future violations of Sections 5(b), 17(a), and 17(b) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Lion shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$100,000 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 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 Lion Biotechnologies, Inc. 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 Associate Director Melissa Hodgman, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. 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, it shall not argue that it is entitled to, nor shall it 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 it 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.

By the Commission.

Brent J. Fields
Secretary