

## **ADMINISTRATIVE PROCEEDING**

**File No. 3-16649**

### **Companies Agree to Disgorge \$4.4 Million in Fees Earned From Microcap Distributions Made While They Weren't Registered as Dealers**

**August 21, 2017** – The Securities and Exchange Commission announced today that two companies have agreed to disgorge \$4.4 million in fees they earned as a result of allegedly failing to register as dealers when they were regularly distributing millions of shares of microcap stock.

According to the SEC's order, Ironridge Global Partners LLC (IGP) marketed itself as a source of "innovative financing" for microcap issuers, including a "liabilities for equity" or LIFE program in which its subsidiary, Ironridge Global IV, agreed to buy the issuers' outstanding debts. The order states that after acquiring the debts, the subsidiary sued the microcap companies for breach of contract, then entered into settlements to receive unrestricted stock in exchange for extinguishing its claims against the microcap firms. From April 2011 through March 2014, the order alleges that the respondents engaged in 33 financing transactions with 28 microcap companies, selling approximately 5.5 billion shares issued by those companies. In connection with the transactions, the respondents realized profits beyond secondary market sales proceeds that included \$4.4 million in fees that Global IV charged the microcap companies for the LIFE transactions, such as success fees, documentation fees and break-up fees. Such fees resemble the fees that dealers typically charge for underwriting activity.

The SEC's order finds that IGP and Global IV violated Sections 15(a) of the Securities Exchange Act of 1934 and that IGP violated Section 20(b) of the Exchange Act. Without admitting or denying the findings in the SEC's order, IGP and Global IV consented to the entry of a cease-and-desist order and agreed to disgorge, jointly and severally, \$4.4 million in fees they collected while acting as unregistered dealers.

**See also:**     [Order](#)