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District of Massachusetts

FOR IMMEDIATE RELEASE

Friday, September 7, 2018

Biotech Officer Pleads Guilty to Securities Fraud and Obstruction of SEC Proceeding

BOSTON – The former Vice President of Investor Relations for PixarBio Corp., a Boston-based biotech company, pleaded guilty today to charges of securities fraud in connection with a scheme to manipulate trading in the company's shares and obstruction of proceedings before the Securities and Exchange Commission (SEC).

Kenneth Stromsland, 46, of Rumson, N.J., pleaded guilty today to one count of securities fraud through manipulative trading and one count of obstructing an agency proceeding. On April 24, 2018, Stromsland was arrested and charged.

At his plea, Stromsland admitted that beginning in or about November 2016, he engaged in manipulative trades in PixarBio stock that simulated market interest in the stock and artificially pushed up the trading price. These trades included orders to buy at a price much higher than the price of the preceding market transaction.

Stromsland also admitted that during a 2017 SEC investigation into manipulative trading in PixarBio's stock, he testified falsely before the SEC. In his testimony on three different days, Stromsland falsely denied that he had purchased shares of PixarBio to affect the share price and falsely denied that he had been instructed to do so by PixarBio's then Chief Executive Officer.

The charge of securities fraud provides for a sentence of no greater than 20 years in prison, three years of supervised release and a fine of \$5 million. The charge of obstruction of an agency proceeding provides for a sentence of no greater than five years in prison, three years of supervised release and a fine of \$250,000 or twice the gross gain or loss, whichever is greater. Sentences are imposed by a federal district court judge based on the U.S. Sentencing Guidelines and other statutory factors.

United States Attorney Andrew E. Lelling; Harold H. Shaw, Special Agent in Charge of the Federal Bureau of Investigation, Boston Field Division; and Carl W. Hoecker, Inspector General of the U.S. Securities and Exchange Commission Office of Inspector General, made the announcement today. Assistant U.S. Attorney Sara Miron Bloom of Lelling's Economic Crimes Unit is prosecuting the case.

Topic(s):

Securities, Commodities, & Investment Fraud

Component(s):

USAO - Massachusetts

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