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Department of Justice

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District of Massachusetts

FOR IMMEDIATE RELEASE

Friday, February 28, 2020

Biotech Officer Sentenced for Securities Fraud and Obstruction of SEC Proceeding

BOSTON – The former Vice President of Investor Relations for PixarBio Corp., a Boston-based biotech company, was sentenced yesterday on securities fraud charges 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, 48, of Rumson, N.J., was sentenced by U.S. Senior District Court Judge Douglas P. Woodlock to six months in home detention, three years of supervised release during which time he must complete 200 hours of community service per year, and ordered to pay a fine of \$60,000 and forfeiture of \$25,700. In September 2018, Stromsland pleaded guilty to one count of securities fraud through manipulative trading, one count of obstructing an agency proceeding and agreed to cooperate with the government. In April 2018, Stromsland was charged with co-defendant Frank Reynolds, the former chief executive officer of PixarBio. Reynolds was convicted by a federal jury in October 2019, and sentenced on Feb. 18, 2020, to seven years in prison.

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.

United States Attorney Andrew E. Lelling; Joseph R. Bonavolonta, 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. Assistant U.S. Attorneys Sara Miron Bloom and Leslie A. Wright of Lelling's Securities and Financial Fraud Unit prosecuted the case.

Topic(s):

Securities, Commodities, & Investment Fraud

Component(s):

USAO - Massachusetts

Updated February 28, 2020