

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO**

UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	No. 3:21-cv-1597
)	
ARTHUR HALL and RISING)	JURY DEMANDED
BIOSCIENCES, INC.,)	
)	
Defendants.)	
_____)	

COMPLAINT

Plaintiff United States Securities and Exchange Commission (“SEC”) alleges:

1. Between at least April 2020 and October 2020, defendant Rising Biosciences, Inc. (“RBII”), an Ohio microcap company, and its CEO, defendant Arthur Hall, made materially false and misleading statements regarding disinfectant products RBII launched purportedly in response to COVID-19. Defendants represented that the products, including Oxithymol, the Oxi Thyme system, and/or their ingredients, were approved by the United States Centers for Disease Control and Prevention (“CDC”) or registered with the United States Environmental Protection Agency (“EPA”). They made these false and misleading statements in RBII press releases, on two RBII websites,

and in RBII social media videos describing efforts to combat COVID-19 in schools, daycare facilities, retail stores, fitness centers, hotels, and restaurants, among other public places.

2. Neither Oxithymol nor its purported ingredients were CDC approved, and neither Oxi Thyme nor Oxithymol was registered with the EPA for any use. Further, RBII did not use Oxithymol in its Oxi Thyme system. Instead, RBII purchased and rebottled Oxy Blast 50, a pesticide produced by another company, and sold that product for use in its Oxi Thyme system. Oxy Blast 50 is EPA registered as a pesticide. Oxi Blast 50 is not EPA registered for use in killing viruses, and it does not appear on the EPA's "List N" of products that meet EPA criteria for use against the virus that causes COVID-19.

3. Between April 2020 and August 25, 2020, RBII's common stock was quoted and traded on OTC Link, whose parent company is OTC Markets Group Inc. Investors reacted enthusiastically to defendants' false and misleading public pronouncements, as reflected in the trading volume and price of RBII stock.

4. The SEC brings this lawsuit to prevent further harm to investors and to hold defendants accountable for their misdeeds.

JURISDICTION AND VENUE

5. The SEC brings this action pursuant to Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78u(d) and

78u(e)].

6. This Court has jurisdiction over this action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] and 28 U.S.C. § 1331.

7. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Acts, practices, and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Northern District of Ohio and elsewhere.

8. Defendants directly and indirectly made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein, and will continue to do so unless enjoined.

DEFENDANTS

9. **Defendant Arthur Hall**, age 53, is a resident of Sandusky, Ohio. Hall serves as chief executive officer of defendant Rising Biosciences, Inc., and through a company that he manages with another individual, owns more than a third of RBII preferred shares that are convertible to common shares.

10. **Defendant Rising Biosciences, Inc.** is a Delaware corporation with its principal place of business in Sandusky, Ohio. RBII purports to offer various health-related products and services.

FACTS

RBII's Business and Financial Condition

11. Since April 2020, RBII has purportedly operated four business units: (a) Oxi Thyme; (b) “a physicians’ [sic] practice management company focused on the proper use of cannabis for treatment”; (c) a research and development unit “focusing on oral and topical pharmaceuticals”; and (d) a unit that purports to offer substance abuse treatment. RBII’s common stock is not registered with the Commission. RBII’s common stock was quoted and traded on OTC Link under the ticker symbol “RBII.”

12. The Commission suspended trading in RBII securities from August 25, 2020 to September 8, 2020 “because of questions regarding the accuracy and adequacy of information in the marketplace about the company and its securities since at least April 16, 2020” that “relate[d], in part, to statements in April 16, 2020 and July 17, 2020 press releases in which RBII suggested that some of the products it claim[ed] to have launched in response to COVID-19, including Oxithymol, the Oxi Thyme system, and/or their ingredients, are approved by the CDC or registered with the EPA.” Since the trading suspension, RBII’s common shares have been labeled as “Caveat Emptor” and have been the subject of unsolicited quotations and traded on an over the counter expert market for securities restricted from public quoting and trading operated by OTC Link.

13. As of June 25, 2021, RBII's market capitalization was \$529,836.

**Defendants' False and Misleading Press Releases
About RBII's Disinfectant Products**

14. On April 16, 2020, RBII published a press release entitled "[RBII] Launches Production of Oxithymol™ Disinfectant in Response to Ohio Governor's Appeal for Help Battling the COVID-19 Pandemic" ("April Press Release"). Hall personally drafted content for the press release, reviewed it, and approved it before RBII released it to the public. In the April Press Release, RBII announced the "production launch of Oxithymol™[,] a proprietary, non-toxic, blended formula of CDC approved hydrogen peroxide, thymol and other natural, environmentally safe ingredients."

15. In its April Press Release, RBII also stated that "Oxithymol™ disinfectant solution is applied via the Oxi Thyme™ atomizing ULV/HPLV fogging system," a "'no touch' system [that] is effective in killing disease-causing microbial pathogens on hard surfaces, and is suitable for residential, commercial and automotive settings."

16. In the April Press Release, Hall stated: "We are proud to join the voluntary mobilization of private industry across our region to combat the COVID-19 pandemic. . . .In this time of great need, we are pivoting away from our normal sector and repurposing our lab to produce over 10,000 gallons of much needed disinfectant a month. . . . The Oxi Thyme™ system combines

Oxithymol™ with an innovative, easy-application fogging system. It means essential industries and businesses can keep running while minimizing the threat to employees from highly infectious pathogens.”

17. In the April Press Release, RBII referenced its Oxi Thyme website, www.oxi-thyme.com, which, as of late April, 2020, described the Oxi Thyme system as “[u]tilizing a non toxic proprietary blend of CDC approved Hydrogen Peroxide along with Thyme oil.”

18. On July 17, 2020, RBII published another press release, entitled “Rising Biosciences, Inc. Propels Q2 Revenues to Nearly \$350,000 Due to Exceptional Growth of Oxi Thyme Division” (“July Press Release”). Hall personally drafted content for the press release, reviewed it, and approved it before RBII released it to the public.

19. In its July Press Release, RBII stated: “Oxi Thyme has introduced a proprietary system designed to sanitize and disinfect varying facilities in the current challenging environment, quickly and cost effectively. Utilizing a proprietary formulated EPA registered Hydrogen Peroxide disinfectant, developed with a surfactant, or surface active agent, Oxi Thyme improves efficiency by lowering surface tension.”

20. Hall, in the July Press Release, stated: “We are. . . . experiencing a dramatic climate of change with this Covid-19 pandemic. People are struggling to establish what our new normal will be with respect to safety standards. Oxi

Thyme has heard the call and we are here to help!”

**Defendants’ False and Misleading Videos
About RBII’s Disinfectant Products**

21. Between at least April 2020 and October 2020, RBII marketed the Oxi Thyme system in YouTube videos for use in schools, daycare facilities, retail stores, fitness centers, hotels, restaurants, and other public places. On its Oxi Thyme YouTube channel, RBII prominently featured such videos as “Sanitizing a Daycare Facility with OXI-THYME,” “Sanitizing Residential areas with OXI-THYME,” “School System Protocols,” and others.

22. Several of these videos touted CDC approval or EPA registration. For example, in a video posted on May 15, 2020, a person wearing protective gloves holds a sign that says “COVID-19” while a narrator reads: “Our proprietary blend is all natural and will kill illness causing germs on hard and soft surfaces and will allow you to rest assured that you are being proactive against viral threats.” The narrator describes the disinfectant product as “a proprietary formulated EPA registered Hydrogen Peroxide disinfectant developed with a surfactant.”

23. Another video, posted on June 28, 2020, shows a school bus purportedly being sprayed with the Oxi Thyme system with a text overlay that states: “EPA CERTIFIED” and “CDC APPROVED”:



24. Hall authored the text overlays and reviewed, paid for, and authorized making this video content public.

**Defendants' False and Misleading Website Content
About RBII's Disinfectant Products**

25. Between at least April 2020 and October 2020, RBII also marketed the Oxi Thyme system as CDC approved or EPA registered on two websites. As of late April 2020, RBII's www.oxi-thyme.com website described the Oxi Thyme system as “[u]tilizing a non toxic proprietary blend of CDC approved Hydrogen Peroxide along with Thyme oil.” In early August 2020, the website described Oxi Thyme as using a “proprietary formulated EPA registered Hydrogen Peroxide disinfectant.”

26. In September 2020, RBII's www.risingbiosciences.org website stated that "Oxi Thyme™ was developed to help fight the spread of Covid-19 and other harmful viruses and bacteria. By utilizing a proprietary formulated EPA registered disinfectant with a touch-free system, Oxi-Thyme™ has been able to help businesses across America safe[ly] and effectively fight the spread of deadly viruses."

27. Hall contributed to, reviewed, paid for, and authorized this website content.

The Price of RBII's Stock Rises After Defendants' False and Misleading Public Statements About RBII's Disinfectant Products

28. The day defendants issued the April Press Release, the trading volume of RBII's stock and its price increased markedly. At its peak that day, the stock price doubled relative to the closing price the day before, and daily trading volume was about 174 million shares, compared to 13 million shares the month before.

29. The investing public's response to the July Press Release was even more dramatic. The first trading day after RBII issued the July Press Release, at its peak the stock price increased 1,260% compared to the closing price from a week earlier. The average daily trading volume for July 17 through July 20, 2020 was about 163 million shares, compared to 18 million shares the month before.

30. In RBII's most recent publicly released unaudited quarterly financial statements, for the quarter ending September 30, 2020, RBII reported large increases in revenues and net operating income compared to the same period in the prior year. RBII reported total revenues of \$751,295 for the first nine months of 2020, up from \$134,534 for the same period in 2019, and net operating income of \$370,469, compared to a loss of \$169,006 for the same period in 2019.

Defendants' Representations Were Materially False and Misleading

31. RBII's representations in its press releases, videos, and websites were materially false and misleading.

32. First, neither Oxithymol nor its purported ingredients were CDC approved as claimed in RBII's April Press Release, at least two YouTube videos, and the Oxi Thyme website. The CDC does not approve hydrogen peroxide or disinfectants containing hydrogen peroxide, but rather defers to the EPA or FDA.

33. Second, RBII's claims of EPA registration in its July Press Release, in multiple YouTube videos, and on the Oxi Thyme and RBII websites were misleading. The EPA has not registered Oxi Thyme or Oxithymol for any use.

34. Third, RBII did not actually use Oxithymol in its Oxi Thyme system. Instead, at Hall's direction, RBII purchased Oxy Blast 50, a pesticide

produced by another company, and rebottled and sold that product for use in the Oxi Thyme system. Oxy Blast 50 is a hydrogen peroxide solution that is EPA registered as a pesticide. But it is not registered for use in killing viruses, and it does not appear on the EPA's "List N" of products that meet EPA criteria for use against the virus that causes COVID-19. Rather, Oxy Blast 50's EPA registration is only for use in commercial agricultural or industrial water systems to suppress odors and as a preventative treatment for horticultural diseases and plant pathogenic diseases.

Defendants Acted With Scienter

35. During the relevant time period, Hall knew that the CDC does not approve disinfectant products, and he knew that the CDC had not approved any of RBII's products or Oxy Blast 50. He further knew that the EPA had not registered Oxi Thyme or Oxithymol. Indeed, Hall had expressly chosen not to register Oxithymol with the EPA once he learned how long the process would take. He also knew the EPA never registered Oxy Blast 50 for use against the virus that causes COVID-19.

36. Hall, as RBII's CEO, exercised control over the company with regard to the conduct at issue. Thus, his scienter is imputed to the company.

COUNT I

**Violations of Section 10(b) of the Exchange Act,
and Exchange Act Rule 10b-5
(Against Both Defendants)**

37. Paragraphs 1 through 36 are realleged and incorporated by reference.

38. As more fully described in paragraphs 1 through 36 above, defendants, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

39. Defendants knew, or were reckless in not knowing, of the facts and circumstances described in paragraphs 1 through 36 above.

40. By reason of the foregoing, defendants violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently enjoin defendants, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with defendant who receive actual notice of the order of this Court, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j] and Rule 10b-5 [17 CFR § 240.10b-5] thereunder.

II.

Order defendants to disgorge the ill-gotten gains they received because of the violations alleged in this Complaint, including prejudgment interest, pursuant to Section 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(5), and 78u(d)(7)].

III.

Order defendants to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

IV.

Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], enter an order prohibiting defendant Arthur Hall from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

V.

Enter an order permanently barring defendant Arthur Hall from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock.

VI.

Grant such other relief as this Court deems appropriate.

JURY DEMAND

The Commission hereby requests a trial by jury.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

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Dated: August 17, 2021