

## Press Release

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# SEC Charges California Trader Engaged in Manipulative Trading Scheme Involving COVID-19 Claims

**FOR IMMEDIATE RELEASE**  
**2020-128**

*Washington D.C., June 9, 2020* —The Securities and Exchange Commission today charged a penny stock trader in Santa Cruz, California, with conducting a fraudulent pump-and-dump scheme in the stock of a biotechnology company by making hundreds of misleading statements in an online investment forum, including a false assertion that the company had developed an “approved” COVID-19 blood test.

According to the SEC’s complaint, beginning around March 2, 2020, Jason C. Nielsen attempted to drive the stock price of Arrayit Corporation securities higher using online posts encouraging investors to purchase shares, including numerous messages repeating the false assertion regarding an approved COVID-19 test, without telling them about his large position in Arrayit stock or his plans to sell the shares while others were buying. Nielsen also allegedly created the false impression of high demand for Arrayit stock by placing and subsequently canceling several large orders to purchase shares in a tactic known as “spoofing.” According to the SEC’s complaint, Nielsen made approximately \$137,000 in six weeks, but based on questions regarding the accuracy and adequacy of publicly available information concerning Arrayit, the SEC temporarily [suspended trading in Arrayit securities](#) on April 13, 2020, before Nielsen was able to profit further from the scheme.

“We allege that Nielsen engaged in multiple forms of deception to exploit investors amidst the COVID-19 pandemic,” said Erin E. Schneider, Director of the SEC’s San Francisco Regional Office. “Investors should be aware of the potential for stock manipulation, including through claims regarding products or services related to COVID-19.”

The SEC’s complaint, filed in the U.S. District Court for the Northern District of California, charges Nielsen with violating the antifraud provisions of the federal securities laws, and seeks permanent injunctions, civil money penalties, a penny stock bar, and disgorgement with prejudgment interest.

Investors can find additional information about [pump-and-dump scams](#), including the warning signs of fraud, on [Investor.gov](#). The Office of Investor Education and Advocacy and Division of Enforcement’s Retail Strategy Task Force have also issued Investor Alerts about fraudulent scams related to the [Coronavirus \(COVID-19\) pandemic](#). The SEC’s investigation was conducted by Fitzann R. Reid and John K. Han, and supervised by Jason H. Lee and Monique C. Winkler of the San Francisco Regional Office. The litigation against Nielsen will be led by Mr. Han and Ms. Reid. The SEC’s investigation is continuing.

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