

1
2
3
4
5
6
7

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

James Katzaroff,
VirExit Technologies, Inc.,
Globestar Therapeutics Corporation,

Respondents.

Order No. S-23-3528-24-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO IMPOSE FINES, TO
CHARGE COSTS, AND TO
DENY EFFECTIVENESS OF APPLICATION FOR
REGISTRATION

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

THE STATE OF WASHINGTON TO:

James Katzaroff,
VirExit Technologies, Inc.,
Globestar Therapeutics Corporation,

On July 20, 2024, the Securities Administrator of the state of Washington issued a Stop Order Denying Effectiveness to the Application for Registration (“Stop Order”) and Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Revoke Exemptions, To Impose Fines, and to Charge Costs, Order No. Order # S-23-3528-24-SO01 (“Statement of Charges”). The Stop Order and Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondents James Katzaroff, VirExit Technologies, Inc., and Globestar Therapeutics Corporation (collectively “Respondents”) on July 20, 2024.

The Notice advised Respondents James Katzaroff, VirExit Technologies, Inc., and Globestar Therapeutics Corporation that the Application must be received within twenty days from the date of service. Respondents James Katzaroff, VirExit Technologies, Inc., and Globestar Therapeutics Corporation failed to request an administrative hearing on the Statement of Charges within twenty days of service. Respondent VirExit Technologies, Inc failed to request an administrative hearing on the Stop Order within twenty days of receipt of the Stop Order and Notice.

1 The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions
2 of Law as set forth in the Statement of Charges, enters a final order against Respondents James Katzaroff,
3 VirExit Technologies, Inc., and Globestar Therapeutics Corporation to cease and desist from violations of the
4 Securities Act, to revoke exemptions, and to impose the fines and costs sought in the Statement of Charges
5 and enters a final order against VirExit Technologies denying the effectiveness of its application for registration.

6 FINDINGS OF FACT

7 Respondents

8 1. James Katzaroff (“Katzaroff”), CRD #1032123, is a resident of Richland, Washington.
9 Katzaroff was registered as an agent for a broker-dealer with the Securities Division from December 2017
10 to June 2018. Katzaroff is the CEO and President of both VirExit Technologies, Inc. and Globstar
11 Therapeutics Corporation.

12 2. VirExit Technologies, Inc. (“VirExit”) is a Wyoming Corporation with a principal place of
13 business in Richland, Washington. VirExit was originally incorporated as Poverty Dignified, Inc. (“PVDG”)
14 in September of 2013, before changing its name to VirExit Technologies, Inc. on March 23, 2021. In or about
15 June 2020, Katzaroff was transferred control of and became the CEO and Chairman of PVDG. VirExit trades
16 on the OTC market under the ticker VXIT. VirExit purports to be in the business of selling PPE.¹

17 3. Globestar Therapeutics Corporation (“GSTC”) is a Wyoming Corporation with a principal
18 place of business in Richland, Washington.² GSTC was originally incorporated as AngioSoma, Inc.
19 (“AngioSoma”) on December 8, 2014, before changing its name to Globestar Therapeutics Corporation on
20 April 14, 2021. In or about March 2021, Katzaroff purchased AngioSoma from Alexandria Blankenship,
21 who transferred control to Katzaroff. GSTC trades on the OTC market under the ticker GSTC. GSTC is
22

23 ¹ PVDG and VirExit are hereinafter collectively referred to as VirExit.

² AngioSoma and GSTC are hereinafter collectively referred to as GSTC.

1 purportedly a clinical stage pharmaceutical company with a patented drug formulation to treat multiple
2 sclerosis.

3 **Related Parties**

4 4. Robert “Bob” Sonfield (“Sonfield”) was a Texas resident and securities attorney who
5 represented VirExit, GSTC, and Katzaroff. In 2008, he was named as a defendant in an SEC complaint for
6 violations of federal securities laws in regard to an unregistered, nonexempt distribution of common stock.
7 Without admitting or denying fault Sonfield paid a civil penalty. Sonfield passed away on October 2, 2023.

8 5. Alexandria Blankenship (“Blankenship”) is a Texas resident and the former secretary and
9 romantic partner of Robert Sonfield. She was the president and CEO of AngioSoma before Katzaroff
10 purchased it from her. In 2008, she was named as a relief defendant in an SEC complaint for violations of
11 federal securities laws in regard to an unregistered, nonexempt distribution of common stock, though no
12 action was taken against her in the final judgement.

13 **Nature of the Conduct**

14 *Overview*

15 6. In February of 2021, James Katzaroff offered and sold stock in two Washington companies,
16 VirExit Technologies and GSTC, through unregistered private placements. Katzaroff raised approximately
17 \$500,000 for each company. Katzaroff solicited the investments through general solicitation and offered the
18 investments as a package deal, telling investors, “I really don't want your money if you're not going to hedge
19 your bets on both of these.” Katzaroff made multiple material misrepresentations and omissions to investors
20 including how investor funds would be used, the risks associated with investing in each company, and the
21 lock up periods on selling shares.

1 7. In February of 2023, Katzaroff and VirExit filed an application for registration by coordinated
2 review with the Securities Division under Regulation A Tier 1. The offering circular fails to disclose material
3 facts to investors.

4 ***2021 Offer and Sale of VirExit Securities***

5 8. VirExit raised \$497,500 in investments from seventeen investors in February of 2021, which
6 improperly relied on an exemption from registration under Rule 506(b). Katzaroff solicited these investments
7 through general solicitation to investors by offering the investment to individuals he did not have a
8 substantive, pre-existing relationship with. Katzaroff primarily offered and sold investments in VirExit to his
9 and other officers in the company’s acquaintances. Katzaroff offered and sold some investments in VirExit
10 to people who were referred to him by other investors. Katzaroff primarily offered the investments by email
11 and phone, though he did meet some investors in person.

12 9. Katzaroff provided investors with a one-page subscription agreement and wiring instructions
13 prior to them investing. Katzaroff told investors that VirExit planned to bring products to market, focusing
14 on PPE like masks and sanitizers. Katzaroff told at least one investor that because Katzaroff knew what he
15 was doing, the risk associated with the investment was “inconsequential.” Some investors only invested in
16 VirExit because they felt it was a package deal with investing in GSTC. Katzaroff gave investors the
17 impression that they would be able to trade their VirExit stock. To date, at least three investors have been
18 unable to house or sell their shares of VirExit.

19 10. Between February 10, 2021 and March 17, 2021, Katzaroff raised \$497,500 in investments
20 from seventeen investors that was deposited in VirExit’s Bank of America account. From February 10, 2021
21 to July 28, 2021, nearly all investor funds were withdrawn from the account. During the period where
22 Katzaroff spent the investor funds, there are no discernable payments for product development or product
23

1 procurement, nor has Katzaroff or VirExit provided the Division with any contracts or communications from
2 manufacturers or other documents indicating business activity.

3 11. Katzaroff misrepresented to at least three investors how investor funds would be used. While
4 investors were told that investor funds would be used to purchase and sell PPE, at least 70% of the raised
5 funds were spent on other purposes, such as marketing, payments to Sonfield, and payments to Katzaroff and
6 other company executives.

7 12. Katzaroff failed to disclose to at least three investors the risk of investing in VirExit. The
8 subscription agreement for VirExit only says that the subscriber is capable of evaluating the merits and risks
9 of an investment in VirExit, “including the risk of losing the entire investment.” Katzaroff did not discuss
10 any risks associated with competition or the market. Katzaroff did not discuss the possibility of cheaper
11 masks being produced in China. Katzaroff did not discuss risks associated with supply chains. Katzaroff did
12 not discuss market risks.

13 13. Katzaroff misrepresented to at least three investors how investments on the over-the-counter
14 (“OTC”) market work. OTC securities are securities that are not listed on a major exchange in the United
15 States and are instead traded via a broker-dealer network, usually because they do not meet the requirements
16 to be listed on a national exchange. Full-service brokerages generally require certain minimum stock values
17 to hold stocks traded on the OTC market. OTC markets are generally less transparent and less regulated than
18 conventional stock exchanges, which makes them riskier to invest in.

19 14. Katzaroff failed to disclose information material to trading VirExit stock purchased in a private
20 offering. Katzaroff failed to disclose to investors how full-service brokerages would require certain minimum
21 stock values to hold stocks traded on the OTC market, and how this would impact investors abilities to sell
22 their shares. Multiple investors stated that this information would have been helpful prior to investing.
23

1 Katzaroff also failed to disclose to at least three investors that VirExit stock had a one year lock up period.
2 The VirExit subscription agreement that investors signed did not reference a lock up period.

3 *2021 Offer and Sale of GSTC Securities*

4 15. GSTC raised \$499,500 from sixteen investors in February of 2021. Katzaroff solicited these
5 investments through general solicitation to investors, by offering the investment to individuals he did not
6 have a substantive, pre-existing relationship with. Katzaroff primarily offered and sold investments in GSTC
7 to his and other officers in the company's acquaintances. Katzaroff offered and sold some investments in
8 GSTC to people referred to him by other investors. Katzaroff did not have a prior existing relationship with
9 the referred investors. Katzaroff primarily offered the investments by email and phone, though he did meet
10 some investors in person.

11 16. Katzaroff provided investors with a slide deck on GSTC and its drug cocktail, a one-page
12 subscription agreement, and a copy of the patent prior to them investing. Katzaroff told investors that GSTC
13 had a patent for a drug cocktail to treat multiple sclerosis. Katzaroff told the investors that the drug cocktail's
14 component drugs had already been approved by the FDA, so the cocktail would be on an accelerated approval
15 basis. Katzaroff gave investors the impression there was minimal risk because the component drugs were
16 already FDA approved, so the approval process for the combination should have been "perfunctory."
17 Katzaroff told investors that he had friends in hospital systems that would do the clinical trials for FDA
18 approval. Katzaroff told investors that they would be able to trade their GSTC stock. To date, at least three
19 investors have been unable to house or sell their shares of GSTC.

20 17. Katzaroff failed to disclose to at least three investors that he had recently purchased GSTC and
21 still owed funds for the purchase. Katzaroff misrepresented to at least three investors how investor funds
22 would be used. Katzaroff failed to disclose that at least 85% of the raised funds were spent on payments to
23 Blankenship for the purchase of GSTC, marketing, and payments to Katzaroff himself.

1 21. On February 1, 2023, an application for registration by coordinated review was filed with the
2 Securities Division under Regulation A Tier 1 for an offering of \$5,000,000 worth of Common Stock in
3 VirExit Technologies, Inc. The offering circular of the application states that VirExit’s mission is to “create
4 safety products and protocols for the individual and commercial marketplace.”

5 22. The offering circular, intended for delivery to prospective investors, does not disclose the
6 February 2021 offering conducted by VirExit or the results of that offering.

7 23. The offering circular, intended for delivery to prospective investors, does not disclose that
8 VirExit spent all investor funds from the February 2021 offering by July 28, 2021 without VirExit producing
9 or procuring a product to bring to market. Approximately 70% of investor funds went towards marketing,
10 legal expenses, and payments to executives and board members, which VirExit Technologies, Inc. did not
11 disclose to investors.

12 24. The offering circular, intended for delivery to prospective investors, does not disclose
13 VirExit’s past offering that improperly relied on an exemption from registration under Rule 506(b).

14 **Registration Status**

15 25. Respondent GSTC is not currently registered to sell its securities in the state of Washington
16 and has not previously been so registered, nor has it filed a claim of exemption from registration.

17 26. Respondent James Katzaroff is not currently registered as a securities salesperson or broker-
18 dealer in the state of Washington and has not previously been so registered.

19 27. Respondent VirExit is not currently registered to sell its securities in the state of Washington
20 and has not previously been so registered, nor has it filed a valid claim of exemption from registration.

21 ***Failure to Comply with Regulation D Rule 506***

22 28. VirExit Technologies, Inc. claimed an exemption from registration of the VirExit
23 Technologies, Inc. offering under Regulation D Rule 506. VirExit Technologies, Inc., through Katzaroff,

1 filed a Notice of Exempt Offering of Securities with the Securities and Exchange Commission (“SEC”) on
2 February 11, 2021. Neither VirExit Technologies, Inc. nor Katzaroff submitted a notice filing for the
3 exemption to the state of Washington.

4 29. Regulation D Rule 506 prohibits the issuer or any person acting on behalf of the issuer from
5 offering or selling securities by any form of general solicitation. VirExit Technologies, Inc. and Katzaroff
6 offered securities to the acquaintances of existing investors with whom they did not have substantive pre-
7 existing relationship.

8 *2023 Coordinated Review*

9 30. On May 31, 2022, the SEC qualified a VirExit stock offering in reliance of Tier 1 of Regulation
10 A.

11 31. On February 23, 2023, VirExit filed for Regulation A coordinated review with Washington.
12 On March 8, 2023 VirExit’s counsel emailed the Securities Division stating that it was withdrawing its
13 registration in Washington and wished to proceed only in Texas, North Carolina, and South Carolina.
14 Washington continues to administer the coordinated review process.

15 32. VirExit’s coordinated review application has remained pending as VirExit has failed to pay the
16 required filing fee.

17 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

18 **CONCLUSIONS OF LAW**

19 1. The offer and/or sale of the stock as described above constitutes the offer and/or sale of a
20 security as defined in RCW 21.20.005(14) and (17).

21 2. Respondents VirExit Technologies, Inc., GlobeStar Therapeutics Corporation, and James
22 Katzaroff violated RCW 21.20.140, the securities registration section of the Securities Act of Washington,
23 by offering and/or selling securities for which no registration is on file with the Securities Administrator.

1 3. Respondent James Katzaroff violated RCW 21.20.040, the licensee registration section of the
2 Securities Act of Washington, by offering and/or selling said securities while not being registered as a
3 securities salesperson or broker-dealer in the state of Washington.

4 4. Respondents James Katzaroff, VirExit Technologies, Inc. and GlobeStar Therapeutics
5 Corporation violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, by making
6 untrue statements of material fact and/or omitting to state material facts necessary to make the statements
7 made, in light of the circumstances in which they were made, not misleading. These misrepresentations
8 justify the entry of an order to revoke exemptions pursuant to RCW 21.20.325.

9 The registration statement filed on behalf of VirExit Technologies, Inc. is incomplete in a material
10 respect or contains statements which are, in the light of the circumstances under which they are made, false
11 or misleading with respect to any material fact as set forth above. This justifies the entry of a stop order
12 pursuant to RCW 21.20.280(1).

13 Based upon the foregoing and finding it in the public interest:

14 **FINAL ORDER**

15 IT IS HEREBY ORDERED that Respondents James Katzaroff, VirExit Technologies, Inc., and
16 Globestar Therapeutics Corporation, and their agents and employees, shall each cease and desist from
17 violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

18 IT IS FURTHER ORDERED that Respondents James Katzaroff, VirExit Technologies, Inc., and
19 Globestar Therapeutics Corporation, and their agents and employees, shall each cease and desist from
20 violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

21 IT IS FURTHER ORDERED that Respondent James Katzaroff, and his agents and employees, shall
22 each cease and desist from violating RCW 21.20.040, the registration section of the Securities Act of
23 Washington.

1 IT IS FURTHER ORDERED that Respondent VirExit Technologies, Inc.'s ability to rely on
2 exemptions from registration with respect to stock offered or sold by VirExit Technologies Inc. under RCW
3 21.20.320(1), (3), (9), (12), and (17) has been revoked.

4 IT IS FURTHER ORDERED that Respondent Globestar Therapeutics Corporation's ability to rely on
5 exemptions from registration with respect to stock offered or sold by Globestar Therapeutics Corporation
6 under RCW 21.20.320(1), (3), (9), (12), and (17) has been revoked.

7 IT IS FURTHER ORDERED that Respondent James Katzaroff shall be liable for and pay a fine in the
8 amount of \$60,000.

9 IT IS FURTHER ORDERED that Respondent VirExit Technologies, Inc. shall be liable for and pay a
10 fine in the amount of \$30,000.

11 IT IS FURTHER ORDERED that Respondent Globestar Therapeutics Corporation shall be liable for
12 and pay a fine in the amount of \$30,000.

13 IT IS FURTHER ORDERED that Respondents James Katzaroff, VirExit Technologies, Inc., and
14 Globestar Therapeutics Corporation shall be liable for and pay costs in the amount of \$25,000.

15 IT IS FURTHER ORDERED that the application for registration filed on February 1, 2023, by VirExit
16 Technologies, Inc. is denied.

17 **AUTHORITY AND PROCEDURE**

18 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20 and is subject to Chapter
19 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action
20 under Part V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may
21 be filed in superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior
22 court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

23

1
2 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

3 SIGNED and ENTERED this 23rd day of August, 2024.
4



10 /s/

11 _____
William M. Beatty
Securities Administrator

12 Approved by:

Presented by:

13 /s/

14 /s/

15 _____
Brian J. Guerard
Chief of Enforcement

16 _____
Keenan Osborne
Financial Legal Examiner

17 Reviewed by:

18 /s/

19 _____
Holly Mack-Kretzler
Financial Legal Examiner Supervisor