

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

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

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

7 Respondents.

Order No. S-23-3528-24-SO01

STOP ORDER DENYING EFFECTIVENESS  
OF APPLICATION FOR REGISTRATION AND  
STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST, TO REVOKE EXEMPTIONS, TO IMPOSE A  
FINE, AND TO CHARGE COSTS

8 **THE STATE OF WASHINGTON TO:**

James Katzaroff  
VirExit Technologies, Inc.  
Globestar Therapeutics Corporation

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11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
13 that Respondents James Katzaroff, VirExit Technologies, Inc., and Globestar Therapeutics Corporation  
14 (collectively "Respondents") violated the Securities Act of Washington. The Securities Administrator  
15 believes these violations justify the entry of an order against Respondents James Katzaroff, VirExit  
16 Technologies, Inc., and Globestar Therapeutics Corporation to cease and desist from such violations, to  
17 revoke exemptions, to impose a fine, and to charge costs pursuant to RCW 21.20.325, RCW 21.20.390, and  
18 RCW 21.20.395.

19 Further, pursuant to RCW 21.20.280, the Securities Administrator finds it is in the public interest to  
20 enter a stop order denying effectiveness to the application for registration filed by VirExit Technologies, Inc.  
21 The Securities Administrator finds as follows:

22 **TENTATIVE FINDINGS OF FACT**

23 STOP ORDER DENYING EFFECTIVENESS OF  
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Securities Division  
PO Box 41200  
Olympia, WA 98504-1200  
360-902-8760

1 **Respondents**

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

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

11 3. Globestar Therapeutics Corporation (“GSTC”) is a Wyoming Corporation with a principal  
12 place of business in Richland, Washington.<sup>2</sup> GSTC was originally incorporated as AngioSoma, Inc.  
13 (“AngioSoma”) on December 8, 2014, before changing its name to Globestar Therapeutics Corporation on  
14 April 14, 2021. In or about March 2021, Katzaroff purchased AngioSoma from Alexandria Blankenship,  
15 who transferred control to Katzaroff. GSTC trades on the OTC market under the ticker GSTC. GSTC is  
16 purportedly a clinical stage pharmaceutical company with a patented drug formulation to treat multiple  
17 sclerosis.

18 **Related Parties**

19 4. Robert “Bob” Sonfield (“Sonfield”) was a Texas resident and securities attorney who  
20 represented VirExit, GSTC, and Katzaroff. In 2008, he was named as a defendant in an SEC complaint for  
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22  
23 <sup>1</sup> PVDG and VirExit are hereinafter collectively referred to as VirExit.  
<sup>2</sup> AngioSoma and GSTC are hereinafter collectively referred to as GSTC.

1 violations of federal securities laws in regard to an unregistered, nonexempt distribution of common stock.  
2 Without admitting or denying fault Sonfield paid a civil penalty. Sonfield passed away on October 2, 2023.

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

### 8 **Nature of the Conduct**

#### 9 *Overview*

10 6. In February of 2021, James Katzaroff offered and sold stock in two Washington companies,  
11 VirExit Technologies and GSTC, through unregistered private placements. Katzaroff raised approximately  
12 \$500,000 for each company. Katzaroff solicited the investments through general solicitation and offered the  
13 investments as a package deal, telling investors, “I really don't want your money if you're not going to hedge  
14 your bets on both of these.” Katzaroff made multiple material misrepresentations and omissions to investors  
15 including how investor funds would be used, the risks associated with investing in each company, and the  
16 lock up periods on selling shares.

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

#### 20 *2021 Offer and Sale of VirExit Securities*

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

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

13 10. Between February 10, 2021 and March 17, 2021, Katzaroff raised \$497,500 in investments  
14 from seventeen investors that was deposited in VirExit's Bank of America account. From February 10, 2021  
15 to July 28, 2021, nearly all investor funds were withdrawn from the account. During the period where  
16 Katzaroff spent the investor funds, there are no discernable payments for product development or product  
17 procurement, nor has Katzaroff or VirExit provided the Division with any contracts or communications from  
18 manufacturers or other documents indicating business activity.

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

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

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

13 14. Katzaroff failed to disclose information material to trading VirExit stock purchased in a private  
14 offering. Katzaroff failed to disclose to investors how full-service brokerages would require certain minimum  
15 stock values to hold stocks traded on the OTC market, and how this would impact investors abilities to sell  
16 their shares. At least one investor stated that this information would have been helpful prior to investing.  
17 Katzaroff also failed to disclose to at least three investors that VirExit stock had a one year lock up period.  
18 The VirExit subscription agreement that investors signed did not reference a lock up period.

19 ***2021 Offer and Sale of GSTC Securities***

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

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

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

18 18. Katzaroff misrepresented the difficulty of the FDA approval process to at least three investors.  
19 While Katzaroff did discuss the FDA approval process to investors, he failed to disclose the difficulties in  
20 getting an FDA drug trial. To date, neither Katzaroff nor GSTC has provided investors or the Securities  
21 Division with evidence that GSTC has conducted clinical trials for the drug cocktail. When questioned,  
22 Katzaroff could not tell the Division what steps GSTC would need to take to get FDA approval for its drug  
23

1 cocktail. Katzaroff testified that GSTC eventually pivoted to doing drug trials in India in November of 2022,  
2 however, at that point all investor funds from the initial February 2021 offering had been spent. Katzaroff  
3 did not provide the division with records indicating that legitimate steps had been taken towards securing a  
4 clinical trial for its drug cocktail before investor funds had been spent.

5 19. Katzaroff misrepresented to at least three investors the risk of investing in GSTC. The  
6 subscription agreement for GSTC only says that the subscriber is capable of evaluating the merits and risks  
7 of an investment in GSTC, “including the risk of losing the entire investment.” Katzaroff did not discuss the  
8 risk associated with GSTC not raising enough funds to get through the FDA approval process or with failing  
9 to raise enough funds in subsequent rounds of fundraising. Katzaroff did not discuss any risks associated  
10 with the drug cocktail’s clinical trials not showing the expected results, and instead Katzaroff gave at least  
11 one investor the impression that the trials had minimal risk of failure.

12 20. Katzaroff misrepresented to at least three investors how investments on the OTC market work.  
13 Katzaroff failed to disclose to at least two investors that GSTC stock had a six month and one day lock up  
14 period. Katzaroff did not discuss how full-service brokerages would require certain minimum stock values  
15 to hold stocks traded on the OTC market with investors, or how this would impact investors abilities to sell  
16 their shares.

17 ***VirExit 2023 Coordinated Review Filing***

18 21. On February 1, 2023, an application for registration by coordinated review was filed with the  
19 Securities Division under Regulation A Tier 1 for an offering of \$5,000,000 worth of Common Stock in  
20 VirExit Technologies, Inc. The offering circular of the application states that VirExit’s mission is to “create  
21 safety products and protocols for the individual and commercial marketplace.”  
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1 22. The offering circular, intended for delivery to prospective investors, does not disclose the  
2 February 2021 offering conducted by VirExit or the results of that offering.

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

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

10 **Registration Status**

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

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

15 27. Respondent VirExit 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 valid claim of exemption from registration.

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

18 28. VirExit Technologies, Inc. claimed an exemption from registration of the VirExit  
19 Technologies, Inc. offering under Regulation D Rule 506. VirExit Technologies, Inc., through Kataroff,  
20 filed a Notice of Exempt Offering of Securities with the Securities and Exchange Commission ("SEC") on  
21 February 11, 2021. Neither VirExit Technologies, Inc. nor Kataroff submitted a notice filing for the  
22 exemption to the state of Washington.  
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1 29. Regulation D Rule 506 prohibits the issuer or any person acting on behalf of the issuer from  
2 offering or selling securities by any form of general solicitation. VirExit Technologies, Inc. and Katzaroff  
3 offered securities to the acquaintances of existing investors with whom they did not have substantive pre-  
4 existing relationship.

5 ***2023 Coordinated Review***

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

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

12 32. VirExit's coordinated review application has remained pending as VirExit has failed to pay the  
13 required filing fee.

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

15 **CONCLUSIONS OF LAW**

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

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



1 and Globestar Therapeutics Corporation, and their agents and employees, to each permanently cease and desist  
2 from violating RCW 21.20.010 and RCW 21.20.140, and Respondent James Katzaroff, and their agents and  
3 employees, to each permanently cease and desist from violating RCW 21.20.040.

#### 4 **NOTICE OF INTENT TO REVOKE EXEMPTIONS**

5 Pursuant to RCW 21.20.325, and based on the above Tentative Findings of Fact and Conclusions of  
6 Law, the Securities Administrator intends to order that any exemptions from registration in RCW  
7 21.20.320(1), (3), (9), (12), and (17) be revoked with respect to stock offered or sold by VirExit Technologies  
8 Inc. and GlobeStar Therapeutics Corporation.

#### 9 **NOTICE OF INTENT TO IMPOSE FINES**

10 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
11 the Securities Administrator intends to order that:

- 12 a. Respondent James Katzaroff shall be liable for and shall pay a fine of \$60,000;
- 13 b. Respondent VirExit Technologies, Inc. shall be liable for and shall pay a fine of \$30,000; and
- 14 c. Globestar Therapeutics Corporation shall be liable for and shall pay a fine of \$30,000.

#### 15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
17 the Securities Administrator intends to order that Respondents James Katzaroff, VirExit Technologies, Inc.,  
18 and Globestar Therapeutics Corporation shall be jointly and severally liable for and shall pay the costs, fees,  
19 and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not  
20 less than \$25,000.

#### 21 **AUTHORITY AND PROCEDURE**

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1 This Stop Order Suspending Effectiveness is entered pursuant to the provisions of RCW 21.20.280  
2 and RCW 21.20.300 and is subject to the provisions of Chapter 34.05 RCW. The Respondent, VirExit  
3 Technologies, Inc., may make a written request for a hearing as set forth in the Notice of Opportunity for  
4 Hearing accompanying this Order. If the respondent does not request a hearing, the Securities Administrator  
5 intends to adopt the above Tentative Findings of Fact, Conclusions of Law, and Stop Order Denying  
6 Effectiveness as final.

7 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject  
8 to the provisions of Chapter 34.05 RCW. Respondents James Katzaroff, VirExit Technologies Inc., and  
9 Globestar Therapeutics Corporation may each make a written request for a hearing as set forth in the Notice  
10 of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing request in the  
11 time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and  
12 Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to revoke  
13 exemptions filed by that respondent, to impose any fines sought against that respondent, and to charge any  
14 costs sought against that respondent.

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16 SIGNED and ENTERED this 20th day of July, 2024.

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/s/

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William M. Beatty  
Securities Administrator

Approved by:

Presented by:

/s/

/s/

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Brian J. Guerard  
Chief of Enforcement

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Keenan Osborne  
Financial Legal Examiner

Reviewed by:

/s/

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Holly Mack-Kretzler  
Financial Legal Examiner Supervisor

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