UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10213 / September 16, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 78866 / September 16, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17548

In the Matter of

MICROCAP MANAGEMENT LLC, BAYSIDE REALTY HOLDINGS LLC, AND MEADPOINT VENTURE PARTNERS, LLC,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER AND NOTICE OF HEARING

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Microcap Management LLC ("Microcap"), Bayside Realty Holdings LLC ("Bayside") and Meadpoint Venture Partners, LLC ("Meadpoint") (collectively, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondents admit the Commission's jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this

Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds[1] that:

Summary

From approximately April 2011 to May 2014 (the "relevant period"), Fusion Pharm, Inc. ("FSPM"), through its chief executive officer ("CEO"), president and sole director Scott M. Dittman, and its undisclosed de facto officer and control person William J. Sears, engaged in an approximately $12.2 million fraudulent scheme in violation of the registration and antifraud provisions of the federal securities laws. The scheme essentially involved four steps. First, utilizing backdated convertible notes and preferred FSPM stock, FSPM issued common stock to Microcap, Bayside and Meadpoint, all entities controlled by Sears. Second, Sears, through these entities, sold the FSPM stock into the market. Third, Sears transferred over $1 million of the proceeds from the illegal stock sales back to FSPM, where the money was fraudulently recognized and reported as revenue. Fourth, FSPM issued press releases and financial reports claiming the false revenues, and failed to disclose Sears' identity, role, and background in FSPM's quarterly and annual reports posted on the OTC Markets Group, Inc.'s website.

Respondents

1. **Microcap Management LLC ("Microcap")** is a Nevada limited liability company, with its primary business address listed as Sears' home address in Thornton, Colorado. Sears controls Microcap and is listed as the Manager with the Nevada Secretary of State.

2. **Bayside Realty Holdings LLC ("Bayside")** is a Nevada limited liability company, with its primary business address listed as the home address of Sears' mother in New Bern, North Carolina. During the relevant period, Sears controlled Bayside.

3. **Meadpoint Venture Partners, LLC ("Meadpoint")** is a Nevada limited liability company that shared a primary business address with FSPM's prior warehouse in Denver, Colorado. Meadpoint was purportedly FSPM's exclusive distributor of PharmPods during the relevant period. From 2011 through 2013, Sears represented himself as the "Managing Member"

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

of Meadpoint. Dittman was a shareholder and Internal Revenue Service Form 1099 employee of Meadpoint.

Other Relevant Persons and Entity

4. **William J. Sears**, age 50, is a resident of Thornton, Colorado. During the relevant period, Sears was a founder, de facto executive officer and undisclosed control person of FSPM. In 2007, Sears was convicted (via guilty plea) of one count of conspiracy to commit securities fraud and commercial bribery and one count of securities fraud. *United States v. Sears*, Case No. 04-cr-556-swk (S.D.N.Y.).

5. **Fusion Pharm, Inc. ("FSPM")** is a Nevada corporation with its principal offices in Denver, Colorado. The company is focused on the development, production and sales of the "patent pending PharmPods cultivation container system," which are refurbished shipping containers used primarily to grow cannabis. FSPM has never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act. Beginning on April 4, 2011, the company's stock was quoted on OTC Link (previously "Pink Sheets") operated by OTC Markets Group, Inc. ("OTC Link") under the symbol FSPM. Following the Commission's 10-business day trading suspension in May 2014, FSPM is currently listed as a Caveat Emptor/Grey Market OTC stock.

6. **Scott M. Dittman**, age 47, is a resident of Boyertown, Pennsylvania. During the relevant period, Dittman was a founder, FSPM's CEO, president, and sole director. Dittman signed and certified FSPM's unaudited quarterly and annual financial statements posted on the OTC website.

Facts

Background

7. In late 2010, Dittman and Sears took over an existing public company, changing its name to FSPM in March 2011. Dittman was listed as the CEO of the company, but Sears acted as an undisclosed executive officer. Among other things, Sears worked at FSPM from its inception, appeared on non-public company documents as an officer, drew a paycheck, and handled many day-to-day responsibilities usually reserved for a company officer. Although FSPM was ostensibly in the business of selling PharmPods, it had almost no revenue to fund its operations. Instead, from 2011 through 2013, FSPM was funded almost entirely through illegal sales of FSPM stock.

8. Initially, FSPM was funded through the sale of stock that Sears received in the name of Microcap, both from FSPM's predecessor entity and as part of the transition to FSPM. In order to make Sears' sales of FSPM stock appear legitimate, and as part of the fraudulent scheme, Sears and Dittman made it falsely appear that Sears, through Bayside and Meadpoint, had loaned money to FSPM. Once Sears and Dittman had exhausted these funds, however, Sears then

converted the fake "debt" owed to Bayside and Meadpoint to unrestricted FSPM shares, which Bayside and Meadpoint then illegally sold into the market.

9. As part of the fraudulent scheme, Sears and Dittman funneled approximately $1.3 million from the illegal FSPM stock sales back into FSPM. In turn, FSPM falsely claimed the stock sale proceeds as revenue from sales of PharmPods, thereby increasing FSPM's stock price and volume and making the fraud even more profitable. As part of the scheme, Sears and Dittman hid Sears' role in FSPM so as to claim falsely that Sears' entities were not affiliates of FSPM (which they were), thus facilitating Sears' illegal sales of unrestricted FSPM stock. They also failed to disclose FSPM's purported transactions with Sears' entities as related party transactions, which they were based on Sears' role in FSPM.

Dittman and Sears Funnel Shares Into Microcap, Bayside and Meadpoint

10. In 2009, Microcap received common shares from FSPM's predecessor company for stock promotion work. In 2010, Microcap received preferred shares as part of the transfer of the predecessor company to Sears and Dittman. In 2011, Microcap purchased FSPM common shares from an individual FSPM shareholder.

11. In June 2012, Sears and Dittman prepared fraudulent non-convertible promissory notes and credit lines between FSPM and Bayside and between FSPM and Meadpoint. The Bayside non-convertible note and credit line agreement, with a credit limit of $275,000, was backdated to May 2, 2011. The Meadpoint non-convertible promissory note and credit line agreement, with a credit limit of $200,000 was backdated to June 15, 2011.

12. In November/December 2012, the Bayside and Meadpoint notes were re-drafted as fraudulent convertible notes. The notes were changed from non-convertible to convertible in order to obtain more unrestricted FSPM stock to sell illegally into the market and to investors, and in turn to fund FSPM. Without changing the notes to convertible notes, FSPM would not have been able to issue purportedly unrestricted shares to Sears' entities. The Bayside note, backdated to May 2, 2011, was a 10% Convertible Promissory Note and Line of Credit Agreement in the amount of $275,000, with a conversion rate of $0.01/share. The Meadpoint convertible note, this time backdated to December 8, 2011, was a 10% Convertible Promissory Note in the amount of $88,000, with a conversion rate of $0.01/share.

Microcap, Bayside and Meadpoint Illegally Sell Shares Into The Market

13. From approximately April 28, 2011 through May 8, 2014, Sears, through his entities Microcap, Bayside, and Meadpoint, illegally sold over $12.2 million of restricted FSPM stock.

14. Between approximately April 2011 and December 2012, Microcap sold approximately 735,000 shares of unregistered FSPM stock. Microcap's sale of these unregistered shares was based on false statements to brokers and to FSPM's stock transfer agent

that Sears had no role at or control of FSPM, and therefore that Microcap was not an affiliate of FSPM. Almost all of the funds flowing into FSPM's bank account in 2011 and 2012, either directly from Microcap or funneled first through Bayside, Meadpoint, or another Sears entity, are traced back to Microcap's stock sales.

15. Between approximately February 2013 and April 2013, pursuant to the Bayside convertible note, Bayside converted debt into 140,000 FSPM common shares and sold them into the market. In order to facilitate the sales, Sears and Dittman made false statements to brokers and the transfer agent about Bayside's purported non-affiliate status. In addition to the consequences the fraudulent Bayside convertible promissory note had on Bayside's ability to receive unrestricted shares, Bayside's true affiliate status also meant that Bayside needed to abide by certain volume restrictions, which it failed to do. Bayside sold the remainder of its note to an investment group for $250,000 and, based on more false statements from Dittman and Sears, the investors sold shares prior to the expiration of the one-year holding period required by Securities Act Rule 144 [17 C.F.R. § 230.144]. Bayside's proceeds from its FSPM stock sales, as well as the payment from the investors, were ultimately funneled to FSPM using Meadpoint as an intermediary. FSPM used proceeds from the Bayside sales of stock and debt to fund its 2013 operations.

16. Between approximately March 2013 and April 2014, pursuant to the Meadpoint convertible note, Meadpoint converted $42,450 of debt into 4.245 million FSPM common shares, and then sold into the market approximately 3.2 million of those shares. In order to facilitate the sales, Sears and Dittman made false statements to brokers and the transfer agent about Meadpoint's purported non-affiliate status. In August 2013, Meadpoint also converted $15,000 of fake debt into 1.5 million shares and then sold them to three investors. The investors received unrestricted shares on the basis of, again, Dittman's and Sears' false representations of Meadpoint's non-affiliate status. In 2013, Meadpoint's stock sale proceeds and payments from the investors funded FSPM operations. In 2014, Meadpoint's proceeds from its note with FSPM were $9.9 million. While some of this amount was transferred to FSPM, the majority, $8.7 million, was seized by criminal authorities in May 2014.

FSPM Falsely Reports Proceeds From Stock Sales As Revenue and Issues Additional False and Misleading Statements

17. While Dittman and Sears were facilitating the transfer of unrestricted FSPM shares to Sears through his entities, Sears illegally sold those shares into the market and round-tripped some of the proceeds back to FSPM. FSPM, through Dittman and Sears, reported false revenues and made false statements about sales of PharmPods in press releases, which in turn maintained and/or increased FSPM's stock price and volume, and allowed Sears to sell his FSPM stock into the market. The false financial statements and revenue reported by FSPM were included in: (1) FSPM's 2011 annual report (including its financial statements and notes to the financial statements), signed by Dittman and posted on the OTC Markets Group Inc.'s website;

(2) FSPM's 2012 annual report, signed by Dittman and posted on the OTC website; and (3) FSPM's 2013 annual report, signed by Dittman and posted on the OTC website.

18. FSPM also claimed to have sold PharmPods to certain Sears' entities, including to Meadpoint and another Sears entity, but failed to disclose these transactions, as well as the Bayside and Meadpoint notes, as related party transactions. FSPM's Information and Disclosure Statement for the period ended September 30, 2011, and its 2011 and 2012 annual reports, all signed by Dittman and posted on the OTC website, falsely stated there were no related party transactions. Further, none of FSPM's other quarterly reports or its 2013 annual report posted on the OTC website disclosed related party transactions.

Violations

19. As a result of the conduct described above, Respondent willfully violated Sections 5(a) and 5(c) of the Securities Act. Section 5(a) of the Securities Act prohibits the direct or indirect sale of securities through the mail or interstate commerce unless a registration statement is in effect. Section 5(c) prohibits the direct or indirect offer for sale of securities through the mail or interstate commerce unless a registration statement has been filed.

20. As a result of the conduct described above, Respondents willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder. Section 17(a)(1) of the Securities Act makes it unlawful, in the offer or sale of securities, to employ any device, scheme, or artifice to defraud. Section 17(a)(3) of the Securities Act makes it unlawful, in the offer or sale of securities, to engage in any transaction, practice or course of business that operates or would operate as a fraud or deceit upon the purchaser. Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder make it unlawful, in the purchase or sale of securities, to employ any device, scheme or artifice to defraud. Section 10(b) of the Exchange Act and Rule 10b-5(c) thereunder make it unlawful, in the purchase or sale of securities, to engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person.

IV.

Pursuant to this Order, Respondents agree to additional proceedings in this proceeding to determine what, if any, disgorgement pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act and/or civil penalties pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act against Respondents are in the public interest. In connection with such additional proceedings: (a) Respondents agree that they will be precluded from arguing that they did not violate the federal securities laws described in the Order; (b) Respondents agree that they may not challenge the validity of the Order; (c) solely for the purposes of such additional proceedings, the findings of the Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative

testimony, and documentary evidence. It is further Ordered that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

V.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer:

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED, effective immediately, that:

A. Respondents shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(a) and 10b-5(c) thereunder.

B. Respondents be, and hereby are:

> barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

IT IS FURTHER ORDERED pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party, that a public hearing for the purpose of taking evidence on the questions set forth in Section IV hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110, following the entry of a final judgment against the last remaining defendant(s) in *United States v. William Sears and Scott Matthew Dittman*, 16-CR-301-WJM (D.Colo.) (the "Related Actions").

If Microcap, Bayside, and Meadpoint fail to appear at a hearing after being duly notified, Microcap, Bayside, and Meadpoint may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f), and 201.310.

This Order shall be served forthwith upon Microcap, Bayside and Meadpoint personally or by certified mail.

IT IS FURTHER ORDERED pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party, that the Administrative Law Judge shall issue an initial decision no later than 120 days from the date of the entry of a final judgment in the Related Actions.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary