

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

HUGHE DUWAYNE GRAHAM, an individual, **DONALD HOWARD,** an individual, and, **LARRY LOUIS MATYAS,** an individual,

Defendants.

Case No.: 1:20-cv-02505

Judge: Pamela A. Barker

Magistrate Judge: Thomas M. Parker

FIRST AMENDED COMPLAINT

Plaintiff, Securities and Exchange Commission (the “Commission”), files this First Amended Complaint against Defendants Hughe Duwayne Graham, Donald Howard, and Larry Louis Matyas (“Defendants”) and alleges as follows:

SUMMARY OF THE ACTION

1. At various points between at least October 2017 and at least May 2019 (the “Relevant Period”) Defendants solicited investors to purchase the common stock equity securities of US Lighting Group, Inc. (“USLG”).
2. In connection with these solicitation activities, Defendants called and/or emailed prospective investors, promoted an investment in USLG, instructed investors as to how to purchase USLG securities and where to send their funds, and, at least in regard to Graham and Howard, sent subscription agreements to interested prospects.

3. As compensation for their securities solicitation work, Defendants received approximately 40% of investor proceeds as commissions, or a portion thereof if they were working under someone else. In total, Graham received commissions of at least \$443,127, Howard received commissions of at least \$118,800, and Matyas received commissions of at least \$367,916 from USLG and/or an affiliate during or in regard to the Relevant Period.

4. While engaged in this conduct, Defendants were neither registered with the Commission as brokers or dealers nor associated with a broker or dealer registered with the Commission.

5. By engaging in this conduct, as further described herein, Defendants violated and, unless restrained and enjoined by this Court, may continue to violate Section 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)(1)].

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)] to enjoin such acts, practices, and courses of business, and to obtain civil money penalties and such other and further relief as this Court may deem just and appropriate.

7. Defendants were involved in the offer and sale of the common stock of USLG, which is a “security” as that term is defined under Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

8. Defendants, directly or indirectly, made use of the mails or the means or instrumentalities of interstate commerce in connection with the conduct alleged in this Complaint.

9. This Court has subject matter jurisdiction over this action pursuant to Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa] and 28 U.S.C. § 1331.

10. Venue in this District is proper because Defendants transacted business in the Northern District of Ohio and because one or more acts or transactions constituting the violations occurred in the Northern District of Ohio.

DEFENDANTS

11. **Hughe Duwayne Graham (Sr.)** (a/k/a John Morgan), age 62, resides in Riverside, California, and sometimes operates through HDG Global Marketing, LLC, an entity he is believed to own and control. Graham solicited investors to purchase securities issued by USLG. When called to appear for investigative testimony, Graham invoked his Fifth Amendment privilege against self-incrimination in response to several questions posed to him.

12. **Donald Howard**, age 76, is last known to reside in North Las Vegas, Nevada. Howard solicited investors to purchase securities issued by USLG. In connection with its underlying investigation, the Commission issued subpoenas to Howard for documents and testimony, but process servers were unable to locate and serve him.

13. **Larry Louis Matyas (II)** (a/k/a Gary Bennett), age 38, resides in Las Vegas, Nevada, and sometimes operates through Secured Consulting, a doing-business-as entity established in connection with the name of his fiancée. Matyas solicited investors to purchase securities issued by USLG. When called to appear for investigative testimony, Matyas invoked his Fifth Amendment privilege against self-incrimination in response to nearly all questions posed to him.

FACTS

14. USLG is a Florida corporation with its primary place of business in Eastlake, Ohio, and is involved in, among other activities, designing and manufacturing LED lighting. At all relevant times, USLG's common stock was traded on an over-the-counter exchange under the symbol "USLG" (previously traded under the symbol "LXRT").

15. Beginning in or around late 2017, USLG initiated an offering of its common stock and engaged various individuals to solicit prospective investors to purchase it. Defendants were among those recruited to participate in the USLG securities offering as solicitors.

16. Defendants were tasked with identifying individuals who were interested in investing in USLG securities. Using lead lists and/or customer leads provided by USLG and/or via other means, Defendants contacted prospective investors via telephone or email to promote an investment in USLG securities.

Hughe Duwayne Graham

17. Graham was recruited by USLG during or about late 2017 and thereafter worked as an investor solicitor, calling prospective investors and encouraging them to purchase USLG securities.

18. Graham performed at least some of his solicitation activities using the pseudonym "John Morgan."

19. Graham may have recruited other individuals to work under him in soliciting investors to purchase USLG securities.

20. One investor whom Graham solicited, T.H. from Ohio, indicated that he was contacted over the phone by someone who identified himself as "John Morgan" in or around April 2018.

21. “Morgan” (*i.e.*, Graham) pitched an investment in USLG securities to T.H., telling T.H. that he could purchase shares of USLG stock at a discount and then sell the shares at the then prevailing market price six months after the date of purchase.

22. Graham sent T.H. an email on or about April 17, 2018, and included as attachments a USLG executive summary, a subscription agreement, and wire instructions.

23. Based on Graham’s representations, T.H. wired \$20,000 to USLG on or about April 25, 2018, to purchase USLG securities.

Donald Howard

24. During or about late 2017, Howard was recruited and thereafter worked as an investor solicitor for USLG.

25. As a solicitor, Howard called prospective investors, pitched them on an investment in USLG securities, provided investors with subscription agreements, and instructed investors as to how to purchase USLG securities.

26. One investor who Howard solicited, J.I., is a resident of Florida and was first contacted by Howard during or about November 2017.

27. Howard told J.I. that USLG manufactured LED lighting and had a contract with Home Depot. Howard also told J.I. that he could purchase USLG shares at a discount price of half the then-prevailing market price.

28. Based on Howard’s representations, J.I. purchased 40,000 shares of USLG at \$0.25 per share and wired \$10,000 to USLG on or about November 10, 2017.

Larry Louis Matyas

29. In or around May 2018, Matyas began acting as an investor solicitor for USLG.

30. As an investor solicitor, Matyas called prospective investors and pitched them on an investment in USLG securities.

31. For example, operating under the pseudonym “Gary Bennett,” Matyas solicited J.P., an investor from Ohio, during or about March 2019.

32. Matyas described USLG’s business to J.P. and told J.P. that he could purchase shares of USLG at a discount to their then prevailing market price.

33. Based on Matyas’s representations, J.P. purchased 50,000 shares of USLG at \$.25 per share and sent a check to USLG for \$12,500 in or around April 3, 2019.

Defendants’ Commissions

34. Defendants regularly submitted invoices for their work to USLG for payment. Though the invoices did not specifically include line items for commissions arising from their investor solicitation activities, former USLG CFO Susan Tubbs and former USLG finance employee Laura Loesch each acknowledged that the various activities listed on the invoices were mere obfuscation and the invoiced amounts were purely commission payments for Defendants’ investor solicitation activities.

35. Similarly, USLG CEO Paul Spivak indicated that, although the invoices did not specifically include line items for Defendants’ commissions on their investor solicitation activities, such commissions were understood by Spivak to be part of what was being invoiced.

36. Defendants received commissions of approximately 40% of investor proceeds (e.g., \$4,000 on a \$10,000 investment), or some portion thereof if they worked under another solicitor, as compensation for their securities solicitation work.

37. Between November 2017 and January 2019, Graham and his HDG Global Marketing collectively received \$443,127 in commission payments from USLG and/or an affiliate.

38. Between October 2017 and September 2018, Howard received \$118,800 in commission payments from USLG and/or an affiliate.

39. Between May 2018 and May 2019, Matyas and his fiancée's Secured Consulting collectively received \$367,916 in commission payments from USLG and/or an affiliate.

40. During the Relevant Period, none of the Defendants were registered as a broker or dealer with the Commission or associated with a broker or dealer registered with the Commission.

CLAIM FOR RELIEF
Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]
(Against each Defendant)

41. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 11–40, inclusive, as if they were fully set forth herein.

42. By engaging in the conduct described above, each Defendant:

- a. engaged in the business of effecting transactions in securities for the account of others; and
- b. directly or indirectly, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities without being registered as a broker or dealer with the Commission or associated with a broker or dealer registered with the Commission.

43. By reason of the foregoing, each Defendant violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

I.

Permanently restraining and enjoining each Defendant from, directly or indirectly, engaging in conduct in violation of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)];

II.

Permanently restraining and enjoining each Defendant from directly or indirectly, including, but not limited to, through any entity owned or controlled by each Defendant, soliciting any person or entity to purchase or sell any security;

III.

Ordering each Defendant to pay civil monetary penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

IV.

Retaining jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and,

V.

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: April 13, 2021.

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION

/s/ Tracy S. Combs

Casey R. Fronk (Illinois State Bar No. 6296535)

FronkC@sec.gov

Tracy S. Combs (California State Bar No. 298664)

combst@sec.gov

COUNSEL FOR PLAINTIFF

Securities and Exchange Commission

351 South West Temple, Suite 6.100

Salt Lake City, UT 84101-1950

Tel: (801) 524-5796

Fax: (801) 524-3558

CERTIFICATE OF SERVICE

I hereby certify that on April 13, 2021 I caused a true and correct copy of the foregoing **FIRST AMENDED COMPLAINT** to be served by U.S. Mail first-class delivery on the following:

Hughe Duwayne Graham

[REDACTED]
Riverside, CA [REDACTED]

/s/ Tracy S. Combs