

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

Civil Action No.

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

v.

CHATFIELD PCS LTD., GO ECO  
MANUFACTURING, INC., and TRA JAY  
SCARLETT,

Defendants.

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**FILED UNDER SEAL**

**COMPLAINT AND JURY DEMAND**

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Plaintiff, United States Securities and Exchange Commission (“SEC”), alleges as follows against Defendants Chatfield PCS Ltd. (“Chatfield”), GO ECO Manufacturing, Inc. (“GO ECO”), and Tra Jay Scarlett (“Scarlett”) (collectively, “Defendants”).

**INTRODUCTION**

1. The SEC brings this emergency enforcement action to stop an ongoing offering fraud and misappropriation of investor assets by Defendants. Starting in approximately March 2016, and continuing through at least January 2021 (the “Relevant Period”), Scarlett, through his company, Chatfield, raised at least \$3.2 million from investors in two securities offerings by GO ECO, a purported environmentally friendly drink bottling and manufacturing company controlled by Scarlett. Instead of directing investor money to GO ECO, which never operated and, in fact, never had a bank account, Scarlett and Chatfield misappropriated the investor funds. Scarlett transferred hundreds of thousands of dollars of investors’ money to his personal bank

accounts, made large cash withdrawals, and spent investor funds on, among other things, jewelry, precious metals, and a down payment and mortgage payments on Scarlett's \$1.25 million dollar home.

2. During the Relevant Period, virtually everything Defendants told GO ECO investors and prospective investors was materially false and misleading. Defendants lied to investors about how they planned to use investor funds, GO ECO's business operations, GO ECO's relationship with its supposed key client, and GO ECO's management team.

3. Defendants' deceptive conduct continued even after the SEC staff contacted them in December 2020. In early January 2021, Defendants continued to solicit and obtain investor funds, making similar false and misleading representations to investors and prospective investors that they had been making since 2016.

4. By engaging in this conduct, Defendants violated Sections 17(a)(1) and (3) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5. Defendants Scarlett and Chatfield also violated Section 17(a)(2) of the Securities Act. Unless restrained and enjoined, Defendants will continue to violate the federal securities laws.

### **DEFENDANTS**

5. **Tra Jay Scarlett**, age 51, is a resident of Colorado Springs, Colorado. Scarlett is the founder, president, and sole owner of Chatfield and founder, chief executive officer ("CEO"), president, and a substantial shareholder of GO ECO.

6. **Chatfield PCS Ltd.** is a Colorado limited liability company, with its principal place of business in Colorado Springs, Colorado. Chatfield is controlled by Scarlett and purports

to provide financing to a portfolio of companies in the manufacturing, health, media, and real estate sectors. Chatfield is currently listed as noncompliant with the Colorado Secretary of State.

7. **GO ECO Manufacturing, Inc.** is a Colorado corporation with its principal place of business in Colorado Springs, Colorado. GO ECO is controlled by Scarlett and purports to be in the business of providing environmentally responsible product packaging and bottling services to commercial customers. GO ECO is currently listed as delinquent with the Colorado Secretary of State.

### **JURISDICTION AND VENUE**

8. The SEC brings this action pursuant to authority conferred on it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the Defendants from engaging in the acts, practices, and courses of business described in this Complaint and acts, practices, and courses of business of similar purport and object. The SEC seeks permanent injunctions, disgorgement of ill-gotten gains derived from the conduct alleged in the Complaint plus prejudgment interest thereon, and civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u(d)(3)].

9. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)], and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), and 78aa(a)].

10. Venue is proper in the District of Colorado pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)] because many of the acts and transactions constituting violations of the Securities Act and

Exchange Act occurred in this district, including misappropriation of investor funds through transactions at banks located in this district. In addition, Scarlett resides in this district, GO ECO and Chatfield have their principal places of business in this district, and one or more investors in GO ECO reside in this district.

## FACTS

### **I. BACKGROUND**

#### **A. Defendants Raised Money From Investors Through the Offer and Sale of GO ECO Securities.**

11. Scarlett formed Chatfield in November 2015 and GO ECO in March 2016.

Scarlett formed GO ECO purportedly to provide packaging and bottling services to commercial customers. Scarlett operated Chatfield to solicit investors to invest in GO ECO.

12. Beginning in approximately March 2016, Scarlett and Chatfield engaged several individuals to, at Scarlett's direction, solicit investments in GO ECO by cold-calling prospective investors. Once a prospective investor expressed interest in GO ECO, Chatfield's staff typically emailed offering documents to them and often connected them with Scarlett so that he could solicit the investor over the telephone to make an investment in GO ECO.

13. Among other things, Scarlett, or Chatfield's staff acting at Scarlett's direction, told investors that GO ECO made and/or bottled a sports drink for a protein drink company (hereinafter "Protein Drink Company") and that the investment in GO ECO was expected to generate 20% to 25% annual returns when GO ECO would be sold to a larger company in the beverage industry.

14. Protein Drink Company is a privately held corporation with its principal place of business in Clearwater, Florida. Protein Drink Company made protein-infused drinks.

15. Each investor and prospective investor in GO ECO was offered and sold GO ECO preferred stock. The Defendants conducted two offerings of GO ECO preferred stock. The first offering of GO ECO Series A preferred stock began in approximately March 2016 and lasted until about May 2019. The second offering of GO ECO Series B preferred stock began in approximately May 2019 and is ongoing.

16. Scarlett, and Chatfield staff acting at Scarlett's direction, distributed GO ECO offering documents to investors and prospective investors by email. The GO ECO offering materials included, among other things, transmittal emails with links and information about GO ECO and Protein Drink Company, private placement memoranda ("PPM"), subscription agreements ("Subscription Agreement"), executive summaries concerning GO ECO ("Executive Summary"), and investment instructions ("Investment Instructions") (collectively, the "Offering Documents").

17. Scarlett and Chatfield distributed a GO ECO PPM to investors and prospective investors for each of the two securities offerings: a Series A PPM dated March 29, 2016 ("Series A PPM"), and a Series B PPM, dated May 3, 2019 ("Series B PPM"). The PPMs are nearly identical, except with respect to language that is not material for purposes of the allegations in this Complaint. These immaterial differences relate to the different series of shares, slight wording changes in the introduction, and the specific dollar amounts identified in the "Use of Proceeds" section. Versions of a Subscription Agreement, again substantially similar and identical in all material respects as they relate to the allegations in this Complaint, were also distributed by Scarlett and Chatfield for each of the two offerings.

18. Scarlett and Chatfield also distributed a GO ECO Executive Summary for the Series A offering (“Series A Executive Summary”) and the Series B offering (“Series B Executive Summary”).

19. Scarlett and Chatfield distributed at least three forms of the Investment Instructions, all of which were identical, except for identifying Chatfield’s bank account and routing information for accounts at three different banks Chatfield used over the Relevant Period. Scarlett solely controlled each of Chatfield’s bank accounts.

20. The statements in the PPMs and Subscription Agreements were made by GO ECO and Scarlett. Those documents were explicitly attributed to GO ECO on the face of the document. As the president and CEO of GO ECO, Scarlett had ultimate authority for the content of the PPMs and the distribution of those written materials to investors and prospective investors. The PPMs prominently disclose: “THE MANAGEMENT OF THE COMPANY [GO ECO] HAS PROVIDED ALL OF THE INFORMATION STATED HEREIN.” The signature line in the Subscription Agreements stated, “Accepted: GO ECO Manufacturing, Inc. By: . . . TJ Scarlett CEO.”

21. The statements in the Executive Summaries and Investment Instructions were made by Chatfield and Scarlett. On the face of the documents, they were explicitly attributed to Chatfield. As the president and sole owner of Chatfield, Scarlett is the person with ultimate authority for the content of the Executive Summaries and Investment Instructions and the distribution of those written materials to investors.

22. At times, Scarlett distributed Offering Documents to investors and prospective investors himself. For example, on May 17, 2019, Scarlett sent an email to an investor attaching the Series B PPM, Series B Subscription Agreement, and Investment Instructions.

23. During the Relevant Period, the Defendants raised over \$3.2 million from at least 26 investors in Colorado and other states through the GO ECO Series A and B preferred stock offerings. Scarlett and Chatfield raised funds from investors in GO ECO stock at least as recently as January 2021.

24. Scarlett, as the principal of Chatfield and GO ECO, had the power to act and did act on behalf of Chatfield and GO ECO and, thus, his actions alleged herein as well as his state of mind, are imputed to Chatfield and GO ECO.

**B. Scarlett and Chatfield Misappropriated Investor Money.**

25. The Investment Instructions directed investors to purchase GO ECO preferred stock by sending a check or making a wire transfer to Chatfield's bank accounts. The GO ECO investors' money was received by and pooled in Chatfield's bank accounts.

26. Scarlett and GO ECO represented to investors that investor money sent to Chatfield in exchange for GO ECO stock would be delivered to GO ECO and used to fund and expand GO ECO's business.

27. None of the GO ECO investors' money has ever been transferred from Chatfield to GO ECO. GO ECO has never opened any bank accounts.

28. Instead of using investor money as represented, Scarlett, using his sole control over Chatfield's bank accounts, misappropriated at least \$2 million of investor funds through a variety of means, including transfers of funds from Chatfield's bank accounts to his personal accounts and withdrawals of large amounts of cash. Scarlett's misappropriation began in approximately March 2016, when Chatfield first received GO ECO investor funds, and has continued through at least January 2021.

29. For example, on the same day that Scarlett withdrew \$325,000 of investor funds from Chatfield's account, he opened a new account in his own name and funded it with \$318,000

of the money withdrawn from the Chatfield account. Scarlett used \$273,828 of those funds to make a down payment in connection with the purchase of his \$1.25 million home. Following the purchase of his home with investor funds, Scarlett made additional transfers from a Chatfield bank account holding investor funds to make mortgage payments on his home.

30. Scarlett withdrew over \$90,000 of cash in ATM transactions and over \$860,000 in withdrawals from Chatfield accounts holding investor funds.

31. In addition, Scarlett used funds in the Chatfield accounts holding investor funds to make payments for his personal expenses, including lease payments on his personal residence prior to purchasing it with investor funds, purchases of precious metals, and purchases of jewelry.

32. Scarlett used funds in the Chatfield accounts holding investor funds for other personal expenses, such as travel and fine dining. Scarlett and Chatfield also used funds from GO ECO investors for the construction of a failed bar and to make payments to Scarlett's family members.

33. Additionally, Scarlett and Chatfield used GO ECO investor money to make approximately \$560,000 of payments to Chatfield staff.

## **II. SCARLETT, CHATFIELD, AND GO ECO MADE MATERIAL MISREPRESENTATIONS AND OMISSIONS IN CONNECTION WITH THE SECURITIES OFFERINGS.**

34. In the Offering Documents distributed to investors and prospective investors, Defendants made numerous materially false and misleading statements and omissions regarding, among other things, the use of investor funds, GO ECO's business operations, GO ECO's relationship with its purported key customer Protein Drink Company, and GO ECO's management team.



**A. Scarlett and GO ECO Made False and Misleading Statements About the Use of Investor Funds.**

35. Throughout the Relevant Period, in the PPMs and Subscription Agreements sent to investors and prospective investors, Scarlett and GO ECO made false and misleading statements and omitted material information regarding how investor funds would be used.

36. The Subscription Agreements for the Series A and B offerings stated that all GO ECO investor funds would be placed in an escrow account until a minimum offering proceeds amount of \$1,000,000 was raised from investors, at which point “all proceeds from sale of Shares will be delivered directly to the Company [GO ECO] and be available for its use.” (Emphasis added). Similarly, the Series A and B PPMs state that “[a]ll proceeds from the sale of Shares up to \$1,000,000 will be deposited in an escrow account. Upon the sale of \$1,000,000 of Shares, all proceeds will be delivered directly to the Company’s [GO ECO’s] corporate account and be available for use by the Company at its discretion.” (Emphasis added).

37. The Series A and B PPMs represented that GO ECO was selling shares to raise capital that would be used by GO ECO to fund and expand its business:

- a. The Series A PPM stated that “The Company [GO ECO] is raising equity capital to develop and complete the construction of a modern green manufacturing facility . . . .”
- b. The Series B PPM stated that “The Company [GO ECO] is raising equity capital to make placements into expanding our worldwide Manufacturing reach . . . .”
- c. The Series A and B PPMs stated that “Proceeds from the sale of Shares will be used to: purchase real estate, purchase packing and bottling equipment, purchase confectionary equipment, construction costs, manufacturing expenses, staffing, and working capital.”

38. Scarlett, or Chatfield’s staff acting at Scarlett’s direction, distributed these statements to investors and prospective investors during the Relevant Period by email.

39. Based on the representations set forth in paragraphs 36 and 37 above, a reasonable investor would have understood that the money they invested in GO ECO stock would be placed into an escrow account and/or transferred directly to GO ECO to fund and expand its business.

40. Scarlett and GO ECO further represented in the Series A PPM that the “Offering is being sold by the Managing Members of the Company [GO ECO]. No compensatory sales fees or related commissions will be paid to such Managing Members. Registered broker [sic] or dealers who are members of the FINRA [sic] and who enter into a Participating Dealer Agreement with the Company [GO ECO] may sell shares. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Shares sold.” The Series B PPM reads identically to the Series A PPM except that the percent in parentheses is incorrectly stated as 5%.

41. In addition, the Series A and B PPMs both state that Scarlett takes no current salary and that there is “no accrued compensation that is due any member of Management.”

42. Based on the representations set forth in paragraphs 40 and 41, a reasonable investor would have understood that no fees or commissions, or other immediate compensation, would be deducted from their investment in GO ECO to make payments to Scarlett, Chatfield or Chatfield staff, because Scarlett is listed as the CEO of GO ECO in the PPMs, and none of the Defendants is a registered broker or dealer.

43. The statements regarding the use of investor monies are false and misleading. None of the GO ECO investors’ money was placed into an escrow account, nor was any of it transferred to GO ECO, as GO ECO never opened a bank account. Instead, investor funds were misappropriated by Scarlett and Chatfield, contrary to the representations that the money would be provided directly to GO ECO and that Scarlett, as a member of GO ECO management, would

not receive compensation for selling the shares, and that only registered broker dealers may be compensated for selling shares.

44. Each of these statements regarding use of investor monies was false and misleading when made, and Scarlett and GO ECO knew or were reckless in not knowing, and should have known, that these statements were false and misleading because Scarlett intended to and immediately began misappropriating investor monies.

45. Scarlett and GO ECO omitted to state material facts that were necessary to render their disclosures regarding the uses of investor funds not misleading. These omissions include the actual use of investor funds as described above.

46. In addition, Chatfield knew that the PPMs and Subscription Agreements contained false and misleading information concerning the uses of GO ECO investor funds at the time it distributed them to potential investors.

47. The above misrepresentations and omissions as to the use of investor proceeds were material to investors and potential investors because the misappropriation and diversion by Scarlett and Chatfield of all or substantially all investor money that was invested in GO ECO would be material to any reasonable investor.

**B. Scarlett and GO ECO Made False and Misleading Statements About GO ECO's Business Operations and Financial Performance.**

48. Scarlett and GO ECO made materially false and misleading statements to investors and prospective investors about GO ECO's business operations and financial performance.

49. In the GO ECO PPMs distributed to investors and prospective investors throughout the Relevant Period, Scarlett and GO ECO represented that GO ECO was an operating bottling and packaging company with an existing customer base. For example:

- a. The Series A PPM states: “GO ECO Manufacturing, Inc. . . . provides packaging and bottling services for commercial customers.” (Emphasis added.)
- b. The Series B PPM states: “GO ECO Manufacturing, Inc. . . . specializes in providing services for high quality bottling production as well as innovative product packaging.” (Emphasis added.)
- c. The Series A and B PPMs state: “The Company also maintains a solid core of business in propriety products marketed and created for both wholesale and retail sale.” (Emphasis added.)
- d. The Series A and B PPMs state: “The Company seeks to maintain and expand a presence in a variety of markets including but not limited to; traditional bottling, shot type bottle packaging, case design and packaging, and new product development.” (Emphasis added.)
- e. The Series B PPM states: “The Company is raising equity capital to make placements into expanding our worldwide Manufacturing reach that consistently develops new ways of streamlining the packaging process, as well as vertically integrate and consistently expand on current market share with existing and freshly developed beverages that are penetrating the market.” (Emphasis added.)

50. Additionally, the Series B PPM included a financial statement that showed revenues of \$17,099,816 and net ordinary income of \$10,073,334 from manufacturing and packaging in 2017.

51. Scarlett, or Chatfield’s staff acting at Scarlett’s direction, distributed these statements to investors and prospective investors during the Relevant Period by email.

52. Based on these statements, a reasonable investor would have understood that GO ECO is a bottling and packaging company with existing operations and customers and millions of dollars of annual revenues and profits.

53. The statements regarding GO ECO’s business operations and financial performance are false and misleading. GO ECO has never had an active manufacturing or bottling business or operations. GO ECO has never had any manufacturing or bottling facilities, equipment, customers, revenues, or profits. Nor has it ever had any bank accounts or filed any tax returns.

54. The statements regarding GO ECO's business operations and financial performance were false and misleading when made, and Scarlett and GO ECO knew or were reckless in not knowing, and should have known, that these statements were false and misleading. As the president and CEO of GO ECO, Scarlett knew that GO ECO did not have existing operations, customers, or millions of dollars of annual revenues and profits.

55. Scarlett and GO ECO omitted to state material facts that were necessary to render their disclosures and representations regarding GO ECO's business operations and financial performance not misleading. These omissions include that GO ECO had no active business operations.

56. In addition, Chatfield, through Scarlett, knew that the PPMs contained false and misleading information about GO ECO's business operations and financial performance at the time it distributed them to potential investors.

57. The above misrepresentations concerning GO ECO's business operations and financial performance were material to investors and prospective investors because a reasonable investor would consider whether a company has an existing business, as well as the revenue and profits generated from that business, when assessing the risks and potential returns of making an investment in the company.

**C. Defendants Made False and Misleading Statements Regarding GO ECO's Business Relationship with its Purported Key Client, Protein Drink Company.**

58. Defendants made numerous materially false and misleading statements to investors and prospective investors regarding the business relationship between GO ECO and its purported key client, Protein Drink Company.

59. Throughout the Relevant Period, Defendants heavily touted the purported relationship between GO ECO and Protein Drink Company when they solicited investors.

Investors were told orally by Scarlett or Chatfield staff that GO ECO either made the Protein Drink Company sports drinks itself or had an exclusive contract with Protein Drink Company to make or bottle its drinks. Defendants also often emailed detailed presentations purporting to describe Protein Drink Company's highly successful products and business to prospective investors along with the GO ECO Offering Documents that represented that GO ECO provides bottling services to customers.

60. Scarlett and GO ECO made statements in the Series A and B PPMs, and Scarlett and Chatfield made statements in the Executive Summaries, regarding the supposed business relationship between GO ECO and Protein Drink Company:

- a. The Series A PPM states: “GO ECO Manufacturing has entered into a strategic partnership with [Protein Drink Company], one of the fastest growing healthy shot type beverage companies in the nation. At present they will be GO ECO Manufacturing's number one client and will expand to produce multiple products through their assembly lines.” (Emphasis added.)
- b. The Series A Executive Summary states: “At the end of 2015, Go-Eco Manufacturing negotiated an exclusive production contract with [Protein Drink Company], a Florida based beverage company. Right now, [Protein Drink Company] is the number one protein shot beverage in the world, selling its products in over 80 thousand big box stores nationwide, including Wal-Mart, Target, 7-Eleven, etc.” (Emphasis added.)
- c. The Series B Executive Summary states: “At the end of 2015, Go-Eco Manufacturing negotiated an exclusive production contract with [Protein Drink Company], a Florida based beverage company. [Protein Drink Company] has the best tasting Protein water on the market, selling its products in over 100 thousand big box stores nation-wide, including CVS, Wegmans, Safeway, Target, 7-Eleven, etc.” (Emphasis added.)
- d. In the Series A and B PPMs, Protein Drink Company's product was listed as a GO ECO “Key Account[.].” (Emphasis added.)

61. Chatfield and Scarlett distributed these statements to investors and prospective investors during the Relevant Period by email.

62. Protein Drink Company stopped production of all drinks in April 2019, and exited the beverage industry entirely in the first quarter of 2020. After April 2019, Scarlett and Chatfield have continued to tout the purported business relationship between GO ECO and Protein Drink Company in the Series B Executive Summary and in emails and oral representations to investors and prospective investors.

63. On September 1, 2020, Chatfield sent an email to a prospective investor that stated in part:

- a. “Go-Eco Manufacturing has positioned itself to take full advantage of a niche opportunity within the bottling industry. This enabled Go-Eco Manufacturing to negotiate an exclusive production contract with [Protein Drink Company], a Florida based beverage company. . . . Right now, [Protein Drink Company] is the number one protein shot beverage company in the world selling its products in over 60 thousand big box stores nation wide, i.e. Wal-Mart, Target, 7-Eleven, etc.” (Emphasis added.)

64. That investor invested \$10,000 in GO ECO on September 17, 2020, and another \$10,000 on January 7, 2021.

65. A reasonable investor would have understood from the statements in paragraphs 60 and 63 that GO ECO had a strategic partnership and exclusive production contract with a key client, Protein Drink Company, for whom GO ECO provided manufacturing and/or packaging services.

66. The statements regarding GO ECO’s business relationship with Protein Drink Company are false and misleading. GO ECO never entered into a strategic partnership with Protein Drink Company, nor did it ever have an exclusive production contract with Protein Drink Company. GO ECO has never performed any services for Protein Drink Company, made any products for Protein Drink Company, invoiced Protein Drink Company, or been paid by Protein Drink Company for anything.

67. The statements regarding GO ECO's business relationship with Protein Drink Company were false and misleading when made, and Scarlett, Chatfield, and GO ECO knew or were reckless in not knowing, and should have known, that these statements were false and misleading. As the president and CEO of GO ECO, Scarlett knew that GO ECO did not have a strategic partnership or exclusive production contract with Protein Drink Company and did not provide manufacturing or packaging services for Protein Drink Company.

68. Further, the Defendants omitted to state material facts that were necessary to render their disclosures and representations regarding the relationship between GO ECO and Protein Drink Company not misleading. These omissions include that GO ECO did not have an exclusive production contract with Protein Drink Company or provide services for Protein Drink Company.

69. Scarlett and Chatfield knew at the time they distributed the statements regarding GO ECO's business relationship with Protein Drink Company that the statements were false and misleading.

70. The above misrepresentations and omissions with respect to the relationship between GO ECO and Protein Drink Company were material to investors and potential investors because, among other things, a strategic partnership and exclusive production contract with a leading beverage company would be important to a reasonable investor's decision to invest in GO ECO.

**D. Defendants Made False and Misleading Statements Regarding GO ECO's Management Team.**

71. Scarlett and GO ECO made statements in the Series A and B PPMs, and Scarlett and Chatfield made statements in the Executive Summaries, that misrepresented to investors and



prospective investors that GO ECO had an experienced management team that included people who have never been members of GO ECO's management or board of directors:

- a. The Series A and B PPMs state: "GO ECO Manufacturing has assembled a team of top professionals who have over 100 years in manufacturing, bottling, and product development businesses experience." (Emphasis added.)
- b. The Series A and B PPMs state: "Invest alongside experienced sector professionals" and "[t]he Company is managed by seasoned business professionals with extensive business and sector experience. . . . At the present time, four individuals are actively involved in the management of the Company." (Emphasis added.)
- c. The Series A and B PPMs state: "The Company has established a Board of Directors, which includes highly qualified business and industry professionals. The Board of Directors will assist the Management team in making appropriate decisions and taking effective action . . . ."
- d. The Series A and B PPMs and Series A Executive Summary state that ["Executive 1"] is the "COO" and a Director of GO ECO and describe his experience, which includes roles as CEO and CFO of a Colorado-based manufacturer of aluminum sheet for packaging solutions.
- e. The Series A and B PPMs and Series A Executive Summary state that ["Managing Director 1"] is the "Managing Director" of GO ECO and describe his experience as "a seasoned player in the Private Equity and Venture Capital arenas" and a "financial engineer of emerging companies."

72. Based on the representations above, a reasonable investor would have understood that GO ECO was headed by a management team with extensive experience and that Executive 1 and Managing Director 1 were, respectively, the COO/Director and Managing Director of the company.

73. These statements were false and misleading. Executive 1 and Managing Director 1 were never employees or directors of GO ECO and were never paid by GO ECO.

74. The statements regarding GO ECO's executive leadership and board of directors were false and misleading when made, and Scarlett, Chatfield, and GO ECO knew or were reckless in not knowing, and should have known, that these statements were false and

misleading. As the president and CEO of GO ECO, Scarlett knew that Executive 1 and Managing Director 1 were not employees or directors of GO ECO.

75. Defendants omitted to state material facts that were necessary to render their statements regarding GO ECO's executive leadership not misleading. These omissions include the failure to disclose that Executive 1 and Managing Director were not employees or directors of GO ECO.

76. Scarlett and Chatfield knew at the time they distributed the statements regarding GO ECO's executive leadership and board of directors that the statements were false and misleading.

77. The above misrepresentations and omissions with respect to GO ECO's executive leadership and board of directors were material to investors and potential investors because, among other things, a reasonable investor would consider the existence and experience of the company's management team to be important facts when assessing the odds of the business succeeding, the legitimacy of the company, and the decision to make an investment.

### **III. GO ECO PREFERRED STOCK IS A SECURITY.**

78. The GO ECO preferred stock offered and sold by the Defendants is a "security" within the meaning of Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, which define a "security" to include, among other things, "any . . . stock."

### **IV. DEFENDANTS' MISREPRESENTATIONS WERE MADE AND DISSEMINATED "IN THE OFFER OR SALE" AND "IN CONNECTION WITH THE PURCHASE OR SALE" OF SECURITIES.**

79. Through the Offering Documents, Defendants offered and sold securities in the form of non-voting Series A and B Preferred Stock of GO ECO to at least 26 investors.

80. The misstatements and omissions alleged herein were made by Defendants and disseminated by Scarlett and Chatfield to induce investors to buy the securities offered through the GO ECO offerings.

81. For example, a number of the misstatements and omissions alleged herein were made in the written Offering Documents disseminated to investors by Scarlett and Chatfield, such as the PPMs, Executive Summaries, and information in transmittal emails.

82. As such, Defendants made material misstatements and omissions, and Scarlett and Chatfield disseminated material misstatements and omissions, in the offer or sale of securities as defined in Section 2(a)(1) of the Securities Act and in connection with the purchase or sale of securities as defined in Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78c(a)(10)].

83. In connection with the conduct alleged in this Complaint, Defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation or communication in interstate commerce, the means or instrumentalities of interstate commerce, or of the mails, including soliciting investors located in Colorado and other states by telephone and email, providing documents containing false and misleading statements to investors via email, and obtaining funds from those investors through interstate commerce.

**V. SCARLETT WAS A CONTROL PERSON OF CHATFIELD AND GO ECO.**

84. Scarlett had control over Chatfield and GO ECO during the Relevant Period.

85. Scarlett, as founder, president, and sole owner of Chatfield and founder, CEO, president, and a substantial shareholder of GO ECO, exercised control over the management, general operations, and policies of Chatfield and GO ECO, as well as the specific activities upon which their violations are based.

**CLAIMS FOR RELIEF**

**First Claim for Relief**

**Section 10(b) and Rule 10b-5 of the Exchange Act  
(All Defendants)**

86. The SEC realleges and incorporates by reference in this claim for relief the allegations set forth above.

87. Defendants, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly and severely recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

88. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**Second Claim for Relief**

**Section 17(a)(2) of the Securities Act  
(Scarlett and Chatfield)**

89. The SEC realleges and incorporates by reference in this claim for relief the allegations set forth above.

90. Scarlett and Chatfield, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind, obtained money or property by means of an untrue statement of material fact or omission to state a material fact necessary in order to

make the statements made, in light of the circumstances under which they were made, not misleading.

91. By virtue of the foregoing, Scarlett and Chatfield, directly or indirectly, violated and, unless restrained and enjoined, will again violate Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

**Third Claim for Relief**  
**Section 17(a)(1) and (3) of the Securities Act**  
(All Defendants)

92. The SEC realleges and incorporates by reference in this claim for relief the allegations set forth above.

93. Defendants, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind, employed a device, scheme, or artifice to defraud and engaged in transactions, practices, or a course of business which operated or would operate as a fraud or deceit upon purchasers.

94. By virtue of the foregoing, Defendants, directly or indirectly, violated and, unless restrained and enjoined, will again violate Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)].

**Fourth Claim for Relief**  
**Control Person Liability Under Section 20(a) of the Exchange Act for Violations of Section 10(b) of the Exchange Act and Rule 10b-5**  
(Alternatively, Against Scarlett)

95. The SEC realleges and incorporates by reference in this claim for relief the allegations set forth above.

96. As alleged above, Defendants violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

97. During the Relevant Period, Scarlett, as founder, president, and sole owner of Chatfield and founder, CEO, president, and a substantial shareholder of GO ECO, exercised control over the management, general operations, and policies of Chatfield and GO ECO, as well as the specific activities upon which their violations are based.

98. By reason of the foregoing, Scarlett is liable as a control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for Chatfield and GO ECO's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

### **PRAYER FOR RELIEF**

WHEREFORE, the SEC seeks the following relief:

1. Find that the Defendants committed the violations alleged in this Complaint;
2. Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, temporarily, preliminary and, permanently restraining and enjoining Defendants and their agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with them, who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.
3. Order Defendants to disgorge ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains;

4. Order Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and

5. Grant such other and further relief as this Court may deem just and proper.

**JURY DEMAND**

The SEC demands a trial by jury on all claims so triable.

Dated: March 3, 2021

Respectfully submitted,

By: *s/ Zachary T. Carlyle*

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