

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CHRISTOPHER P. VALLOS,

Defendant.

Civil Action No. 22-CV-____ (____)

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission (the “Commission” or “SEC”), for its complaint against Defendant, Christopher P. Vallos, alleges as follows:

SUMMARY

1. From at least July 2016 through at least May 2017 (the “Relevant Period”), Christopher P. Vallos engaged in a scheme to sell company stock to retail investors in the public United States securities markets, while concealing the fact that he also controlled the company. By engaging in this deceptive conduct, Vallos deprived investors of the full and fair disclosure mandated by the federal securities laws.

2. As a result of the conduct alleged herein, the Defendant violated, and unless restrained and enjoined will continue to violate, Sections 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

NATURE OF THE PROCEEDING AND RELIEF SOUGHT

3. The Commission brings this action pursuant to the authority conferred upon it by

Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)].

4. The Commission seeks a final judgment: permanently enjoining the Defendant from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint; disgorgement of all ill-gotten gains from the unlawful conduct set forth in this Complaint, together with prejudgment interest pursuant to Section 21(d) of the Exchange Act; an order permanently prohibiting the Defendant from participating in any offering of a penny stock, pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and/or Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; an order prohibiting the Defendant from serving as an officer or director of any company that has a class of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 781] or that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to Section 20(e) [15 U.S.C. § 77t(e)] of the Securities Act and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; and such other relief as the Court may deem appropriate.

JURISDICTION AND VENUE

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

6. Defendant, directly and indirectly, has made use of the means and instrumentalities of interstate commerce, of the mails and wires, and/or of the facilities of a national securities exchange in connection with transactions, acts, practices, and courses of business alleged herein.

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C.

§ 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the acts, practices, and transactions and courses of business alleged in this Complaint occurred within the District of Massachusetts. For example, during the Relevant Period, certain individuals who reside in the District of Massachusetts purchased the stock of Gold Lakes Corporation.

DEFENDANT

8. **Christopher P. Vallos**, age 48, was a resident of Painesville, Ohio during the relevant period. Vallos was the President and Chief Executive Officer of Gold Lakes Corporation from November 2014 to September 2018.

RELEVANT ENTITY

9. **Gold Lakes Corporation (“Gold Lakes”)** was a publicly-traded Nevada corporation with its principal place of business in Beachwood, Ohio. It was incorporated under the name Siga Resources, Inc. The company also previously operated under the name TNX Maverick Corp. Gold Lakes was a microcap or penny stock, the shares of which were traded under the ticker symbol “GLLK” on OTC Link LLC (an Alternative Trading System that displays quotes from broker-dealers for many over-the-counter securities operated by OTC Markets Group Inc.). Gold Lakes purported to be an exploration stage company that specialized in the acquisition and development of mining assets.

BACKGROUND

10. An “affiliate” of a company whose stock is publicly-traded (often referred to as an “issuer”) is a person or entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such issuer (i.e., a control person). “Control” means the power to direct management and policies of the company in question. Typically, affiliates include officers, directors and controlling shareholders but any person who is

under “common control” with or has common control of an issuer is also an affiliate.

11. The federal securities laws require that, before selling stock, an affiliate of a company comply with certain registration requirements, sale restrictions, and disclosure obligations. These laws are critical safeguards designed to inform investors about the nature of the stock they are holding or considering buying, and from whom they would be buying that stock.

FACTS

12. In or around November 2014, Vallos became the President and Chief Executive Officer (CEO) of Gold Lakes. As a result, Vallos had the ability to direct the management and policies of Gold Lakes, and was therefore an affiliate of Gold Lakes.

13. In or around July 2016, a company (referred to hereafter as “Company A”) loaned Gold Lakes \$50,000, and Gold Lakes executed a promissory note with Fund A in which it agreed to repay the funds to Company A. Company A was controlled by a business associate of Vallos.

14. In or around April 2017, Vallos created, and caused to be created, documentation which transferred and assigned \$1,500 of Company A’s promissory note to an individual (referred to hereafter as “Individual 1”). In other words, Gold Lakes’s obligation to pay \$1,500 of its outstanding debt to Company A was transferred from Company A to Individual 1; Gold Lakes then owed Individual 1 \$1,500. The transfer agreement also contained a right for Individual 1 to convert the \$1,500 debt obligation to 150,000,000 shares of Gold Lakes stock.

15. At this time, Individual 1, by virtue of their close relationship with Vallos, was an affiliate of Gold Lakes. However, when the documentation reflecting the transfer and assignment of the debt obligation was submitted to a registered brokerage firm, Vallos included a document that falsely stated that Individual 1 was not an affiliated party to Gold Lakes. Vallos

signed the transfer agreement and the non-affiliate letter dated April 18, 2017 in his capacity as President of Gold Lakes.

16. In or around April 2017, Vallos opened a brokerage account at a brokerage firm in Individual 1's name, using their name and other personal identifying information to open the account. Vallos also provided the brokerage firm with an attorney letter dated April 10, 2017, which falsely stated that Individual 1 was not an affiliated person as to Gold Lakes.

17. Shortly after opening the brokerage account in Individual 1's name, in or around April 2017, Vallos exercised Individual 1's right to convert the debt obligation to 150,000,000 shares of Gold Lakes stock. Vallos deposited those shares into the brokerage account he had just opened.

18. From approximately May 11 to May 19, 2017, Vallos sold all of the Gold Lakes stock in Individual 1's account and received proceeds of approximately \$13,348.26.

19. In sum, Vallos created the transfer and assignment agreement in April 2017, converted the debt to stock, and sold the stock out of Individual 1's account, all as a means to obtain Gold Lake stock that he could sell for a profit while disguising the fact that he controlled the company. In the course of the scheme, he repeatedly falsely claimed that Individual 1 was not an affiliated party, and concealed the fact that he was acting in Individual 1's name. As a result, the retail investors that purchased the Gold Lakes stock during that period were not aware that the stock was being sold by a company affiliate, and thus were denied the benefit of the disclosures required by federal securities laws.

FIRST CLAIM FOR RELIEF

FRAUD IN THE OFFER OR SALE OF SECURITIES

(Violations of Section 17(a) of the Securities Act)

20. The Commission re-alleges and incorporates by reference the allegations contained in paragraphs 1 through 19.

21. By reason of the conduct described above, Defendant, in connection with the offer or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, directly or indirectly, acting knowingly, recklessly, or, as to (ii) and (iii), negligently (i) employed devices, schemes, or artifices to defraud; (ii) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iii) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

22. By reason of the conduct described above, Defendant violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder)

23. The Commission re-alleges and incorporates by reference the allegations contained in paragraphs 1 through 19.

24. By reason of the conduct described above, Defendant, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, knowingly or recklessly, (i) employed devices, schemes, or artifices to defraud; (ii) 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 (iii) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

25. By reason of the conduct described above, Defendant violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

A. Permanently restraining and enjoining the Defendant from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and 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];

B. Ordering disgorgement of all ill-gotten gains from the unlawful conduct set forth in this Complaint, together with prejudgment interest pursuant to Section 21(d) of the Exchange

Act;

C. Permanently Prohibiting the Defendant from participating in any offering of a penny stock, pursuant to Section 20(g) of the Securities Act [15 U.S.C. §77t(g)] and/or 21(d) of the Exchange Act [15 U.S.C. §78u(d)];

D. Prohibiting the Defendant from serving as an officer or director of any company that has a class of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 781] or that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to Section 20(e) [15 U.S.C. § 77t(e)] of the Securities Act and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; and

E. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands a jury in this matter.

DATED: 9/23/2022

Respectfully submitted,

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

By its attorneys,

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