

RICHARD R. BEST
REGIONAL DIRECTOR
Sanjay Wadhwa
Celeste A. Chase
Mark R. Sylvester
Derek M. Schoenmann
Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
Brookfield Place
200 Vesey Street, Suite 400
New York, New York 10281-1022
(212) 336-0159 (Sylvester)
sylvesterterm@sec.gov

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

**TERRENCE CHALK
A.K.A. "DR. TERRENCE CASH,"
GREENLIGHT ADVANTAGE GROUP INC.,
GREENLIGHT BUSINESS SOLUTIONS INC.,
GREENLIGHT CONSULTING CORP.,
and
GREENLIGHT INVESTMENT PARTNERS
INC.,**

Defendants.

COMPLAINT

20 Civ. ____ ()

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (the "Commission"), for its Complaint against Defendants Terrance Chalk, also known as "Dr. Terrence Cash" (hereinafter, "Chalk"), Greenlight Advantage Group Inc. ("Greenlight Advantage"), Greenlight Business Solutions Inc. ("Greenlight Solutions"), Greenlight Consulting Corp. ("Greenlight Consulting"), and Greenlight Investment Partners Inc. ("Greenlight Partners"), (collectively, "Defendants"), alleges as follows:

SUMMARY

1. This matter involves fraudulent securities offerings and a Ponzi-like scheme conducted by Defendant Chalk, a convicted felon who held himself out to be an investment adviser and the chairman and founder of a network of entities through which he marketed his advisory services and offered and sold securities in unregistered transactions.

2. Chalk offered his services as a “financial coach” to unsuspecting individuals in exchange for thousands of dollars in fees, falsely claiming he had retired after selling his former company for tens of millions of dollars.

3. In reality, Chalk had not retired—he had been incarcerated for several years after pleading guilty to criminal conduct in connection with his previous business venture.

4. Chalk used an alias, “Dr. Terrence Cash,” in an apparent effort to conceal his identity and criminal history.

5. Chalk marketed his investment advisory services using the name “Greenlight,” which referenced a web of companies he owned and controlled, including Defendants Greenlight Partners, Greenlight Advantage, Greenlight Solutions, and Greenlight Consulting (collectively, the “Greenlight Defendants”).

6. From at least 2017 through 2020, Chalk recommended, offered, and sold securities related to investments in a fictitious “Chairman’s Fund” to his advisory clients and others. Chalk marketed investments in this purported “Chairman’s Fund” using the name “Greenlight.”

7. Chalk, together with Defendants Greenlight Solutions and Greenlight Consulting (collectively, the “Greenlight Issuers”), issued stocks and bonds that purported to memorialize investments in the Chairman’s Fund, and they offered and sold those securities with no registration statement filed or in effect.

8. Chalk falsely described the Chairman's Fund in marketing materials as an "elite" fund of funds which provided a "special and exclusive investment opportunity [that] regularly delivers quarterly cash dividends that average between 12%-77% per year," and "no less than 12% per year."

9. Chalk and the Greenlight Issuers sold investments in the Chairman's Fund to approximately 40 investors, taking in approximately \$5 million.

10. In fact, Chalk and the Greenlight Defendants invested only a fraction of investors' money in a handful of unprofitable business ventures.

11. Instead of using investors' money as promised, Chalk and the Greenlight Defendants withdrew almost \$1 million of investors' money in the form of cash and wire transfers, and used more than \$700,000 on Chalk's personal expenses, including on luxury car payments, credit card bills, jewelry purchases, and installation of a swimming pool at Chalk's home.

12. To perpetuate and conceal the fraud, Chalk and the Greenlight Defendants also used approximately \$1.8 million of investor money to make purported dividend payments to prior investors.

VIOLATIONS

13. By virtue of the foregoing conduct and as alleged further herein, Defendants have violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; Defendants have violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and alternatively, Defendant Chalk is liable as a control person for the Greenlight Defendants' 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], pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(e)]; Defendants Chalk and the Greenlight Issuers have violated Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)]; and Defendant

Chalk has violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1), 80b-6(2)].

14. Unless Defendants are restrained and enjoined, they will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

15. The Commission brings this action pursuant to the authority conferred upon it by Securities Act Sections 20(b) and 20(d) [15 U.S.C. §§ 77t(b) and 77t(d)], Exchange Act Section 21(d) [15 U.S.C. § 78u(d)], and Advisers Act Sections 209(d) and 209(e) [15 U.S.C. §§ 80b-9(d) and 80b-9(e)].

16. The Commission seeks a final judgment: (a) permanently enjoining Defendants from violating the federal securities laws and rules this Complaint alleges they have violated; (b) ordering Defendants to disgorge, on a joint-and-several basis, all ill-gotten gains they received as a result of the violations alleged here and to pay prejudgment interest thereon; (c) ordering Defendants to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)], Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and, additionally, ordering Chalk to pay civil money penalties pursuant to Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)]; and (d) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

17. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14].

18. Defendants, directly and indirectly, have made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and

courses of business alleged herein.

19. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14]. Defendants transacted business in the Southern District of New York, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District, including provision of investment advisory services to clients located in the Southern District of New York and the fraudulent offer and sale of securities in unregistered transactions to individuals located in the Southern District of New York.

DEFENDANTS

20. **Chalk**, age 58, of Passaic, New Jersey and Orlando, Florida, is an investment adviser and the founder, chairman, and chief executive officer of the Greenlight Defendants. Chalk does not hold any securities licenses and is not currently registered with the Commission in any capacity.

21. **Greenlight Partners** was incorporated in 2017 in Delaware, has its principal place of business in Orlando, Florida, and is solely owned and controlled by Chalk.

22. **Greenlight Advantage** was incorporated in 2017 in Delaware, has its principal place of business in Orlando, Florida, and is solely owned and controlled by Chalk.

23. **Greenlight Solutions** was incorporated in 2017 in Delaware, has its principal place of business in Orlando, Florida, and is solely owned and controlled by Chalk. Greenlight Solutions has never registered an offering or class of securities under the Securities Act or the Exchange Act.

24. **Greenlight Consulting** was incorporated in 2017 in Delaware, has its principal place of business in Orlando, Florida, and is solely owned and controlled by Chalk. Greenlight Consulting has never registered an offering or class of securities under the Securities Act or the Exchange Act.

FACTS

I. CHALK'S CRIMINAL HISTORY

25. In or around 2001, Chalk was the founder and owner of Compulinx Managed Services, Inc., a White Plains, New York-based computer systems company, and a related web of companies, many of which also were branded "Compulinx."

26. After his businesses suffered financial difficulties, Chalk sought to obtain funds by repeatedly submitting applications for loans, lines of credit, and credit cards in the names of the various business entities he controlled. These applications contained false representations that certain of Chalk's employees and clients were guarantors and/or were owners and officers of Chalk's various business entities, and included the employees' or clients' personal identification information without their knowledge or permission. Chalk even sought a loan using the name and personal information of a dead relative.

27. In October 2006, Chalk was arrested and criminally charged for this misconduct by the U.S. Attorney's Office for the Southern District of New York.

28. Chalk pleaded guilty to conspiracy to make false statements to financial institutions and aggravated identity theft, and was sentenced to 76 months of incarceration.

29. Chalk was released from prison in September 2012, and released from probation in September 2015.

II. CHALK PROVIDED INVESTMENT ADVISORY SERVICES USING THE NAME "GREENLIGHT," LURING CLIENTS BY MISREPRESENTING HIS BUSINESS SUCCESS AND CONCEALING HIS CRIMINAL PAST

30. In or around 2016, Chalk began offering financial coaching services, falsely billing himself as a "seasoned entrepreneur, accredited private investor, coach, author, and philanthropist with over 25 years of experience and success in business."

31. Chalk marketed himself as a "business, money, and wealth" coach and, as part of his

coaching services, provided clients with advice on which investments they should select, which ultimately included investments in the Greenlight entities.

32. Chalk promoted his coaching services in a number of ways, including by speaking at networking conferences for entrepreneurs, hosting private dinners for clients and prospective clients, and inviting clients and prospective clients to corporate retreats hosted by Chalk's Greenlight entities.

33. Chalk falsely claimed that he had retired after selling his profitable computer company for \$18 million in 2006, and subsequently earned "tens of millions of dollars" as a professional investor.

34. In reality, he was a convicted felon, his previous businesses had suffered financial difficulties and, until his arrest, Chalk repeatedly attempted to prop them up through fraud.

35. Chalk concealed his criminal history from prospective clients, using a different last name and mischaracterizing his time spent incarcerated as a temporary retirement.

36. Chalk also falsely used the title of "Doctor," despite never receiving a doctoral degree from any accredited institution.

37. Chalk marketed his investment advisory services using the brand name "Greenlight," and described "Greenlight" as a family of several companies that provided financial coaching services to "ordinary 9-to-5 working professionals who seek relief from the Rat Race," in order to "help[] them realize their full financial potential."

38. The majority of Chalk's clients were not sophisticated investors, and a number were retirees, including former civil servants, who were looking for a way to augment their life savings by implementing the financial advice that Chalk represented would help them "overhaul [their] investments for better gains and yields... result[ing] in a profitable and sustainable productive investments portfolio."

39. Chalk structured his financial coaching services as a series of one-on-one telephone conferences, in which Chalk provided clients with investment and other financial advice.

40. For the provision of his financial coaching services, including investment advice, Chalk charged and his coaching clients paid an annual fee ranging from \$4,000 to \$20,000 per year.

III. CHALK AND THE GREENLIGHT ISSUERS FRAUDULENTLY OFFERED AND SOLD SECURITIES

A. Chalk Created, Marketed, and Recommended to His Investment Advisory Clients Investments in a Purported “Chairman’s Fund”

41. In or around early 2017, Chalk created and began marketing a purported managed investment fund, the “Chairman’s Fund,” to current and prospective Greenlight investment advisory clients.

42. Chalk and the Greenlight Issuers marketed the Chairman’s Fund as an “elite Fund of Funds that include passive, lucrative, tax-exempt, strategic and diverse assets, all housed under the umbrella of a single private investment fund.”

43. Chalk advertised investments in the Chairman’s Fund on LinkedIn and other social media platforms. For example, on his LinkedIn profile, Chalk described the Chairman’s Fund as a “special and exclusive investment environment [that] consistently delivers quarterly cash payouts as well as double-digit returns per year.”

44. On Greenlight’s website, Greenlight Advantage described the Chairman’s Fund as follows: “Offered exclusively to Greenlight coaching clients, our Chairman’s Fund offers you strategic investment that is lucrative & diversified and provides you with passive income (paid quarterly) in a tax exempt format, thereby growing your wealth.”

45. Chalk marketed investments in the Chairman’s Fund as available exclusively to Greenlight coaching or advisory clients.

46. Interested investors who were not already Chalk’s advisory clients typically were

required to become coaching clients and pay at least one year of coaching fees, ranging from \$4,000 to \$20,000 per year, as a prerequisite for investing in the Chairman's Fund.

47. Chalk solicited and recommended investments in the Chairman's Fund during one-on-one client financial coaching sessions.

48. During such sessions, Chalk obtained financial information from clients, including details about their savings and retirement accounts.

49. Armed with this information, Chalk recommended that his advisory clients invest their savings, including their retirement savings, in the Chairman's Fund, promising significantly greater returns than what they were then earning. To facilitate investments in the Chairman's Fund, Chalk advised his clients to liquidate their existing retirement accounts and transfer the proceeds to newly established accounts at a self-directed IRA custodian. Then, acting at Chalk's direction, approximately 26 clients instructed the self-directed IRA custodian to wire their funds to one of the Greenlight Defendants for investment in the Chairman's Fund.

B. Chalk Made Numerous Misrepresentations Regarding Chairman's Fund Investments, Fabricating Historical Returns and Falsely Minimizing Investment Risk

50. Chalk typically promised a fixed rate of return on Chairman's Fund investments, including a guaranteed return of 12% per year to be paid in quarterly installments from purported investment profits.

51. Chalk encouraged certain clients to withdraw money from their retirement accounts despite incurring early withdrawal penalties, falsely assuring them that they would recover those losses quickly and earn far more over the longer term by investing in the Chairman's Fund.

52. For example, one investor incurred a \$130,000 penalty for withdrawing money from a pension account, after Chalk told the investor that, by investing in the Chairman's Fund, he would make up the loss within a year. In reality, the investor never made up the loss, and suffered an

additional loss of over 75% of his principal investment.

53. Chalk made several other misrepresentations to convince clients to withdraw their savings and retirement funds from relatively safe investments at established institutions and invest them instead in the Chairman's Fund.

54. Chalk fabricated historical returns on Chairman's Fund investments, stating that investments in the Chairman's Fund "regularly deliver[] quarterly cash dividends that average 12%-77% per year," and "no less than 12% per year."

55. Chalk misrepresented the risk of Chairman's Fund investments in a variety of ways, telling prospective investors that their principal would be secured by assets held or pledged by the Greenlight entities, that it was protected by indemnity insurance, or that the investor would have a claim on cash flows from other, unspecified Greenlight businesses. All of these representations were false.

56. Chalk falsely told prospective investors that he had invested millions of dollars of his own money into the Chairman's Fund.

57. Chalk told certain prospective investors that, if they invested in the Chairman's Fund, they would be able to withdraw their principal at any time, which was also false.

C. Chalk and the Greenlight Issuers Offered and Sold Investments in the Chairman's Fund

58. In total, approximately 40 investors, at least several of whom were retirees, invested approximately \$5 million in Chairman's Fund investments between 2017 and mid-2020.

59. Chalk, acting through the Greenlight Issuers (that is, Greenlight Consulting and Greenlight Solutions), typically provided prospective investors with written investment proposals, which reflected that an investor's money would be put into one or more of the seven funds that purportedly made up the Chairman's Fund, with little or no further detail as to what specific investments those funds would make.

60. On occasion, Chalk promised investors that he would use their money to make a specific type of investment. For example, Chalk and the Greenlight Issuers offered a purported investment in a selection of diversified cryptocurrency mining pools, promising a 20% annual return. Neither Chalk nor the Greenlight Issuers ever provided investors with any documentation substantiating that an investment in cryptocurrency actually was made.

61. Notwithstanding the marketing of the Chairman's Fund as a private investment fund or a fund of funds, investors typically memorialized investments in the Chairman's Fund by executing stock purchase agreements, drafted by or at the direction of Chalk.

62. After executing a stock purchase agreement, Chalk provided the investor with purported certificates of Greenlight Consulting capital stock or common stock, or, on occasion, with bonds issued by Greenlight Consulting or Greenlight Solutions.

63. These instruments are securities. Each of them purported to give purchasers a beneficial interest in the Chairman's Fund in exchange for investors' money. Chalk provided investors with marketing materials that described the Chairman's Fund as an investment vehicle that pooled investor money. Chalk was responsible for the selection and management of Chairman's Fund investments.

64. Chalk represented to investors, both orally and in writing, that he and the Greenlight Issuers would use investor money to make investments for the purpose of providing a return on the investors' capital.

65. Chalk and the Greenlight Issuers agreed to pay quarterly payments to investors, which they represented would be funded by investment profits.

66. Chalk offered investors the opportunity to reinvest their purported returns, and many did so.

67. Greenlight Partners distributed quarterly portfolio summaries to Chairman's Fund

investors, which listed the investments or investment vehicles to which the investor's capital purportedly had been allocated.

D. Chalk and the Greenlight Issuers Offered and Sold Chairman's Fund Investments Without Registering Any Securities Offering

68. The Greenlight Issuers did not file a registration statement with the Commission in connection with their offer or sale of the securities.

69. The Greenlight Issuers did not file any notice with the Commission contending that their offer or sale of securities was exempt from the registration requirements of the Securities Act.

70. The offer and sale of securities by the Greenlight Issuers were not exempt from the registration requirements of the Securities Act.

IV. CHALK AND THE GREENLIGHT DEFENDANTS MISAPPROPRIATED INVESTOR FUNDS, USING INVESTOR MONEY TO PAY CHALK'S PERSONAL EXPENSES AND TO MAKE PONZI-LIKE PAYMENTS TO PRIOR INVESTORS

71. Chalk and the Greenlight Issuers represented to investors that their money would be used to invest, thereby generating returns for investors, and never disclosed to investors that their money would be used to repay prior investors or to pay Chalk's personal expenses.

72. Chalk and the Greenlight Issuers appear to have used approximately \$1.2 million, which was less than one-quarter of the total amount they obtained from the sale of investments in the Chairman's Fund, to make investments in various business ventures, and such investments were largely unprofitable.

73. For example, Chalk, acting through Greenlight Advantage, invested \$295,000 in a speculative cannabinoid venture, losing most of the investment. Chalk and the Greenlight Defendants also told investors that they lost hundreds of thousands of dollars on a failed trucking venture.

74. Chalk and the Greenlight Defendants have recouped a small percentage of the

approximately \$1.2 million of investor funds used to make investments.

75. Despite this limited, unprofitable investment activity, Chalk, Greenlight Partners, and Greenlight Solutions made regular dividend payments to investors through at least late 2019, paying out a total of approximately \$1.76 million.

76. The money used to make the vast majority of these payments to investors came from new investors' capital contributions.

77. Chalk and the Greenlight Issuers typically deposited incoming capital from investors into one of two bank accounts—one in the name of Greenlight Advantage and the other in the name of Greenlight Solutions.

78. After investor funds were deposited into one of these accounts, Chalk transferred the funds to eight other accounts in the name of various Greenlight entities, including each of the Greenlight Defendants.

79. Chalk and Greenlight Advantage transferred a combined total of approximately \$1.3 million of investor funds from a Greenlight Advantage bank account to a Greenlight Partners account. Chalk and Greenlight Partners then used that approximately \$1.3 million to pay promised returns to prior investors. A Greenlight Solutions account paid the remaining approximately half a million dollars of purported returns to investors.

80. Chalk and Greenlight Partners used the Greenlight Partners bank account virtually exclusively to funnel new investor money to prior investors in the form of purported returns on their investments.

81. Chalk and Greenlight Partners provided misleading quarterly portfolio summaries, which inaccurately depicted that the investor's money had been allocated to a specific investment or investment vehicle, when, in reality, Chalk never invested most of the investor money he and the Greenlight Defendants received.

82. Instead of using the money to make investments, Chalk withdrew more than \$1 million of investor money from the Greenlight Defendants' bank accounts, in the form of cash or wire transfers to other bank accounts.

83. Chalk also diverted more than \$700,000 of investor money to pay his personal expenses, including credit card bills in his wife's name, luxury car payments, and cable TV bills.

84. Chalk also used investor funds to purchase jewelry, take a vacation to the Bahamas, and install a swimming pool at his home.

85. Chalk typically paid personal expenses using funds from the Greenlight Advantage and Greenlight Solutions bank accounts—the same accounts to which investors sent their money to be used for investments, as Chalk and the Greenlight Issuers had promised.

V. AFTER NEW INVESTMENTS SLOWED, CHALK AND THE GREENLIGHT DEFENDANTS POSTPONED PAYMENTS TO INVESTORS, FABRICATED EXCUSES FOR THE DELAY, AND THREATENED LEGAL ACTION AGAINST COMPLAINING INVESTORS

86. In or around the second quarter of 2019, new investments into the Chairman's Fund began to diminish considerably.

87. Chalk began to reduce or delay promised quarterly dividend payouts to investors, and by the end of 2019, frustrated investors had begun demanding return of their capital.

88. Chalk refused to take investors' calls. Instead, Chalk, along with others acting on behalf of Chalk and the Greenlight Defendants, sent investors a series of communications that contained various excuses for the delays in quarterly payments, none of which conveyed the reality that Chalk and the Greenlight Defendants had misappropriated investor funds.

89. Chalk, acting through a purported "Greenlight Office of Compliance & Legal Services," sent a letter to investors to deflect their efforts to redeem their investments, referencing a provision he claimed was part of their stock purchase agreements that prohibited redemptions for a period of ten years. These stock purchase agreements did not contain any such ten-year lockup

provision.

90. This investor letter also contradicted Chalk's personal assurances to certain investors, made during his solicitation of their investments in the Chairman's Fund, that they could withdraw their principal at any time.

91. In the same letter, Chalk also attempted to convince investors not to take further action to recover their principal, representing that any attempts by investors to force a liquidation of the "Chairman's Fund" would "be either unsuccessful and/or catastrophic for investors, financially."

92. Chalk and the Greenlight Defendants, through counsel, sent cease-and-desist letters and emails to certain investors who had complained about their inability to get their money back, threatening legal action if they continued to "defame" Chalk or the Greenlight Defendants, which purportedly included discussing their concerns about their investments with other investors.

93. Chalk and the Greenlight Defendants have depleted investor funds to nearly nothing.

94. Investors in the purported Chairman's Fund have suffered principal losses of approximately \$3 million.

FIRST CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)
(All Defendants)

95. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 94.

96. Defendants, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (1) knowingly or recklessly have employed one or more devices, schemes or artifices to defraud, (2) knowingly, recklessly, or negligently have obtained money or

property by means of one or more untrue statements of a material fact or omissions of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (3) knowingly, recklessly, or negligently have engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

97. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
(All Defendants)

98. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 94.

99. Defendants, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly have (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

100. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

THIRD CLAIM FOR RELIEF
Violations of Advisers Act Sections 206(1) and (2)
(Defendant Chalk)

101. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 94.

102. At all relevant times, Defendant Chalk was an investment adviser under Advisers Act Section 202(11) [15 U.S.C. § 80b-2(11)].

103. Defendant Chalk, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly has: (i) knowingly or recklessly employed one or more devices, schemes, or artifices to defraud any client or prospective client, and/or (ii) knowingly, recklessly, or negligently engaged in one or more transactions, practices, and courses of business which operated or would operate as a fraud or deceit upon any client or prospective client.

104. By reason of the foregoing, Defendant Chalk, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Advisers Act Sections 206(1) and (2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FOURTH CLAIM FOR RELIEF
Violations of Securities Act Sections 5(a) and (c)
(Defendants Chalk and the Greenlight Issuers)

105. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 94.

106. Defendants Chalk and the Greenlight Issuers, directly or indirectly, singly or in concert, (i) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect; (ii) for the purpose of sale or for delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect; or (iii)

made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

107. By reason of the foregoing, Defendants Chalk and the Greenlight Issuers violated and, unless enjoined, will again violate, Securities Act Sections 5(a) and 5(c) [15 U.S.C. §§ 77e(a) and 77e(c)].

FIFTH CLAIM FOR RELIEF
Control Person Liability for Violations of
Exchange Act Section 10(b) and Rule 10b-5(b)
(Defendant Chalk)

108. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 94.

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

110. At all relevant times, Defendant Chalk controlled the Greenlight Defendants and was a culpable participant in the Greenlight Defendants' violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

111. By reason of the foregoing, Defendant Chalk is liable as a controlling person pursuant to Exchange Act Section 20(a) [15 U.S.C. § 78t(a)] for the Greenlight Defendants' violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

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

I.

Permanently enjoining Defendants and their agents, servants, employees and attorneys and

all persons in active concert or participation with any of them from violating, directly or indirectly, Securities Act Section 17(a) [15 U.S.C. § 77q(a)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Permanently enjoining Defendants Chalk and the Greenlight Issuers and their agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Securities Act Sections 5(a) and (c) [15 U.S.C. §§ 77e(a), 77e(c)];

III.

Permanently enjoining Defendant Chalk and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1), 80b-6(2)];

IV.

Ordering Defendants to disgorge, jointly and severally, all ill-gotten gains they received directly or indirectly, with pre-judgment interest thereon, as a result of the alleged violations;

V.

Ordering Defendants to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and ordering Chalk to pay civil monetary penalties under Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)]; and

VI.

Granting any other and further relief this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: New York, New York
November 3, 2020

/s/ Richard R. Best

RICHARD R. BEST
REGIONAL DIRECTOR

Sanjay Wadhwa

Celeste A. Chase

Mark R. Sylvester

Derek M. Schoenmann

Attorneys for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

New York Regional Office

Brookfield Place

200 Vesey Street, Suite 400

New York, New York 10281-1022

(212) 336-0159 (Sylvester)

sylvesterm@sec.gov