

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

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**SECURITIES AND EXCHANGE  
COMMISSION,**

Plaintiff,

vs.

**CHRISTOPHER JOSEPH BONGIORNO,**  
an individual, and  
**JASON ALLAN ARTHUR,** an individual;

Defendants.

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Case No.: 1:20-cv-00469

Plaintiff, Securities and Exchange Commission (the “Commission”), alleges as follows:

**SUMMARY OF THE ACTION**

1. From at least September 2015 through at least November 2018 (the “Relevant Period”), Christopher Joseph Bongiorno and Jason Allan Arthur (collectively, “Defendants”) solicited numerous investors throughout the United States to purchase the securities of at least two microcap issuers, US Lighting Group, Inc (“USLG”) and Petroteq Energy, Inc. (“PQEFF”).

2. In connection with their work as securities solicitors, Defendants engaged in fraud by (1) lying to USLG and investors about their identities; (2) recruiting and paying other unregistered individuals to engage in securities solicitations; (3) in the case of Arthur, lying to an investor about his compensation; and, (4) in the case of Bongiorno, misappropriating investor funds.

3. 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.

4. Defendants received transaction-based compensation or commissions for their solicitation activities, which generally amounted to approximately 40% to 50% of investment proceeds from USLG and an average of 39% from PQEFF.

5. In total, Arthur received transaction-based compensation or gross commissions of at least \$1,174,057.10 and Bongiorno received at least \$2,356,358.91 from USLG and PQEFF during the Relevant Period.

6. By engaging in this conduct, as further described herein, Defendants violated and, unless restrained and enjoined by this Court, may continue to violate Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Sections 15(a)(1) and 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78o(a)(1) and 78j(b)] and Exchange Act Rule 10b–5 [17 C.F.R. § 240.10b–5].

#### **JURISDICTION AND VENUE**

7. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. § 77t(b) and (g)] and 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 disgorgement, prejudgment interest, civil money penalties, and such other and further relief as this Court may deem just and appropriate.

8. Defendants were involved in the offer and sale of the common stock and/or warrants of USLG and the common stock of PQEFF, which are each a “security” as that term is

defined under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

9. 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.

10. This Court has subject matter jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v], Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa], and 28 U.S.C. § 1331.

11. Venue in this District is proper because Defendants are found, inhabit, and/or 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**

12. **Christopher Joseph Bongiorno**, born 1978, is last known to reside in Shaker Heights, Ohio. Bongiorno asserted his Fifth Amendment privilege against self-incrimination and refused to testify in connection with the Commission's underlying investigation.

13. **Jason Allan Arthur**, born in 1977, is last known to reside in Henderson, Nevada. Arthur asserted his Fifth Amendment privilege against self-incrimination and refused to testify in connection with the Commission's underlying investigation.

#### **FACTS**

**A. Arthur and Bongiorno use fictitious names in seeking engagement from USLG to sell its securities.**

14. Beginning in or around September 2015, Arthur became involved with USLG after a mutual acquaintance introduced Arthur to USLG's CEO, Paul Spivak ("Spivak").

15. USLG is a Florida corporation with its primary place of business in Eastlake, Ohio. At all relevant times, USLG's common stock was traded on an over-the-counter exchange using the ticker "USLG" (and previously traded under the symbol "LXRT").

16. Arthur had prior experience in investor solicitations, and USLG was seeking to raise capital from new investors in both common stock and warrants.

17. When Arthur first met Spivak, he introduced himself using a fictitious name, Jim Gates.

18. Arthur, using the fictitious name Jim Gates, led USLG, through Spivak, to believe that Arthur had the necessary licenses to engage in investor solicitations.

19. Arthur encouraged Spivak to research Jim Gates online using the FINRA BrokerCheck application, which maintains a registry of individuals and entities who are licensed to work in the securities industry.

20. Spivak did so and found records for someone named Jim Gates.

21. After doing so, USLG, through Spivak, engaged Arthur to solicit investors on its behalf.

22. On at least one occasion, Arthur also traveled to Ohio to meet with Spivak and to tour USLG's factory.

23. Arthur recruited Bongiorno to engage in similar activities on USLG's behalf. Like Arthur, Bongiorno introduced himself to USLG, through Spivak, using the fictitious name John Powers in order to lead it to believe that Bongiorno was currently a licensed broker and directing Spivak to research John Powers online using FINRA BrokerCheck.

**B. Arthur and Bongiorno solicit investors to purchase USLG securities.**

24. Using leads that they generated through a website, among other sources, Arthur and Bongiorno began to cold call the leads to solicit prospective investors.

25. Arthur and Bongiorno introduced themselves to prospective investors using their fictitious names (Jim Gates and John Powers) and pitched the prospective investors on the value of investing in USLG.

26. Arthur and Bongiorno often promoted the value of an investment in USLG by telling prospective investors that USLG made LED lighting that cost less to produce and/or used less electricity than standard light bulbs.

27. When prospective investors expressed an interest in purchasing USLG securities, Arthur or Bongiorno sent them subscription agreements and promotional materials such as recent press releases and instructed investors to send their subscription agreements and investment funds directly to USLG.

28. Arthur or Bongiorno would then notify USLG to claim their respective responsibility for soliciting the investments for purposes of receiving transaction-based compensation or commissions. For their role as investor solicitors, USLG paid Arthur and Bongiorno transaction-based compensation or commissions averaging 40% to 50% of investor proceeds.

29. For example, with respect to one investor from Mosinee, Wisconsin, Bongiorno, using the name John Powers, cold called the investor, told the investor about USLG, and said that the value of USLG shares was about to increase. Based on these and other representations, the investor purchased a total of 69,000 shares of USLG for a total investment of \$23,500 made between November 14, 2016 and January 29, 2019.

30. As another example, in the case of one Fort Worth, Texas investor, Arthur, using the fictitious name Jim Gates, cold-called the investor and told him that USLG manufactured long-lasting lightbulbs and that the company was going to expand.

31. Arthur also told the Fort Worth, Texas investor that USLG paid him a flat salary and that he would not receive any commissions on the investor's investments.

32. Based on Arthur's representations, the Fort Worth, Texas investor purchased a total of 25,000 shares of USLG for \$12,500 between two separate investments made in or around September 2016 and October 2016.

33. In reality, Arthur was not paid salary but instead received transaction-based compensation for this investment. Through these means, Arthur obtained money from at least one investor by means of these misrepresentations and omissions, which he made knowingly or with severe recklessness. A reasonable investor would have considered the misstatements and omissions about Arthur's true compensation arrangements and use of investor funds in deciding whether to invest.

**C. Arthur and Bongiorno solicit investors to purchase PQEFF securities.**

34. Arthur and Bongiorno were also hired by PQEFF to engage in similar investor solicitation activities as part of a securities offering conducted by PQEFF.

35. PQEFF is a Canadian corporation headquartered in Sherman Oaks, California. At all relevant times, PQEFF's common stock was traded on an over-the-counter exchange using the ticker "PQEFF."

36. As with USLG, Arthur and Bongiorno, operating under their fictitious names, engaged in cold-call solicitations of prospective PQEFF investors and pitched them on the value of an investment in PQEFF.

37. When solicited prospects decided to invest in PQEFF, Arthur and Bongiorno sent them subscription agreements and instructed them as to how to make their PQEFF investments.

38. For example, Bongiorno told the Mosinee, Wisconsin, investor over the phone that PQEFF had developed a cost-efficient process to extract oil from reclaimed oil sands, which would translate into a high rate of return on an investment. Based on these and other representations, the investor purchased a total of \$15,000 in PQEFF stock in two separate purchases made in or around January 2017 and November 2017.

39. Generally, the investors who Arthur and Bongiorno solicited sent their funds directly to PQEFF; however, in at least two instances, Bongiorno directed investors to send their investment funds to North Star Assets LLC, an entity that Bongiorno controls.

40. Specifically, in or around November 28, 2017, pursuant to Bongiorno's direction, the Mosinee, Wisconsin investor sent a check in the amount of \$5,000 to North Star Assets LLC.

41. In or around December 7, 2017, pursuant to Bongiorno's direction, an investor from Oakley, California sent a check in the amount of \$25,000 to North Star Assets LLC.

42. Financial records demonstrate no subsequent transfer of funds from North Star Assets LLC to PQEFF, but instead show that the funds were then transferred elsewhere, including to Bongiorno's wife, to other entities Bongiorno controls, and to Arthur. Further, PQEFF transfer agent records likewise do not reflect any issuance of PQEFF shares to either investor at or around the time that North Star Assets LLC received the funds from those investors.

43. Through these means, Bongiorno obtained money, at least \$30,000 from investors, by means of misrepresentations and omissions. Bongiorno failed to disclose that he intended to and did use investor funds for other things than investments in PQEFF. Bongiorno

made these misrepresentations and omissions knowingly or with severe recklessness. A reasonable investor would have considered Bongiorno's misstatements and omissions about the use of investor funds important in deciding whether to invest.

44. For their role as investor solicitors, PQEFF paid Arthur and Bongiorno transaction-based compensation or commissions averaging 39% of investor proceeds.

45. In total, by means of their investor solicitation activities on behalf of USLG and PQEFF, Arthur and Bongiorno received transaction-based compensation or gross commissions totaling at least \$1,174,057.10 and \$2,356,358.91, respectively.

46. By using fictitious names, Arthur and Bongiorno knowingly or with severe recklessness made material misrepresentations and omissions to USLG and investors. A reasonable investor would have considered the misstatements and omissions about their true identities important in deciding whether to invest, particularly where, unlike their assumed identities, Arthur and Bongiorno were not licensed to engage in securities solicitations and were neither registered with the Commission as brokers or dealers nor associated with a broker or dealer registered with the Commission.

**D. Arthur and Bongiorno hire others to work below them to solicit investors.**

47. In addition to their own selling efforts, Arthur and Bongiorno also hired several other individuals to work below them to solicit investors to purchase securities.

48. To find solicitors to hire, Bongiorno posted various Craigslist advertisements including one example that was posted on or around October 17, 2017, recruiting "seasoned closers" with "experience in private equity, PPMs."

49. As another example, Arthur posted a Craigslist advertisement on or around January 3, 2017, “looking for OPENERS” and touting that “[w]e provide an Online CRM<sup>1</sup> FULL of leads.”

50. When applicable, Arthur and Bongiorno paid a portion of their transaction-based compensation or commissions to the solicitors working below them via checks, wires, and/or interbank transfers.

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

51. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1–50, inclusive, as if they were fully set forth herein.

52. By engaging in the conduct described above, Defendants:

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.

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

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<sup>1</sup> The Commission understands CRM to be an acronym for “customer relationship management” and to be a reference to software used to manage leads.

**SECOND CLAIM FOR RELIEF**

**Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]  
(Against each Defendant)**

54. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1–50, inclusive, as if they were fully set forth herein.

55. By engaging in the conduct described above, Defendants, directly or indirectly, individually or in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce or by use of the mails has (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or 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 (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit.

56. With respect to violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Defendants were at least negligent in their conduct and in the untrue and misleading statements alleged herein.

57. With respect to violations of Section 17(a)(1) of the Securities Act, Defendants engaged in the above-referenced conduct knowingly or with sever recklessness.

58. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

**THIRD CLAIM FOR RELIEF**

**Violations of 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]  
(Against each Defendant)**

59. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1–50, inclusive, as if they were fully set forth herein.

60. By engaging in the conduct described above, Defendants, directly or indirectly, individually or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails has (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material facts or omitted 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 (c) engaged in acts, practices, and course of business which operated as a fraud and deceit upon purchasers, prospective purchasers, and other persons.

61. Defendants engaged in the above-referenced conduct and made the above-referenced untrue and misleading statements knowingly or with severe recklessness.

62. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate 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].

**PRAYER FOR RELIEF**

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

**I.**

Permanently restraining and enjoining Defendants from, directly or indirectly, engaging in conduct in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a)(1) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)(1)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

**II.**

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

**III.**

Ordering Defendants to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

**IV.**

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

**V.**

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,

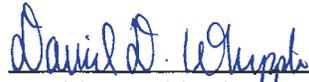
**VI.**

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: February 28, 2020.

Respectfully submitted,

**SECURITIES AND EXCHANGE COMMISSION**



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