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**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA**

Case No. 0:19-cv-62532

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

Richard Andrew Mallion, an individual;

Defendant.

COMPLAINT

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

SUMMARY OF THE ACTION

1. From at least May 2016 through at least October 2018, Richard Andrew Mallion ("Defendant") actively solicited individuals throughout the United States to invest in the securities of microcap issuers Virtual MediClinic USA LLC and US Lighting Group, Inc (f/k/a The Luxurious Travel Corporation).

2. In connection with his solicitation efforts, Mallion made material misstatements to investors concerning matters such as the use of investor funds and the future public-trading status and price of the solicited security.

3. Defendant earned transaction-based compensation for his solicitation activities, which generally amounted to 40% of investment proceeds.

4. While Mallion engaged in these solicitations, he was neither registered with the Commission as a broker or dealer nor associated with a broker or dealer registered with the Commission.

1 5. Mallion also participated in a fraudulent scheme involving the use of securities-
2 solicitation call centers to effect coordinated trades.

3 6. By engaging in this conduct, as further described herein, Defendant violated and,
4 unless restrained and enjoined by this Court, may continue to violate Sections 5(a), 5(c), and
5 17(a) of the Securities Act of 1933 [15 U.S.C. §§ 77e(a), (c), 77q(a)], Sections 10(b) and
6 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b),
7 78o(a)(1)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].
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9 **JURISDICTION AND VENUE**

10 7. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the
11 Securities Act [15 U.S.C. § 77t(b), (g)] and Sections 21(d) and (e) of the Exchange Act [15
12 U.S.C. § 78u(d) and (e)] to enjoin such acts, practices, and courses of business, and to obtain
13 disgorgement, prejudgment interest, civil money penalties, and such other and further relief as
14 this Court may deem just and appropriate.
15

16 8. Defendant was involved in the offer and sale of the common stock of two
17 microcap companies, which are each a “security” as that term is defined under Section 2(a)(1) of
18 the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [5 U.S.C. §
19 78c(a)(10)].
20

21 9. Defendant, directly or indirectly, made use of the mails or the means or
22 instrumentalities of interstate commerce in connection with the conduct alleged in this
23 Complaint.
24

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

1 11. Venue in this District is proper because Defendant is found, inhabits, and/or
2 transacted business in the Southern District of Florida and/or because one or more acts or
3 transactions constituting the violations occurred in the Southern District of Florida.

4 **DEFENDANT**

5 12. **Richard Andrew Mallion**, age 54, is last known to reside in Davie, Florida.
6 Mallion has been self-employed in promoting and selling shares of microcap issuers.
7

8 **FACTS**

9 **Virtual MediClinic USA LLC**

10 13. At some point between late 2016 and early 2017, Mallion became involved in the
11 sale of the securities of Virtual MediClinic USA LLC (“Virtual MediClinic”).
12

13 14. Mallion would call prospective investors and tell them that their investment funds
14 would be used to fund Virtual MediClinic’s plans to go public and that Virtual MediClinic’s
15 shares would soon be publicly trading under the symbol VMCO.

16 15. Mallion told prospective investors that once Virtual MediClinic was public,
17 investors would be able to sell their shares for \$2.00 to \$3.00 per share.
18

19 16. Mallion had no reasonable basis for stating that Virtual MediClinic’s shares
20 would trade at that price.

21 17. One such investor who Mallion solicited, D.H., purchased 100,000 shares of
22 Virtual MediClinic in March 2017 for \$10,045.00, which D.H. wired to a company controlled by
23 Mallion.
24

25 18. After D.H. made his investment, he had subsequent conversations with Mallion,
26 during which Mallion would repeatedly extend the date by which Virtual MediClinic would
27 begin publicly trading.
28

1 19. At or around November 2017, Mallion informed D.H. that Mallion was no longer
2 affiliated with Virtual MediClinic and that he had no intention of taking it public.

3 20. D.H. requested the return of his investment funds, but Mallion informed D.H. that
4 he could not repay D.H. because he had already spent D.H.'s investment on business and
5 personal expenses.
6

7 **The Luxurious Travel Corp./US Lighting Group, Inc**

8 21. Mallion was also involved with The Luxurious Travel Corp., which after a July
9 2016 merger became known as US Lighting Group, Inc ("LXRT/USLG").

10 22. Mallion helped facilitate the LXRT/USLG merger by identifying a public shell
11 company (LXRT) with which USLG could merge and acquiring some of the LXRT shares at the
12 time of the merger.
13

14 23. Specifically, Mallion purchased a total of 1.5 million purportedly unrestricted
15 shares of LXRT from LXRT's undisclosed control person, M.B, on or around July 26, 2016.

16 24. Mallion purchased these shares at the advice of M.B.'s attorney, who explained
17 that if USLG's control person, P.S., took control of them, they would then become restricted.
18

19 25. After purchasing the unrestricted shares, Mallion was to sell them and use the sale
20 proceeds to (a) pay some of USLG's legal fees arising from the merger with LXRT, (b) purchase
21 the remaining unrestricted shares, and (c) purchase restricted LXRT/USLG shares from the
22 issuer via one or more subscription agreements.
23

24 26. Of the initial 1.5 million ostensibly unrestricted shares that Mallion purchased, he
25 sold 1 million to investors via direct transactions in which Mallion would instruct the transfer
26 agent to issue new certificates to the purchaser after Mallion received payment.
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1 27. As for the other 500,000 shares, Mallion deposited these into brokerage accounts
2 and sold them into the market shortly after purchasing them.

3 28. To create a ready market in which to sell these shares, Mallion hired a call-center
4 operator who was engaged in securities solicitations.

5 29. At Mallion's direction, the call-center operator engaged in a scheme that operated
6 as follows:
7

- 8 a. Solicitors employed at the call center used purchased lead lists to call
9 prospective investors throughout the United States and inquired whether the
10 prospect had an active brokerage account with online order-entry
11 functionality.
12
- 13 b. If the prospective investor had such a brokerage account, the solicitors would
14 pitch LXRT/USLG to the prospect.
15
- 16 c. Once a prospective investor was persuaded to purchase LXRT/USLG and
17 determined how much money he or she would like to invest, the solicitor
18 would tell the investor that a "market maker" needed to be contacted to
19 determine the appropriate share price.
20
- 21 d. Instead of contacting a market maker, the solicitor would pass this information
22 on to the call-center operator, who would contact Mallion.
23
- 24 e. Mallion would then check the current level II quotation (which shows the
25 offers on the ask and bid) for LXRT/USLG and provide the call center-
26 operator with a limit order price.
27
- 28 f. The call-center operator would communicate that price to the solicitor, who
 would pass the information along to the investor.

- 1 g. The solicitor would instruct the investor to enter a purchase limit order online
2 in the investor's brokerage account at the coordinated price. At the same time,
3 Mallion would place a sell limit order for the same amount of shares at the
4 same price.
- 5 h. Through these means, the investor's buy order and Mallion's sell order were
6 likely to match, thus enabling Mallion to liquidate his position in
7 LXRT/USLG piecemeal into a market with ready purchasers.
- 8 i. The call-center operators and Mallion would discuss how many shares of the
9 investor's order were "captured" (*i.e.*, matched between the investor and
10 Mallion), and Mallion would pay the call-center operator a commission.
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13 30. In addition to the above-discussed conduct, after the completion of the
14 LXRT/USLG merger, Mallion was also involved in soliciting prospective investors to purchase
15 restricted shares of USLG via subscription agreements.
16

17 31. Mallion used lead lists to engage in cold-call solicitations of prospective investors
18 throughout the United States and distributed subscription agreements to interested prospects.

19 32. When soliciting prospective investors, Mallion used the alias Richard Burnstein in
20 order to conceal his true identity from the prospects.

21 33. Through this offering, USLG raised over \$6 million.

22 34. USLG did not register its securities offerings with the Commission.
23

24 **FIRST CLAIM FOR RELIEF**

25 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**

26 35. The Commission re-alleges and incorporates by reference each and every
27 allegation in paragraphs 1–34, inclusive, as if they were fully set forth herein.

28 36. By engaging in the conduct described above, Defendant:

1 a. engaged in the business of effecting transactions in securities for the
2 account of others; and

3 b. directly or indirectly, made use of the mails or the means or
4 instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to
5 induce the purchase or sale of, securities without being registered as a broker or dealer with the
6 Commission or associated with a broker or dealer registered with the Commission.
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8 37. By reason of the foregoing, Defendants violated and, unless enjoined, will
9 continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].
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11 **SECOND CLAIM FOR RELIEF**
12 **Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]**

13 38. The Commission re-alleges and incorporates by reference each and every
14 allegation in paragraphs 1–34, inclusive, as if they were fully set forth herein.

15 39. By engaging in the conduct described above, Defendant, directly or indirectly,
16 individually or in concert with others, in the offer and sale of securities, by use of the means and
17 instruments of transportation and communication in interstate commerce or by use of the mails
18 has (1) employed devices, schemes, or artifices to defraud; (2) obtained money or property by
19 means of untrue statements of material fact or omissions to state material facts necessary in order
20 to make the statements made, in light of the circumstances under which they were made, not
21 misleading; and (3) engaged in transactions, practices, or courses of business which operated or
22 would operate as a fraud or deceit.
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25 40. With respect to violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act,
26 Defendant was at least negligent in his conduct and in the untrue and misleading statements
27 alleged herein.
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FOURTH CLAIM FOR RELIEF

Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a), 77e(c)]

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47. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1–34, inclusive, as if they were fully set forth herein.

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48. By engaging in the conduct described above, Defendant, directly or indirectly:

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a. made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, as to which no registration statement was in effect, through the use or medium of any prospectus or otherwise;

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b. carried or caused to be carried through the mails or in interstate commerce, by any means or instrument of transportation, securities, as to which no registration statement was in effect, for the purpose of sale or for delivery after sale; and,

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

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49. In regard to the sale of securities described herein, no exemption validly applied to the registration requirements described above.

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50. By reason of the foregoing, Defendant violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a), 77e(c)].

PRAYER FOR RELIEF

1
2 WHEREFORE, the Commission respectfully requests that this Court enter a final
3 judgment:

4 **I.**

5 Permanently restraining and enjoining Defendant from, directly or indirectly, engaging in
6 conduct in violation of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a),
7 77e(c), 77q(a)], Sections 10(b) and 15(a)(1) of the Exchange Act [15 U.S.C. §§ 78j(b),
8 78o(a)(1)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

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10 **II.**

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

14 **III.**

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

17 **IV.**

18 Ordering Defendant to pay a civil penalty pursuant to Section 20(d) of the Securities Act
19 [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

20 **V.**

21 Retaining jurisdiction of this action in accordance with the principles of equity and the
22 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and
23 decrees that may be entered, or to entertain any suitable application or motion for additional
24 relief within the jurisdiction of this Court; and,
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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: October 10, 2019.

Respectfully submitted,

By:



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