



REPLY TO:
Deborah W. Flood
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By Regular Mail

June 24, 2021

Dear Mr. Mulholland:

Gregg R. Mulholland Reciprocal Order Application

This letter notifies you and the British Columbia Securities Commission (the Commission) that the Executive Director of the Commission (the Executive Director) is applying for orders against you under sections 161(6)(a), (b) and (d) and 161(1) of the *Securities Act*, RSBC 1996, c. 418 (the Act).

The Executive Director is making this application based on the findings and orders in:

- *United States of America v. Mulholland and others*, Cr. No. 14-476 (S-2) (ILG) (Criminal Action)
- *Securities and Exchange Commission (SEC) v. Gregg R. Mulholland*, Case No. 15 Civ. 03668 (SEC Civil Action); and
- *In the Matter of Gregg R. Mulholland*, file no. 3-17775 (SEC Administrative Action).

BACKGROUND

1. Between 2015 and 2017, you were charged civilly, criminally, and administratively for your misconduct regarding the sale of Vision Plasma Systems Inc. (VLNX) securities.

Criminal Action

2. In an indictment dated February 26, 2016, you were charged with four offences including two counts of securities fraud, conspiracy to commit securities fraud, and one count of money laundering conspiracy.

Indictment, p. 20-28

3. In 2017, you pleaded guilty to one count of money laundering conspiracy which involved fraud in the sale of securities. You received a jail sentence of 12 years.

Criminal Sentencing Order



SEC Civil Action

4. On June 23, 2015, the SEC filed a complaint alleging you were involved in the unregistered distribution of VLNX securities contrary to sections of the Securities Act of 1933.

Complaint

5. On December 22, 2016, you provided your consent to a final judgment.

Consent

6. In the Consent, you acknowledged your guilty plea in the Criminal Action relating to certain matters in the Complaint. Specifically, you acknowledged that the count to which you pleaded guilty in the Criminal Action incorporated 47 paragraphs of the Indictment. Three of these paragraphs (40 through 42), concerned VLNX and the allegations in the SEC Civil Action.

Consent, para. 2

7. On January 9, 2017, a final judgment was declared by a United States District Judge imposing sanctions on you.

Final Judgment

SEC Administrative Action

8. On December 5, 2016, in anticipation of public administrative proceedings to be instituted against you, you submitted an offer of settlement which the SEC accepted.

Offer of Settlement

9. On January 13, 2017, on the basis of your offer, the SEC made findings and imposed sanctions on you.

Order Making Findings

Summary of Findings from the SEC Civil and Administrative Actions and Criminal Action

10. The following findings were admitted by you in the three actions:

- (a) Between 2011 and 2014, you were the secret owner of Legacy Global Markets S.A., an unregistered broker dealer domiciled in Belize.

Order Making Findings, Section III, para. 1,
Offer of Settlement



- (b) From 2011 to 2012, you participated in an offering of VLNX, a penny stock.

Order Making Findings, section III, para. 1
Offer of Settlement

- (c) You secretly beneficially owned and controlled at least approximately 84 million VLNX shares, comprising of at least 85% of VLNX's public float.

Order Making Findings, section III, para. 5
Offer of Settlement

- (d) A number of defendants named in the Indictment conspired with you to fraudulently manipulate the price and volume of VLNX's stock.

Indictment, para. 41

- (e) In or about June 2011, approximately 100 million shares of VLNX were issued to ten different international business corporations (IBC). You paid for and beneficially owned nine of these ten IBCs, which in turn owned approximately 84 million shares of VLNX stock.

Indictment, para. 41

- (f) You concealed your beneficial ownership of VLNX's shares from the investing public in violation of SEC rules and regulations.

Indictment, para. 41

- (g) On August 16, 2012, you sold 84 million shares of VLNX, resulting in proceeds of approximately \$21 million.

Order Making Findings, Section III, para. 5
Offer or Settlement

- (h) You are also known as "Stamps" and "Charlie Wolf". You controlled a group of approximately a dozen individuals (the Mulholland Group), which was responsible for fraudulently manipulating the stock of more than forty U.S. publicly traded companies and then transferring, through attorney escrow accounts associated with five offshore law firms, more than \$250 million in fraudulent proceeds, into accounts controlled by the Mulholland Group in the U.S. and Canada.

Indictment, para. 22



- (i) Between January 2009 and September 2014, you and your co-conspirators, together with others, created numerous shell companies and bank accounts through which passed more than \$250 million in fraudulent proceeds connected to more than 100 clients.

Indictment, para. 21

- (j) You pleaded guilty to knowingly and willfully conspiring with others to conduct financial transactions affecting the wire transfer of money and securities, involving the proceeds of fraud in the sale of securities. This was done with the intent to conceal and disguise the nature, location, source, ownership, and control of property believed to be the proceeds of unlawful activities contrary to the United States Code.

Indictment, Count three, paras. 53-55

THIS APPLICATION

11. With this letter, the Executive Director is applying to the Commission for orders against you under section 161 of the Act. I enclose a copy of section 161 of the Act for your reference.
12. In making orders under section 161 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities.
13. Orders under section 161(1) of the Act are protective, preventative and intended to be exercised to prevent future harm.

[Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII), paras. 36, 39, and 56

14. In *[Re Eron Mortgage Corporation](#)*, [2000] 7 BCSC Weekly Summary 22, and in subsequent decisions, the Commission identified factors to consider when determining orders under section 161(1).
15. The following factors from *Re Eron* are relevant in this proceeding:
 - (a) the seriousness of the respondent's conduct,
 - (b) the harm suffered by investors as a result of the respondent's conduct,
 - (c) the extent to which the respondent was enriched;
 - (d) the respondent's past conduct;
 - (e) mitigating factors;
 - (f) the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia,



- (g) the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
- (h) the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
- (i) the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- (j) orders made by the Commission in similar circumstances in the past.

[Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22

Application of the Factors
Seriousness of the Conduct

Criminal Action

16. You took market manipulation to a level that is rarely seen in the markets. You were involved in one of largest stock manipulation scheme prosecuted in the district of New York. The pump-and-dump operation produced \$250 million.

Sentencing Transcript, p. 31, l. 9-11, p.46, l. 6-8

17. Your misconduct lasted over a lengthy period of three or four years.

Sentencing Transcript, p. 45, l. 22-24

18. You inflated the price of penny stocks fraudulently. You increased the stock from three cents to three and a half dollars, and when it reached that high, you dumped the stocks.

Sentencing Transcript, p. 46, l. 12-15

SEC Actions

19. Unregistered trading is inherently serious. Registration is one of the Act's foundational requirements for protecting investors and preserving the integrity of the capital markets. It requires those who wish to distribute securities to file a prospectus with the Commission or to have an exemption from this requirement. This is intended to ensure that investors receive the information necessary to make an informed investment decision.

[Re Flexfi Inc.](#), 2018 BCSECCOM 166, para. 45

20. The registration requirement in the US (and the equivalent prospectus delivery and exemption requirement in British Columbia) is a fundamental element of investor protection in securities legislation. Its purpose is to ensure that investors are provided with adequate disclosure about the securities that they purchase. Failure to comply with these requirements deprives investors of critical information and damages the capital markets.



[Re Pierce](#), 2016 BCSECCOM 264, para. 41

Harm suffered by investors

21. There are countless victims in this case and they're nameless and faceless largely because there are so many of them.

Sentencing Transcript, p. 34, l. 22-24

Enrichment

SEC Actions

22. You were significantly enriched in the amount of \$21 million as a result of your misconduct.

Final Judgment, section III., para. 5

Criminal Action

23. For a period of three or four years, you were pumping and dumping stock and amassing a very significant amount of wealth...the amount of houses and airplanes, things that you managed to acquire were enormous.

Sentencing Transcript, p. 45, l. 22-25, p. 46, l. 1-2

Mitigating factors

24. The Commission has previously held that it is a significant mitigating factor when respondents admit liability pre-hearing.

[Re Flexfi Inc.](#), 2018 BCSECCOM 166, para. 70

25. Your guilty plea in the Criminal Action and your consents to the orders in the SEC actions are mitigating factors.

Aggravating factors

26. A significant aggravating factor is the structuring of your activities to hide your involvement in the affairs of a reporting issuer and to attempt to hide your illegal trading activity. This demonstrates a clear and concerted effort to circumvent and evade securities laws.

27. It is an aggravating factor to attempt to avoid the application of the registration and prospectus requirements of the Act.

[Pacific Ocean Resources Corporation \(Re\)](#), 2012 BCSECCM 104 (CanLII), para. 14



Past Misconduct

28. A significant aggravating factor is that you have a history of securities regulatory misconduct. You are a recidivist. You were a securities fraudster before the Criminal Action. You were very, very much aware what you were doing was wrong because you were involved in it before.

Sentencing Transcript, p. 48, l. 12-15

29. You were previously charged by the SEC for participating in a market manipulation scheme that occurred in 2008 (*SEC v. Ruettinger, et al.* No. 2:11-CV-0211).

SEC Complaint 2011

30. You and your co-conspirators allegedly used a company as a vehicle for a pump-and-dump scheme in 2008 that generated approximately \$11 million in profits.

SEC Complaint 2011, para. 1

31. On July 14, 2011 you entered into a consent injunction with the SEC which prohibited you from committing any future injunction violations of certain sections of the Securities Act of 1933 and the Securities Exchange Act of 1934.

Consent 2011, para. 9

32. The SEC obtained a monetary judgment against you in the amount of \$5,309,434.94 in disgorgement, prejudgment interest, and civil penalties, none of which had been paid at the time of the SEC Administrative Action in 2015.

Complaint para. 9
Government Sentencing Memorandum, p. 10, para. 2

The risk to investors and the capital markets

33. Those who engage in market manipulation intend to deceive and harm the investing public. They represent serious risks to our capital markets.

[*Re Lim*](#), 2017 BCSECCOM 319, para. 27

34. This is not a case where we have evidence of specific harm to individual investors. However, the deceptive manufacturing of shell companies causes significant harm to our capital markets.

[*Re Hamilton*](#), 2019 BCSEECOM 115, para. 20

35. Market manipulation compromises the integrity of the entire market. Its impact extends beyond the victims who lost money to the investing public as a whole.



Poonian (Re), 2015 BCSECCOM 96 (CanLII), para. 15

36. Your misconduct demonstrates that you have no concern for investors or for legitimate market participation. There is no basis to believe that you will abide by securities laws in the future and your presence in B.C.'s capital markets in any capacity represents a serious risk to investors.

Fitness to be a registrant, director, officer or advisor

37. Your disregard of securities regulations shows that your participation in the capital markets poses a risk and you are ill-suited to act as a registrant, director or officer or as an advisor to any private or public issuers going forward.

Deterrence

38. You have a long history of participating in stock manipulation schemes. You have ignored previous SEC injunctions and sanctions regarding prior, similar misconduct. The need for specific deterrence cannot be overstated. Additionally, the need for general deterrence is incredibly high, especially because sophisticated market manipulation schemes are difficult to detect and prosecute. It is very difficult to infiltrate these kinds of schemes and therefore, it is vitally important for the market to know that these offences are treated seriously.
39. Through the orders we are seeking, we intend to demonstrate the consequences of your conduct, to deter you from future misconduct, and to create an appropriate general deterrent. Permanent bans are proportionate to your misconduct and are necessary to ensure that you and others will be deterred from engaging in similar misconduct in the future.

Previous orders

40. We refer to a number of decisions for guidance on the appropriate sanction. The Commission ordered permanent market bans in the decisions below. The decisions involve the same contravention (market manipulation and illegal distribution) or similar contraventions, and similarly to you, many of the respondents in the decisions were significantly enriched by their misconduct.
- *Poonian (Re)*, 2015 BCSECOM 96 (CanLII)
 - The respondents acquired a dominant share position in an issuer at \$0.10 to \$0.17 per share. The respondents dominated trading and manipulated the issuer's share price to a high near \$2.00. They made approximately \$7 million in profit by selling a large number of the issuer's shares to unsuspecting buyers.
 - *Re Deyrmenjian*, 2019 BCSECCOM 93
 - The respondent Craven was found to have manipulated the shares of an issuer. There was no evidence that Craven was enriched by the



misconduct. The panel found Craven had a history of regulatory misconduct after the SEC obtained a judgment against him for carrying out a “pump and dump” scheme to manipulate the public trading market of an issuer.

- [Re Sungro](#), 2015 BCSECCOM 281
 - The respondent Williams was found to have manipulated the shares of an issuer. Williams was enriched in the amount of \$595,000. The panel found Williams had a history of regulatory misconduct after the SEC obtained a judgment against him after he allegedly recommended and encouraged two stocks to investors while he secretly sold millions of shares that he had received from the companies for promoting their stock, making a profit of over US\$2.3 million for himself and his companies
- [Samji \(Re\)](#), 2015 BCSECCOM 29 (CanLII)
 - The respondent in this case perpetrated a fraud when she traded securities to no fewer than 200 investors for proceeds of not less than \$100 million. The respondent was enriched in the amount of \$11 million.
- [JV Raleigh Superior Holdings Inc. \(Re\)](#), 2012 BCSECCOM 492 (CanLII)
 - The respondents traded in securities without being registered to do so, and distributed those securities without filing a prospectus, when they distributed securities for proceeds of \$5.7 million. The respondents were enriched in the amount of \$5.7 million.
- [Michaels \(Re\)](#), 2014 BCSECCOM 457
 - The respondent committed fraud and misrepresentation, as well as illegally distributed securities. The respondent was enriched in the amount of \$5.8 million.

41. There are no identical decisions in our jurisdiction containing similar misconduct and enrichment. The most comparable decision on enrichment is *Samji (Re)*, and the most comparable decisions on misconduct are *Sungro* and *Deyrmenjian*. Similar to you, Craven in *Deyrmenjian* and Williams in *Sungro* were both recidivists, as they both had previous SEC judgments against them.
42. Permanent market orders such as the ones ordered against Craven and Williams in *Sungro* and *Deymenjian* are consistent with the egregious nature of your intentional and deliberate conduct.
43. Considering the findings and the application of the relevant *Eron* factors to the evidence, you are deserving of significant rebuke and orders at the upper end of



the spectrum. Only permanent market bans would protect the investing public and the capital markets in B.C.

The Davis Consideration

44. In the Court of Appeal decision in *Davis v. British Columbia (Securities Commission)*, 2018 BCCA 149, the Court identified that it is incumbent upon a tribunal to consider a respondent's individual circumstances when determining whether measures short of a permanent ban would protect the investing public where a person's livelihood is at stake.

45. You had a long career in the financial sector. Despite that, a large portion of the time that you were involved in securities you engaged in securities fraud.

Sentencing Transcript, p. 47, l. 25, p. 48, l. 1

46. On February 6, 2017, you were sentenced to a 12 year prison sentence, with three years of supervised release.

Sentencing Order, p. 3-4

47. You are currently in prison, serving a sentence for your misconduct. You have a release date of September 12, 2025.

Inmate Locator

48. The Executive Director has received no information that measures short of a permanent would protect the investing public.

Connection to B.C.

49. You are a dual citizen of the U.S. and Canada.

Government Sentencing Memorandum, p. 2, para. 2

50. You own property in Whistler and Vancouver.

Government Sentencing Memorandum, p. 5, para. 2

ORDERS SOUGHT

51. In the SEC Civil Action, the following orders were imposed in the Final Judgment:

(a) Permanent bar from violations of section 5(a) and 5(c) of the US Securities Act;

(b) Permanent prohibition on you, directly or indirectly, participating in the issuance, purchase, offer, or sale of any security;



- (c) Permanent prohibition on you, directly or indirectly, soliciting any person or entity to purchase or sell any security;
 - (d) Permanent prohibition on you from, directly or indirectly, engaging in any activity for the purpose of inducing or attempting to induce the purchase or sale of any security, causing any person or entity to engage in any activity for the purpose of inducing or attempting to induce the purchase or sale of any security, or deriving compensation from any activity engaged in for the purpose of inducing or attempting to induce the purchase or sale of any security;
 - (e) Disgorgement in the amount of \$24,659,355.57; and
 - (f) Orders b-d include an exception that that does not prevent you from purchasing or selling securities listed on a national securities exchange for your own personal account in your own name.
52. In the SEC Administrative Action, orders were made prohibiting you from:
- (a) association with any broker, dealer, investment adviser, municipal securities dealer, and others; and
 - (b) participating in any offering of a penny stock including: acting as a promoter, finder, consultant, agent or other persons who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Order Making Findings, Section IV

53. Although there is no limitation on the Commission from imposing a capital market sanction that is similar or different to the SEC sanctions, the Commission needs to consider the enforcement orders available under the Act, and what is reasonable based on the evidence known to it, as well as what is in the public interest.
54. In seeking orders under 161(1) of the Act, the Executive Director has taken the following factors into consideration when applying for orders in this proceeding:
- (a) the circumstances of your misconduct;
 - (b) findings from the criminal, civil, and administrative proceedings;
 - (c) the factors from *Eron* and *Davis*;
 - (d) the sanctions ordered in previous cases cited above; and
 - (e) the public interest.



55. You participated in numerous sophisticated market manipulations over a long history. Your actions demonstrate an individual who lacks character and integrity. The extent of your criminality and culpability is beyond doubt. In light of the seriousness of your misconduct, we find it to be in the public interest to seek permanent market prohibition orders against you. Accordingly, the Executive Director seeks the following orders against you:

- (a) under section 161(1)(d)(i), you resign any position you hold as a director or officer of an issuer or registrant;
- (b) you are permanently prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives,
 - (ii) under section 161(1)(c), from relying on any of the exemptions set out in this Act, the regulations or a decision;
 - (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
 - (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
 - (v) under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities market; and
 - (vi) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
 - (A) an issuer, security holder or party to a derivative, or
 - (B) another person that is reasonably expected to benefit from the promotional activity; and
 - (vii) under section 161(1)(vi) from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.

56. The Executive Director is not seeking any monetary sanctions against you.

SUPPORTING MATERIALS

57. In making this application, the Executive Director relies on the following, copies of which are enclosed:



- (a) Indictment
- (b) Criminal Sentencing Order
- (c) Plea Agreement
- (d) Complaint
- (e) Consent
- (f) Final Judgment
- (g) Offer of Settlement
- (h) Order Making Findings
- (i) [Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII)
- (j) [Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22
- (k) [Re Flexfi Inc.](#), 2018 BCSECCOM 166
- (l) [Re Pierce](#), 2016 BCSECCOM 264
- (m) Sentencing Transcript
- (n) Government Sentencing Memorandum
- (o) [Pacific Ocean Resources Corporation \(Re\)](#), 2012 BCSECCOM 104 (CanLII)
- (p) SEC Complaint 2011
- (q) Consent 2011
- (r) [Re Lim](#), 2017 BCSECCOM 319
- (s) [Re Hamilton](#), 2019 BCSECCOM 115
- (t) [Poonian \(Re\)](#), 2015 BCSECCOM 96 (CanLII)
- (u) [Re Deyrmenjian](#), 2019 BCSECCOM 93
- (v) [Re Sungro](#), 2015 BCSECCOM 281
- (w) [Samji \(Re\)](#), 2015 BCSECCOM 29 (CanLII)
- (x) [Re SBC Financial Group Inc.](#), 2018 BCSECCOM 267
- (y) [JV Raleigh Superior Holdings Inc. \(Re\)](#), 2012 BCSECCOM 492 (CanLII)
- (z) [Davis v. British Columbia \(Securities Commission\)](#), 2018 BCCA 149
- (aa) Inmate Locator

YOUR RESPONSE

58. You are entitled to respond to this application. To do so, you must deliver any response in writing, together with any supporting materials, to the Commission Hearing Office by **Tuesday, August 3, 2021**.
59. The contact information for the Commission Hearing Office is:

Commission Hearing Office
British Columbia Securities Commission
PO Box 10142, Pacific Centre
12th Floor, 701 West Georgia Street
Vancouver, BC V7Y 1L2
E-mail: commsec@bcsc.bc.ca
Telephone: 604-899-6500



Gregg R. Mulholland
June 24, 2021
Page 14

60. If you do not respond within the time set out above, the Commission will decide this application and may make orders against you without further notice.
61. The Commission will send you a copy of its decision.
62. **If you have any questions regarding this application, please contact Ms. Deborah Flood, at 604-899-6623, or dflood@bcsc.bc.ca**

Yours truly,

Douglas B. Muir
Director, Enforcement

DWF/crc
Enclosures

cc: Commission Hearing Office (by email to commsec@bcsc.bc.ca)