

Done Commercial Complaint (2 of 15)



6 Defendants transact business in and have their principal places of business in King County.

7 III. FACTUAL ALLEGATIONS

8 5. Plaintiffs met COSTELLO on January 27, 2019. A mutual friend brought
9 COSTELLO over to their home for dinner that day. COSTELLO introduced himself as a self-
10 made hedge fund billionaire with companies involved with marijuana, hemp and Cannabidiol
11 ("CBD"). Over the next few months COSTELLO and the Meckleys discussed investing in
12 hemp and CBD, which is an active ingredient in cannabis derived from the hemp plant that may
13 help treat conditions such as arthritic pain, insomnia, and anxiety. Although they had little
14 experience in investing, and had never made stock trades on their own, the Meckleys had for
15 some time been interested in the possibility of investing in the hemp, cannabis and CBD sector
16 as well as finding a financial investment advisor to develop and manage an investment portfolio
17 for them.

18 6. Over the course of in-person and telephonic discussions prior to the Meckleys
19 investing with COSTELLO, he made many representations to them that, on information and
20 belief, were false. COSTELLO'S representations include:

- 21 a. He has a Master of Business Administration degree from Harvard
22 University.
23 b. At just under age 40, he is the youngest hedge fund billionaire ever and
24 would be featured on the cover of Forbes magazine in the near future.
25 c. He served with special forces and was shot twice. (He repeated this on
26 numerous occasions.)

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1 d. During the war in Iraq he had worked for Halliburton, directly for Dick
2 Cheney. After he had been in Iraq two weeks, he walked his boss to a
3 helicopter to fly out. As the helicopter flew away it was hit by rocket-
4 propelled grenade that blew up in front of him. As he was the next in
5 command, he took over and managed the flow of hundreds of millions
6 of dollars that flowed through Halliburton into Iraqi construction and
7 rebuilding projects.

8 e. He had worked on Wall Street. The company he worked for was brought
9 down by wild investing by someone in another division.

10 f. He manages money and is the primary investor for many wealthy people
11 including a Saudi Sheik and his family. He directly approves all the
12 expenditures of the Prince's children and family.

13 g. He is licensed to manage money and investments.

14 7. In short, COSTELLO presented himself as a larger than life character, and he
15 won the Meckleys' trust (and money).

16 8. COSTELLO asked the Meckleys to invest with GRN HOLDING. He
17 represented to them that his plan was to acquire different companies and pull them into the



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16 8. COSTELLO asked the Meckleys to invest with GRN HOLDING. He
 17 represented to them that his plan was to acquire different companies and pull them into the
 18 holding company, making GRN HOLDING the leading conglomerate in the marijuana, hemp
 19 and CBD industry. He said his company Seedscience CBD had the only laboratory operating
 20 to FDA standards. He represented himself as the financial king of cannabis, hemp and CBD.

21 9. COSTELLO additionally offered to develop a diverse financial portfolio and
 22 manage Plaintiffs' investments. He told them to do this by setting up a brokerage account with
 23 TD Ameritrade ("TDA") (the "TDA Account"). They did so, and then he had them provide him
 24 with all access information to the TDA Account, including their password. He told Plaintiffs
 25 that this is the way it is commonly done. He had them sign an agreement to pay him 20% of the
 26 profits from their investments. He told Plaintiffs that he was giving them the "friends and family

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1 discount" and waiving his typical investment fee.

2 10. COSTELLO'S misrepresentations listed above, and omissions too many
3 to mention, were in connection with three investments he sold to Plaintiffs in July 2019:

- 4 a. On or about July 12, 2019, COSTELLO sold Plaintiffs 500,000 shares in
5 GRN HOLDING. Plaintiffs paid **\$250,000** for the shares.
- 6 b. On or about July 15, 2019, COSTELLO induced Plaintiffs to wire transfer
7 **\$4,000,000** to the TDA Account. Nearly all of these funds have been lost.
- 8 c. On or about July 20, 2019, pursuant to a Stock Purchase Agreement of that
9 date, GRN FUNDS sold Plaintiffs 9,000,000 common shares of Discovery
10 Gold Corporation, a Nevada corporation ("DCGD"). Plaintiffs paid GRN
11 FUNDS **\$1,800,000** for the DCGD shares. At signing COSTELLO informed
12 the Meckleys that they were restricted from selling these shares for one year.

13 11. On July 18, 2020, COSTELLO began trading in DCGD and other securities in
14 the TDA Account.

15 12. On or about July 20, 2019, at COSTELLO'S request, Plaintiffs signed a Trading
16 Authorization Form which served to document in writing that they had previously authorized
17 him to buy and sell securities in their brokerage accounts.

18 13. On or about August 29, 2019, GRN FUNDS invoiced the Meckleys for
19 \$29,553.17 for "20% Profit Sharing" in the TDA Account.

20 14. COSTELLO (or employees or others working under his direction) made every
 21 transaction in the TDA Account. The Meckleys did not execute any transactions. Unbeknownst
 22 to them, apparently all the stocks purchased were COSTELLO'S own penny stock companies.
 23 TDA flagged suspicious trading activity in the TDA Account. COSTELLO dismissed TDA's
 24 concerns, telling the Meckleys that TDA's "flags" were generated from algorithms because
 25 they were making too much money. Eventually TDA shut down the account. Then COSTELLO
 26 had the Meckleys open an account at Fidelity and again they gave him access and he made



There is motion at your Front Door

1 additional transactions. COSTELLO'S trading resulted in the Meckleys incurring tax liability
2 directly due to his activity.

3 15. The United States Securities and Exchange Commission ("SEC") began an
4 investigation of DCGD. In January 2020, Plaintiffs were subpoenaed by the SEC. COSTELLO
5 asked the Meckleys to use his attorney to represent them with the SEC. He told Mrs. Meckley
6 to tell the SEC that she had made all the trades in the TDA Account herself. The Meckleys told
7 him that they were getting their own lawyer and would tell the truth to the SEC. COSTELLO
8 told the Meckleys on several occasions that he would reimburse them for their attorney fees,
9 but never did so.

10 16. After repeated requests, COSTELLO finally sent the Meckleys stock
11 certificates. The Meckleys received stock transfer forms from Action Stock Transfer in Salt
12 Lake City, Utah. Plaintiffs now believe that the certificates and the transfer forms may be fake.
13 In any event, they appear to be worthless. The Meckleys have never received any financial
14 returns, payments, reimbursements or follow-through on any commitment made by
15 COSTELLO, GRN HOLDING or GRN FUND.

16 **IV. CAUSE OF ACTION FOR VIOLATION OF THE**
17 **WASHINGTON STATE SECURITIES ACT**

18 17. Plaintiffs incorporate the above paragraphs as if set forth fully herein.
19 18. RCW Chapter 21.20 is the Washington State Securities Act ("WSSA").
20 19. The investments Plaintiffs made that are specified in Paragraph 10 above are
21 securities.
22 20. Defendants were sellers of securities.
23 21. WSSA makes it unlawful for any person, in connection with the purchase or sale
24 of any security, directly or indirectly, to employ any scheme to defraud; to make any untrue
25 statement of or omit any material fact; or to engage in any act or practice which operates or
26 would operate as a fraud.

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1 22. Through their misrepresentations and omissions and other acts, Defendants
2 violated WSSA.

3 23. WSSA provides at RCW 21.20.430 that any person who offers or sells a security
4 in violation of RCW 21.20.010 shall be liable to the person buying the security.

5 24. COSTELLO is both directly liable to Plaintiffs for his own misrepresentations,
6 omissions and fraudulent acts, and jointly and severally liable as a controlling person with
7 GRN FUNDS and GRN HOLDING for their violations of WSSA.

8 25. In addition, one or more of the securities Defendants sold Plaintiffs were
9 unregistered and not subject to an exemption from registration.





9 unregistered and not subject to an exemption from registration.
 10 26. Plaintiffs have brought this action within the time period allowed under
 11 RCW 21.20.430(4)(b).

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief against Defendants, as follows:

- 14 1. For rescission of their investments, plus prejudgment interest at eight percent
 15 per annum, pursuant to RCW 21.20.430(1);
- 16 2. For their reasonable attorney fees and costs, pursuant to RCW 21.20.430(1);
- 17 3. For permission to amend this Complaint; and
- 18 4. For such other and further relief as the Court deems just and equitable.

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1 DATED this 18th day of November, 2020.

2 By 

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