

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CREATIVE CAPITAL CONSORTIUM, LLC,
A CREATIVE CAPITAL CONCEPTS, LLC, and
GEORGE L. THEODULE,

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

INTRODUCTION

1. The Commission brings this action to enjoin Creative Capital Consortium, LLC (“Consortium”), A Creative Capital Concept\$, LLC (“Concept\$”) (collectively “Creative Capital” or “the Companies”), and George L. Theodule from continuing to defraud investors through their violations of the antifraud provisions of the federal securities laws.

2. From at least November 2007 to the present, Theodule, directly and through the Companies, has raised at least \$23.4 million from thousands of investors in an ongoing fraud and Ponzi scheme targeting mostly Haitian and Haitian-American investors nationwide.

3. Theodule solicits investments for the Companies primarily during in-person presentations where he guarantees prospective investors a 100% return on their investment within 90 days based on his successful trading of stocks and options.

4. In reality, Theodule has lost at least \$18 million trading stocks and options over the last year. In addition, Creative Capital merely repaid earlier investors with approximately

\$15.2 million collected from new investors in typical Ponzi scheme fashion. Finally, Theodule has commingled investor funds with his personal funds and misappropriated at least \$3.8 million for himself and his family members.

5. As recently as mid-December, the Defendants have continued to solicit new investors and repeated the false claims about Theodule's trading prowess.

6. Through this ongoing fraudulent conduct, the Defendants have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

DEFENDANTS

7. Concept\$ is an inactive Florida limited liability company organized in November 2007. Theodule is Concept\$'s manager, along with two other individuals. Concept\$ was the initial entity Theodule used to raise funds from investors until he formed Consortium.

8. Consortium is a Florida limited liability company organized in January 2008 with its principal place of business in Lake Worth, Florida. Consortium became the primary entity through which Theodule raised investor funds and transacted business with investment clubs.

9. Theodule, 48, currently resides in Loganville, Georgia, where he relocated from Wellington, Florida in September 2008. He is the managing member of the Companies and solicited investors.

JURISDICTION AND VENUE

10. The Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

11. The Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida because many of the Defendants' acts and transactions constituting violations of the Exchange Act occurred in the Southern District of Florida. In addition, Creative Capital's principal place of business is in the Southern District of Florida, and until recently Theodule resided in the Southern District of Florida.

12. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

THE DEFENDANTS' FRAUDULENT INVESTMENT SCHEME

A. Overview of the Scheme

13. The Defendants have engaged in a fraudulent Ponzi scheme primarily targeting the US Haitian community since at least November 2007.

14. Theodule ingratiates himself with investors by claiming he recently decided to offer his investment expertise to help build wealth in the Haitian community. He also tells investors he uses part of his trading profits to fund start-up businesses in the Haitian community, as well as business projects in Haiti and Sierra Leone.

15. The Defendants primarily attract investors through word-of-mouth, and Theodule makes his representations during face-to-face meetings in which he touts his ability to double investor funds in just 90 days. Theodule typically depicts his investment plan and incredible profits trading stocks and options on dry erase boards or flip charts.

16. Theodule also routinely boasts to investors about Creative Capital's high rates of return, and stresses the need to begin investing as soon as possible. He told one investor he had

made millionaires out of a significant number of people in the time it had taken her to decide to invest, and pressured her to liquidate the equity in her home to invest with him.

17. The Defendants' presentations also emphasize the safety and security of investing with them. They guarantee investors 100% returns with no risk, and claim to invest in the stocks and options of well-known companies such as Google, John Deere, Monsanto, Best Buy, GameStop, and others.

18. Since the commencement of the investment scheme, the Defendants have raised more than \$23.4 million from thousands of investors nationwide.

B. Investor Funds Are Also Raised Through a Network of Investment Clubs

19. To add to investors' sense of security, Theodule directs prospective investors to form "investment clubs," which a purported self-regulatory agency, Smart Investment Management Services, LLC ("SIMS"), helps the investors form. This entity also supposedly protects investors through independent verification of their deposits.

20. In reality, SIMS is a private company run by a former Creative Capital employee and not a regulatory entity.

21. The investment clubs pool investor funds and send them to Creative Capital for a 90-day period, during which Theodule purportedly trades stocks and options on behalf of the investment club members.

22. Unlike a real investment club, the members do not participate in making investment decisions, rarely have club meetings, and deposit funds exclusively with the Defendants.

23. Thus, the investment clubs serve principally as vehicles to funnel funds to Theodule and Creative Capital.

24. The investment clubs typically require a minimum \$1,000 investment per investor, which the investor may not withdraw for the 90-day investment period.

25. The investment clubs deposit the investors' funds into their own bank accounts, pool the funds, and remit the money to Creative Capital, minus a 10% club commission.

26. At the end of the 90-day investment period, when the Defendants have purportedly doubled the investment amount, they supposedly return the principal and profits back to the investment clubs, minus a 40% commission on the profits. Prior to distributing the proceeds back to the individual club members, the investment clubs typically charge a second 10% commission on the principal.

C. Fraudulent Misrepresentations and Omissions

27. In connection with Defendants' fraudulent Ponzi scheme, they have made and continue to make numerous material misrepresentations and omissions regarding Creative Capital's business, Theodule's stock trading, and the use of investor funds.

28. For example, Theodule's claim of success trading stocks and options is demonstrably false. Of the more than \$18.3 million deposited in brokerage accounts Theodule controls, he has lost approximately 97% of those funds trading stocks and options. In fact, Theodule has consistently lost money trading in those accounts since November 2007, and has never generated net trading profits.

29. However, Creative Capital hid those losses from current and prospective investors, paying principal and purported profits to existing investment clubs and individual investors of approximately \$15.2 million from new investor funds.

30. Additionally, Theodule claims he uses trading profits to fund new business ventures, some of which benefit the Haitian community in the United States and Haiti, and others in Sierra Leone.

31. In reality, there were no trading profits, and most of the funds the Defendants disbursed went to pay earlier investors their purported profits, not fund business projects.

32. Theodule's representations about the safety and security of investors' funds are also patently false. SIMS is not a regulatory agency, but rather a private entity that was, until recently, headed by a former Creative Capital employee.

33. Further, there is no evidence that SIMS has access to or otherwise verifies the deposits to ensure the safety of investor funds. To the contrary, Theodule has commingled investor funds extensively with his own personal accounts and has misappropriated at least \$3.8 million. This includes net transfers of at least \$1.7 million to his personal bank accounts, cash withdrawals of more than \$1.5 million and more than \$600,000 for apparent personal expenses such as two luxury vehicles, credit card bills, a wedding payment, and a house down payment.

34. Thus, Theodule misrepresented the safety and security of the Creative Capital investments when he led investors to believe: they could withdraw their funds any time after the initial 90-day investment period; there was no risk; and SIMS verified the security of their funds.

CLAIM FOR RELIEF

Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

35. The Commission repeats and realleges Paragraphs 1 through 34 of the Complaint.

36. Starting no later than November 2007, the Defendants, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, have been knowingly, willfully or recklessly: (a) employing

devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaging in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

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

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court:

I.

Declaratory Relief

Declare, determine and find that the Defendants have committed the violations of the federal securities laws alleged herein.

II.

Temporary Restraining Order, Preliminary Injunction, and Permanent Injunction

Issue a Temporary Restraining Order, a Preliminary Injunction, and a Permanent Injunction, restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as indicated above.

III.

Asset Freeze and Sworn Accountings

Issue an Order freezing the assets of all Defendants until further Order of the Court and

requiring the Defendants to file with this Court sworn written accountings.

IV.

Repatriation of Investor Proceeds

Issue an Order requiring the Defendants to take such steps as necessary to repatriate to the territory of the United States all funds and assets of investors described in the Commission's Complaint in this action which are held by them or are under their direct or indirect control, and deposit such funds into the registry of the United States District Court for the Southern District of Florida, and provide the Commission and the Court a written description of the funds and assets repatriated.

V.

Records Preservation

Issue an Order prohibiting the destruction of and requiring the Defendants to preserve any records relating to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

VI.

Disgorgement

Issue an Order directing the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VII.

Penalties

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

VIII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

IX.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

December 29, 2008

Respectfully submitted,

By:

Brian K. Barry
Senior Trial Counsel
Florida Bar No. 0632287
Direct Dial: (305) 982-6382
Email: barryb@sec.gov

Christopher E. Martin
Senior Trial Counsel
SD Fla. Bar No. A5500747
Direct Dial: (305) 982-6386
Email: martinc@sec.gov

Teresa Verges
Assistant Regional Director
Florida Bar No. 997651
Direct Dial: (305) 982-6384
Email: vergest@sec.gov

Attorneys for Plaintiff
**SECURITIES AND EXCHANGE
COMMISSION**
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154