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JAMES W. HATTEN, Clerk
By: [Signature] Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CHARLES WILLIAM PETTY, II,
VISIONARY PUBLISHING
INTERNATIONAL, LLC, and
VIRTUAL PROPERTIES
WORLDWIDE, INC.,

Defendants.

Civil Action No.

1 10-CV-3842

RWS

COMPLAINT FOR INJUNCTIVE RELIEF

Plaintiff, Securities and Exchange Commission (the "Commission"), files its
complaint and alleges that:

OVERVIEW

1. This matter concerns an ongoing offering fraud being perpetrated by
Charles William Petty, II, acting through one or more of four entities that he
controls, namely, Visionary Publishing International, LLC ("Visionary"), Virtual
Properties Worldwide, Inc. ("Worldwide"), Visionary Property Investments, LLC

("VPI"), and KCP Financial Group, LLC ("KCP") (collectively, the "Visionary companies").

2. Since at least 2007 to the present, Petty has offered and sold at least \$236,000 of promissory notes ("Notes") issued by the Visionary companies to at least eleven investors in Georgia, North Carolina, Texas, California, New Jersey, and Canada.

3. Although Petty's specific claims about the Notes varied slightly from investor to investor, Petty generally told investors that the Notes were "safe and high-yielding" and that the Note proceeds would be invested in real estate or "real estate related projects."

4. Petty also told investors that each Note would be secured by a mortgage security deed on a particular property in Georgia, Tennessee, Alabama, North Carolina, or South Carolina at a loan to value ratio of no more than 60 to 75%.

5. Contrary to Petty's representations, however, no mortgage security deeds on properties were ever created, and the Note proceeds were not invested in real estate or real estate related projects.

6. Bank records show that Petty, while sporadically making "interest"

payments to a few investors, largely diverted investor funds to pay for his own and his family's living expenses.

7. Of the approximately \$236,000 in investor funds that Petty obtained, Petty misappropriated for his own use at least \$68,000.

8. Although Petty told the staff of the Commission that he had ceased his offer and sale of the Notes and that his last Note was sold in December 2009, Petty is continuing his Note offering and promising even higher rates of return.

9. As recently as November 16, 2010, Petty—acting through Worldwide—has posted messages on various Google Groups that solicit investors to purchase three month Notes that pay 18% quarterly which Petty describes as “72% Annualized Returns.”

10. Again, Petty is telling investors that the notes are a “a very safe investment” and that each Note will be “secured by a 1st mortgage (security deed)” on a property in Georgia, Tennessee, North Carolina, Alabama, Missouri, or Ohio at a loan-to-value ratio of only 40% to 50%.

VIOLATIONS

11. Defendants have engaged and, unless restrained and enjoined by this Court,

will continue to engage in acts and practices that constitute and will constitute violations of Sections 5(a), (c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77 q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

12. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to enjoin Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

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

14. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce and the

means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint and made use of mail and means of instrumentality of interstate commerce to effect transactions, or to induce or to attempt to induce the purchase or sale of securities alleged in this complaint.

15. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act and the Exchange Act occurred in the Northern District of Georgia. In addition, Petty resides in the Northern District of Georgia and directed the operations of Visionary and Worldwide from the Northern District of Georgia.

16. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

THE DEFENDANTS

17. Charles William Petty, II, age 37 and a resident of Lithonia, Georgia, is a former attorney who was licensed to practice law in Georgia between 1998 and

2000. He subsequently allowed his law license to expire and, since at least 2000, has claimed to be in the real estate business. Petty has never held a real estate license and has never been associated with a registered broker-dealer or investment adviser. He does hold a law degree and a MBA from Duke University. Petty controls Visionary, Worldwide, VPI, and KCP.

18. Visionary is a Georgia limited liability created by Petty's spouse, Kimberly M. Petty in July 2009. Visionary was the recipient of \$146,000 in proceeds from the sale of seven Notes.

19. Worldwide is a Georgia corporation created by Petty in December 2009. Worldwide is the vehicle by which Petty is posting his most recent investor solicitations on Google Groups.

RELATED ENTITIES

20. KCP was a Georgia limited liability company created by Petty in March 2000. It was administratively dissolved by the State of Georgia on May 30, 2010. KCP was the "issuer" of at least four Notes sold to investors and received at least \$90,000 of investor funds into a bank account in its name.

21. VPI was a Georgia limited liability company created by Petty in August 2000. It was administratively dissolved by the State of Georgia on May 16, 2008.

VPI was the issuer of at least eight Notes sold to investors, but did not receive investor funds. The proceeds of its Note sales appear to have been deposited in accounts in the name of Visionary or KCP.

THE FRAUDULENT SCHEME

22. Between at least October 2007 and the present, Petty—acting at various times through Visionary, VPI, KCP, or Worldwide—has offered and sold at least \$236,000 of promissory notes (“Notes”) to at least eleven investors in Georgia, North Carolina, Texas, California, New Jersey and Canada. Each Note is signed by Petty and “issued” by one of the Visionary companies. The Notes are for two year terms and bear an interest rate of between 14%, which Petty promises to pay quarterly, and 30%, which Petty promises to pay annually.

23. To sell the Notes, Petty typically uses direct email solicitations or message postings on internet bulletin boards such as various Google Groups. Although the specific wording of these emails and postings differ, each contains essentially the same misrepresentations, including that the Notes are “safe and high-yielding” and

are secured by a mortgage on a specific property, which—depending on the solicitation—Petty claims is in Georgia, Tennessee, Alabama, North Carolina, Missouri, or Ohio. Each also represents that the proceeds from the Note sales will be used to invest in real estate or real estate related projects.

24. In his latest solicitations, Petty is more specific and claims that the proceeds will be used to purchase and rehabilitate vacant properties for resale.

25. All of his emails and postings concerning the Notes make the claim that time is of the essence for investors and encourage potential investors to act quickly because the opportunity to purchase a note will not last long.

26. If a potential investor is interested in more information, the email or posting invites the investor to contact a “Client Services Coordinator” identified as either “William Black” or “Tony Brown.” The Client Services Coordinator then provides the investor with a “Private Investment Proposal” and wiring instructions for the funds.

27. Once an investor wires investment funds, he or she receives by mail the purchased notes, all of which are signed by Petty on behalf of which ever company is the note’s “issuer.”

28. Although the emails and postings soliciting investors appear to be sent by one of the companies instead of Petty, Petty controls each company. Additionally, Petty is responsible for the substance of all of the emails and postings.

Petty's Misrepresentations

29. Contrary to Petty's representations, the Notes were not secured by mortgages on real estate, and the Note proceeds were not invested in real estate or real estate related projects.

30. In addition, while Petty sporadically made interest payments to a few investors, he did not pay interest on the Notes as promised and each Note went into default shortly after it was sold. None of these facts was disclosed to subsequent purchasers of the notes.

31. Petty has admitted that at least one investor did not receive a mortgage security deed as collateral for the Notes.

32. Petty also has admitted that investor funds were not invested in real estate or real estate related projects, but instead were placed in bank accounts of the Visionary companies.

Petty's Misappropriation

33. Bank records of the Visionary companies show that a large portion of the investor funds Petty received were diverted by Petty to pay for his and his family's personal expenses.

34. For instance, the bank records of KCP show that between January 2009 and April 2009, Petty received \$51,080 of investor proceeds from Note sales. Of this amount, he made interest payments, totaling \$2,120 to four earlier investors. However, approximately \$30,734 was used by Petty to pay what appear to be personal expenses such as health club memberships, purchases made at various grocery and retail clothing stores, and fast food restaurant charges. Another \$1,350 was paid to the bank for bounced check charges.

Petty's Continuing Fraud

35. Petty has told the staff of the Commission that his last Note sale was in December 2009 and that he had no intention of offering any more Notes. Despite these representations, Petty has not halted his offering. In truth, Petty continues to offer Notes.

36. As recently as Tuesday, November 16, 2010, Petty posted messages over the internet on the message boards of various Google Groups soliciting investors to purchase notes that he now describes as having three month terms and as earning 18% returns quarterly, which Petty claims is a “72% Annualized Return.”

37. Again, investors are assured that the notes are safe and are collateralized by a “1st mortgage (security deed)” on a property at only 40% to 50% of the value of that property.

COUNT I—FRAUD

Violations of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

38. Paragraphs 1 through 37 are hereby re-alleged and are incorporated herein by reference.

39. From at least October 2007 to the present, Defendants, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

40. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

41. While engaging in the course of conduct described above, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

42. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II—FRAUD

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

43. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

44. From at least October 2007 to the present, Defendants, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a. obtained money and property by means of untrue statements of material fact and 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

b. engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

45. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III—FRAUD

Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

46. Paragraphs 1 through 37 are hereby re-alleged and are incorporated herein by reference.

47. From at least October 2007 to the present, Defendants, in connection with the purchase and sale of securities described herein, by the use of the means and

instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material facts and 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 courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

48. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

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

COUNT IV—UNREGISTERED OFFERING OF SECURITIES

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

50. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

51. No registration statement has been filed or is in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the transactions described herein.

52. From at least October 2007 to the present, Defendants, singly and in concert, have:

- (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;

- (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale; and
- (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy securities, through the use or medium of any prospectus or otherwise,

without a registration statement having been filed with the Commission as to such securities.

53. By reason of the foregoing, Defendants, directly and indirectly, singly and in concert, have violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission respectfully prays for:

I.

Findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendants named herein committed the violations alleged herein.

II.

A temporary restraining order, preliminary and permanent injunctions enjoining Defendants, their officers, agents, servants, employees, and attorneys from violating, directly or indirectly, Sections 5(a), (c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77 q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

An order freezing the assets of Defendants.

IV.

An order requiring an accounting by Defendants of the use of proceeds of the fraudulent conduct described in this Complaint and the disgorgement by Defendants

of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

V.

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)] imposing civil penalties against Defendants.

VI.

An order expediting discovery in this proceeding and prohibiting Defendants from destroying, altering or removing assets.

VII.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: November 22, 2010

Respectfully submitted,



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