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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

Case No. 21-cv-17768

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

GREGORY A. CICCONE, and
PLATINUM TRAVEL AND ENTERTAINMENT, L.L.C.,

Defendants,

PLATINUM ENTERPRISES & CONCIERGE SERVICES, INC.,

Relief Defendant.

**COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES
LAWS AND JURY TRIAL DEMAND**

Plaintiff United States Securities and Exchange Commission (“SEC”), 1961 Stout Street, Suite 1700, Denver, Colorado 80294, alleges the following for its

Complaint against Defendants Gregory A. Ciccone and Platinum Travel and Entertainment, L.L.C., and Relief Defendant Platinum Enterprises & Concierge Services, Inc., whose last known addresses or principal places of business are set forth below:

Gregory A. Ciccone
4015 Aspen Grove DR
Franklin, TN 37067-1424

Platinum Travel and Entertainment, L.L.C.
23 Dogwood Court
Woodland Park, NJ 07424

Platinum Enterprises & Concierge Services, Inc.
4026 Camino Del Rio South, Suite 300
San Diego, CA 92106

SUMMARY

1. Defendant Gregory A. Ciccone, a convicted felon acting through his company, Defendant Platinum Travel and Entertainment L.L.C. (“Platinum”), defrauded investors out of over \$1.5 million.

2. From July 2018 through February 2020 (the “Relevant Period”), Ciccone and Platinum offered and sold promissory notes to investors for the purported purpose of securing hotel reservations as part of Platinum’s luxury travel business. Ciccone and Platinum told investors that Platinum was a successful business that reserved blocks of rooms at luxury hotels and resold the reservations at a profit, from which investors would be repaid principal and interest on their

notes ranging from 15% to 50% in 45 to 146 days. Rather than use investor money in connection with Platinum's luxury travel business as he had promised, Ciccone misappropriated the vast majority of the money and used much of the remainder to make Ponzi-like payments. Ciccone used investor money to, among other things, purchase a luxury car, pay credit cards, and pay for personal travel.

3. Ciccone initially solicited investors directly and later recruited an acquaintance (referred to here as "Sales Agent 1") to solicit investors in Platinum. Ciccone told Sales Agent 1 his phony story about his successful, luxury travel business with the knowledge and expectation that Sales Agent 1 would disseminate those false and misleading statements to prospective investors. Ciccone never disclosed to investors that he was looting the money raised, that Platinum did not have sufficient income from its luxury travel business to repay investors, that due to a prior felony criminal conviction he was not permitted to enter into promissory notes, or that by March 2019 Platinum was not making timely payment on promissory notes that had already come due.

4. From August through September 2019, Ciccone directed investors who purchased promissory notes from Platinum to transfer their funds to bank accounts held in the name of Platinum Enterprises & Concierge Services, Inc. ("Platinum Enterprises"), an entity he controlled. Platinum Enterprises provided no consideration for receipt of the investors' funds and was unjustly enriched.

5. As a result of the conduct described herein, Ciccone and Platinum (referred to together as “Defendants” herein) violated and, unless restrained and enjoined, will continue to violate the securities registration and antifraud provisions of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)], 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]. Alternatively, Ciccone is liable for violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) under Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)], for activities taken through or by means of Sales Agent 1, whom he enlisted to solicit investors.

NATURE OF THE PROCEEDING AND REQUESTED RELIEF

6. The SEC brings this action pursuant to authority conferred on it by Section 20(b) and (d) of the Securities Act [15 U.S.C. §§ 77t(b) and (d)] and Section 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)].

7. The SEC seeks entry of permanent injunctions; disgorgement of ill-gotten gains derived from the conduct alleged in the Complaint plus prejudgment interest thereon [15 U.S.C. § 78u(d)(7)]; civil penalties 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)]; an order prohibiting Ciccone, directly or indirectly, including, but not limited to, through any entity owned or controlled by him, from

participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent Ciccone from purchasing or selling securities for his own personal accounts; an order barring Ciccone from serving as an officer or director of a public company; an order directing Platinum Enterprises to disgorge its ill-gotten gains with prejudgment interest; and such other relief that the court may deem appropriate.

JURISDICTION AND VENUE

8. The court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)], and Sections 21(d)(1), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(e), and 78aa(a)].

9. In connection with the conduct alleged in the Complaint, Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, the means or instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business set forth in this Complaint. Defendants used emails, text messages and the Internet to conduct their fraudulent activities, and caused wire transfers of funds to be made and received through communications in interstate commerce.

10. Venue lies in the District of New Jersey pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15

U.S.C. § 78aa(a)]. Platinum maintains its principal place of business in this judicial district. Ciccone and Platinum engaged in certain of the acts, practices, transactions, and courses of business alleged in this Complaint within the District of New Jersey, including, but not limited to, the offer and sales of promissory notes to an investor who resides in New Jersey, and directing investors to send wire transfers for the purchase of promissory notes, which transfers were effected in this District.

DEFENDANTS AND RELIEF DEFENDANT

11. **Defendant Gregory A. Ciccone**, age 44, transacted business and offered and sold securities while he resided in Little Falls, New Jersey from approximately 2017 through November 2018, and resided in San Diego, California from approximately November 2018 through at least February 2020. Ciccone's last known address is in Franklin, Tennessee.

12. **Defendant Platinum Travel and Entertainment L.L.C.** is a New Jersey limited liability company with its principal place of business in Woodland Park, New Jersey from approximately 2017 through November 2018, and in San Diego, California from approximately November 2018 through at least February 2020. Ciccone is the sole owner, managing member, and president of Platinum.

13. **Relief Defendant Platinum Enterprises & Concierge Services, Inc.** is a California corporation with its principal place of business in San Diego,

California. Ciccone is the sole owner and chief executive officer of Platinum Enterprises.

FACTS

I. Defendants Raised Money From Investors Through the Offer and Sale of Securities.

14. From approximately July 2018 through February 2020, Ciccone and Platinum solicited money from, and offered and sold securities in the form of short-term, high-interest promissory notes to, investors. Ciccone elicited the help of Sales Agent 1 starting in May 2019, who, working at the direction of Ciccone and on behalf of Platinum, also solicited and offered and sold securities to investors. Collectively, they raised approximately \$1.5 million from at least 22 investors.

15. From approximately July 2018 through February 2020, Ciccone offered and sold, directly or indirectly, short-term, high-interest promissory notes (the “Ciccone Promissory Notes”). Ciccone personally solicited investors, at least one of whom also solicited others based upon the information provided by Ciccone. Ciccone ultimately raised \$491,271 from at least five investors.

16. Beginning in approximately May 2019 and lasting through at least October 2019, Ciccone and Platinum offered and sold, directly or indirectly, short-term, high-interest promissory notes (the “Platinum Promissory Notes”) through Sales Agent 1. Ciccone provided information to Sales Agent 1 who, at Ciccone’s

direction and on behalf of Platinum, solicited at least 17 investors and raised over \$1 million from those investors.

17. The Ciccone Promissory Notes and the Platinum Promissory Notes had terms that varied from 45 to 146 days, and paid interest ranging from 15% to 50% per term. Ciccone signed the Ciccone Promissory Notes individually. Ciccone signed the Platinum Promissory Notes individually and as the managing member of Platinum. Investors in both promissory notes believed, based on Ciccone's and Sales Agent 1's representations, that their money would be used for the same purpose – to reserve blocks of rooms at luxury hotels whose reservations would be resold at a profit.

18. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78c(a)(10)] define “security” to include, among other things, any “note.”

19. The Ciccone Promissory Notes and the Platinum Promissory Notes are securities in the form of “notes.”

20. The Ciccone Promissory Notes and Platinum Promissory Notes are securities because: (i) Ciccone and Platinum entered into the promissory notes to finance Platinum's purported luxury travel business; (ii) the investors were primarily motivated by the high interest rate payable under the promissory notes and did not enter into the promissory notes for any consumer purpose; and (iii)

investors viewed the promissory notes as investments with guaranteed returns of between 15 and 50 percent during the terms of the respective promissory notes.

21. Ciccone directed investors to wire the funds for the purchase of Ciccone Promissory Notes or Platinum Promissory Notes to Platinum's or Platinum Enterprises' bank accounts.

22. While the majority of the money was sent to Platinum's bank accounts, from August through October 2019, Ciccone directed various investors to send payment for the purchase of Platinum Promissory Notes to Platinum Enterprises' bank accounts. Over \$309,000 of investor funds was deposited in Platinum Enterprises' bank accounts. Platinum Enterprises did not provide any consideration for receipt of this money.

23. Ciccone was the only authorized signatory and had sole control over both Platinum's and Platinum Enterprises' bank accounts.

II. Defendants Misappropriated and Misused Investor Money, and Engaged in Other Deceptive Conduct.

24. During the Relevant Period, Defendants engaged in deceptive conduct to defraud investors, and engaged in numerous acts, practices, and courses of business that defrauded the investors.

25. Ciccone and Sales Agent 1 solicited investors through one-on-one oral and written communications. To raise money from investors through the sale of Platinum Promissory Notes, Ciccone provided Sales Agent 1 a "marketing deck,"

which was used by Sales Agent 1 in the solicitation. The marketing deck described Platinum as a “luxury travel concierge” with “unique relationships” that allowed it to provide high-end experiences to its clients. The marketing deck also described the services that Platinum offered and provided information on the background of the company and its target market.

26. Ciccone, Platinum, and Sales Agent 1, working at the direction of Ciccone and on behalf of Platinum, told investors that Platinum would use investor funds to pay advance deposits to reserve luxury travel for Platinum’s clients, and that Platinum earned money based on fees it received from hotels and others in connection with its luxury travel concierge business.

27. Contrary to the representations regarding the intended use of proceeds, most investor funds raised were not used to secure the hotel reservations as represented. Instead, Ciccone misappropriated or misused virtually all of the investor funds raised.

28. First, Ciccone misappropriated approximately \$1.3 million of investor funds. Ciccone used the money to pay for various personal expenses, including approximately: \$54,330 to purchase a BMW automobile; another \$235,000 to pay for clothes, wine, and other personal items; and \$329,000 was withdrawn in cash. Ciccone and Platinum did not disclose that Ciccone would use investor funds for personal expenses.

29. Second, Ciccone and Platinum used approximately \$139,000 of investor funds to make Ponzi-like payments to earlier investors with overdue notes.

30. Platinum did not earn sufficient profits from the travel concierge business to repay the principal and interest accrued on the promissory notes as they became due. Accordingly, as promissory notes became due, in certain cases, Ciccone and Platinum made interest and principal payments with new investor money.

31. For example, on or about July 24, 2019, Ciccone and Platinum obtained approximately \$200,000 from the sale of Platinum Promissory Notes. On or about August 1, 2019, Ciccone and Platinum used this new investor money to make Ponzi-like payments of \$32,000 and \$47,672.69 to two investors whose promissory notes were due.

32. Third, Ciccone and Platinum paid Sales Agent 1 approximately \$16,000 out of funds received from investors. These payments were not disclosed to investors.

33. Ciccone also engaged in deceptive conduct by fabricating documents and providing them to investors in order to delay investors' requests for overdue payments of principal and interest. For example, Ciccone provided investors with a fabricated August 2019 email purportedly from a bank employee, his personal financial statement, and a bank statement for a family trust account, as discussed

below in paragraphs 102 through 108.

34. In addition to the deceptive conduct described above, Defendants also made numerous other material misrepresentations and omissions to investors as detailed below.

35. In engaging in the fraudulent and deceptive conduct, Ciccone, as the managing member, sole owner, and president of Platinum, acted as an agent of Platinum and his scienter and conduct is imputed to Platinum.

36. In connection with each fraudulent practice, Defendants knew or were reckless in not knowing, and should have known, that they were engaging in fraudulent and deceptive conduct. Defendants had full knowledge of and control over Platinum's and Platinum Enterprises' bank accounts and the uses of investor funds, the creation and dissemination of fabricated documents, as well as the material misrepresentations and omissions made to investors.

III. In Connection with the Offering of Securities, Ciccone and Platinum Made Material Misstatements and Omissions.

37. Throughout the Relevant Period, in the offer and sale of the promissory notes, Ciccone and Platinum made numerous false and misleading statements and omissions of material facts, both orally and in electronic communications, about the nature and success of Platinum's business operations.

38. Ciccone determined the content of and had ultimate authority over his statements and any written materials used to solicit prospective Platinum investors,

including the documents provided to Sales Agent 1.

39. Ciccone, as the managing member, sole owner, and president of Platinum, made the false statements and omissions and distributed documents as an agent of Platinum. Ciccone's statements and scienter are imputed to Platinum.

A. Ciccone and Platinum Made Material Misstatements and Omissions to Sales Agent 1 With the Knowledge and Expectation that He Would Provide the Information to Investors to Solicit the Purchase of Promissory Notes.

40. In or about April 2019, Ciccone was introduced to Sales Agent 1 by a mutual acquaintance. Ciccone requested that Sales Agent 1 solicit investors in connection with the Platinum Promissory Notes.

41. In a phone call in April 2019 and in later conversations, Ciccone told Sales Agent 1 that Platinum and Ciccone operated a successful, high-end luxury travel concierge business that reserved blocks of rooms at luxury hotels, which they resold at a profit. Ciccone told Sales Agent 1 that Platinum and Ciccone wanted to raise approximately \$450,000 through the sale of promissory notes to secure hotel room reservations, and the loans were to be repaid from the profits earned from the resale of the room reservations.

42. This information was false. As of the time of this communication, Ciccone and Platinum had prior overdue promissory notes that they were unable to pay. Moreover, due to a prior criminal conviction and resulting conditions of supervised release, Ciccone was prohibited from entering into loan agreements

without prior approval of his probation officer, approval that he had not requested nor received.

43. On April 24, 2019, Ciccone sent an email to Sales Agent 1 confirming his telephone conversation with Sales Agent 1 and included the “marketing deck,” described above in paragraph 25, which provided information about Platinum’s successful business.

44. Starting in May 2019, Ciccone sent Sales Agent 1 a series of emails describing various hotel reservations that Platinum purportedly held, for which Ciccone was seeking funding through the sale of Platinum Promissory Notes.

45. On May 13, 2019, Ciccone sent Sales Agent 1 an email containing a list of Platinum’s “immediate bookings,” including a reservation for \$24,000 at Punta Mita, Mexico and other reservations totaling \$211,000 at hotels through June 2019. Ciccone requested Sales Agent 1 solicit investors to purchase Platinum Promissory Notes so Platinum could pay for these “bookings.” Ciccone wrote that the loans would be repaid “on a 60 day payment schedule from the check-out date” on the reservation.

46. Ciccone sent Sales Agent 1 an email on June 11, 2019 containing “future bookings through October” that contained eight hotel reservations around the country totaling approximately \$538,450, for which Ciccone and Platinum were seeking funds through the sale of additional promissory notes.

47. On July 1, 2020, Ciccone sent Sales Agent 1 an email advising him that the “\$220,000 [raised] last week covered three full events in July and is leaving a balance for the large Maui July Booking of \$22,700.00 which is needed immediately. The other immediate booking starting August 1st, also in Maui, is for \$192,000.00 which was raised from the original number because they requested to add some more rooms.”

48. The information in the emails about Platinum’s business and the hotel bookings was false and material to investors.

49. Ciccone, as the sole owner, managing member, and president of Platinum and the person with sole control over the Platinum, knew or was reckless in not knowing, and should have known, that this information about the hotel bookings was false.

50. Ciccone communicated the false information about the “bookings” to Sales Agent 1 with the knowledge and expectation that Sales Agent 1 would use this information in the offer and sale of the Platinum Promissory Notes.

51. Sales Agent 1 used the false and misleading information supplied by Ciccone and Platinum in the offer and sale of the Platinum Promissory Notes.

B. Misstatements Concerning Use of Investor Funds

52. Ciccone and Platinum made material misrepresentations regarding the use of investor funds.

53. Throughout the Relevant Period, Ciccone and Platinum told prospective investors and Sales Agent 1 that they would use investor funds raised from the sale of the promissory notes to enter into arrangements for luxury travel for which Platinum would receive lucrative payments. They did not disclose that Ciccone intended to misappropriate the money and use the money to make Ponzi-like payments.

54. Ciccone's and Platinum's false and misleading statements included the following:

- a. In or about July 2018, in connection with the offer and sale of a Ciccone Promissory Note, Ciccone told Investor 1 orally and in an email that Ciccone needed to borrow \$100,000 in order to pay a national hotel in connection with Platinum's contract with the hotel, and that Ciccone would restructure his contract with the hotel after he regained access to his assets restricted by court proceedings.
- b. In or about November 2018, Ciccone told Investor 2 that Ciccone needed to raise money through the sale of Ciccone Promissory Notes to secure reservations with hotels. Ciccone communicated this information to Investor 2 with the knowledge and expectation that Investor 2 would use this information in the offer and sale of the Ciccone Promissory Notes to investors. Investor 2 used the false and

misleading information supplied by Ciccone and Platinum in the offer and sale of Ciccone Promissory Notes. Based on Ciccone's false statements, Investors 2, 3, and 4 together purchased a Ciccone Promissory Note on or about December 19, 2018, and Investor 5 purchased a Ciccone Promissory Note on or about January 23, 2019.

- c. On or about January 12, 2019, Ciccone spoke with Investor 4 requesting that he enter into a second promissory note for \$50,000 to secure reservations at a particular hotel, and sent an email containing a proposal for hotel reservations at a particular hotel scheduled for late January 2019; and Ciccone represented that the funds were to be used to facilitate Platinum entering into an arrangement with the hotel, which would pay a \$90,000 commission, and offered to pay Investor 4 either 25% of the commission or \$20,000.

55. As detailed above in paragraphs 45 through 47, Ciccone also made numerous statements to Sales Agent 1 about specific travel business opportunities with the intention, expectation, and knowledge that Sales Agent 1 would pass along that false and misleading information in the solicitation of investors to purchase Platinum Promissory Notes.

56. A reasonable investor would have understood from these statements that their money would be used in Platinum's luxury travel business. A reasonable

investor would not have understood from these statements that Platinum did not earn sufficient income from its business to repay the promissory notes or that Ciccone would misappropriate the money and use it to make Ponzi-like payments.

57. These statements regarding the use of investor funds were false and misleading when made because Ciccone and Platinum did not use investor funds to secure the travel arrangements as represented and the business arrangements claimed by Ciccone did not exist.

58. Ciccone and Platinum omitted to state material facts that were necessary to render their statements regarding the use of investor funds not misleading. These omissions include that Platinum did not earn sufficient income to repay the promissory notes, and that Ciccone intended to misappropriate the money and use the money to make Ponzi-like payments.

59. These statements regarding the use of investor funds were false and misleading when made, and Ciccone and Platinum knew or were reckless in not knowing, and should have known, that the statements regarding the use of investor funds were false and misleading. Ciccone, as the sole owner, managing member, and president of Platinum and the person with sole control over the Platinum bank accounts, knew the true use of investor funds.

60. The false and misleading statements regarding the use of investor funds were material to investors. A reasonable investor would want to know that,

rather than using the funds as promised for legitimate business purposes, Ciccone intended to misappropriate the money and use it to make Ponzi-like payments.

C. Misstatements Concerning Platinum's Business and Ability to Timely Make Payments

61. Ciccone and Platinum made material misrepresentations regarding Platinum's success and its ability to make timely payments.

62. Throughout the Relevant Period, Ciccone and Platinum represented that Platinum was a successful business. These statements were misleading because Defendants did not disclose that Platinum had very limited luxury travel reservation business and had not made timely payment on promissory notes.

63. Between July 2018 and January 2019, Ciccone represented to Investor 1, Investor 2, and Investor 4 that Platinum was a successful business and therefore was able to repay the promissory notes with income from its operations.

64. Ciccone did not disclose to Investor 2 or Investor 4 that starting on or about October 15, 2018, Ciccone had failed to pay principal and interest due on two of the Ciccone Promissory Notes sold to Investor 1 because Platinum did not earn sufficient profits.

65. In or about May 2019, Ciccone told Sales Agent 1 that Platinum was a successful business and that loans were to be repaid from the profits earned from the resale of room reservations with the expectation and knowledge that Sales

Agent 1 would pass along that false and misleading information in the solicitation of investors to purchase Platinum Promissory Notes.

66. Ciccone and Platinum provided Sales Agent 1 with the marketing deck that described Platinum as a successful business.

67. Ciccone's descriptions of Platinum's business to Sales Agent 1 that Sales Agent 1 then passed on to investors were misleading because Ciccone did not disclose that starting on or about March 31, 2019, Platinum had very limited luxury travel reservation business, which resulted in Ciccone failing to pay principal and interest due on all of the Ciccone Promissory Notes. These misrepresentations continued until the end of the Relevant Period.

68. A reasonable investor would have understood from these representations that Platinum had a viable and successful business model that would allow it to repay the promissory notes. A reasonable investor would not have understood from these communications that Platinum did not have a sufficient income from business to repay the notes and, in fact, already had past due promissory notes as of March 31, 2019.

69. These statements regarding Platinum's successful business and its ability to make timely payments were false and misleading because Platinum did not have a successful business that would allow it to repay the promissory notes

and, in fact, Ciccone had past due promissory notes as of March 31, 2019 that he was unable to repay.

70. These statements regarding Platinum's business and resulting ability to make timely payments was false and misleading when made, and Ciccone and Platinum knew or were reckless in not knowing, and should have known, that the statements regarding Platinum's success and its ability to make timely payments were false and misleading. Ciccone, as the sole owner, managing member, and president of Platinum and the person with sole control over the Platinum bank accounts, knew the true state of Platinum's business and its default on previous promissory notes.

71. The false and misleading statements regarding Platinum's business and ability to make timely payments were material to investors. A reasonable investor would want to know whether the borrower will have the ability to make timely payment.

D. Misstatements Concerning Ciccone's Ability to Enter into Promissory Notes.

72. Ciccone and Platinum made material misrepresentations regarding Ciccone's ability to enter into promissory notes.

73. Throughout the Relevant Period, Ciccone and Platinum made statements about entering into lending arrangements but did not disclose that Ciccone was legally prohibited from entering into such lending arrangements.

74. The Ciccone Promissory Notes and Platinum Promissory Notes represented that the Borrower agreed to pay certain principal and interest on an agreed date.

75. As detailed above, in or about yMay 2019 and continuing through October 2019, Ciccone told Sales Agent 1 that Platinum and Ciccone desired to borrow money for its luxury travel business and would repay the principal and interest from the profits of the business, with the intention, expectation, and knowledge that Sales Agent 1 would pass along that false and misleading information in the solicitation of investors to purchase Platinum Promissory Notes.

76. A reasonable investor would have understood from these statements that Ciccone was permitted to enter into lending arrangements.

77. These statements regarding Ciccone's ability to enter into promissory notes were false and misleading because due to a prior felony criminal conviction and resulting conditions of supervised release from prison, Ciccone was prohibited from entering into loan agreements without prior approval of his probation officer, and he had not requested approval of these transactions.

78. On or about May 12, 2014, Ciccone pleaded guilty to, and was convicted of one count of mail fraud under 18 U.S.C. § 1341 and one count of filing a false income tax return under 26 U.S.C. § 7206 in United States v. Ciccone, No. 2:2011cr554 (D.N.J. May 12, 2014).

79. As part of the criminal judgment entered against him, Ciccone was sentenced to serve 36 months in prison, and upon release from imprisonment placed on supervised release for three years. The terms for Ciccone's supervised release contained special conditions including that Ciccone was "prohibited from incurring any new credit charges, . . . or incurring any new monetary loan, obligation, or debt, by whatever name known, without approval of the U.S. Probation Office," and to "refrain from seeking or holding employment in any position which involves fund raising. . . ."

80. On or about March 16, 2017, Ciccone was released from prison. The special conditions of his supervised release remained in place from March 16, 2017 until March 3, 2021 when his supervised release was terminated.

81. Ciccone did not seek approval from his U.S. Probation Office for any of the monetary loans, obligations, or debts, or the sale of the securities (*i.e.*, the promissory notes) described in this Complaint.

82. Ciccone and Platinum omitted to state material facts that were necessary to render their statements regarding Ciccone's ability to enter into promissory notes not misleading. These omissions include that Ciccone was legally prohibited from entering into such lending arrangements.

83. These statements regarding Ciccone's ability to enter into promissory notes were false and misleading when made, and Ciccone and Platinum knew or

were reckless in not knowing, and should have known, that the statements were false and misleading. Ciccone was aware of the terms of his supervised release from prison.

84. The false and misleading statements regarding Ciccone's ability to enter into promissory notes were material to investors. A reasonable investor would want to know that a person to whom it is lending money is legally prohibited from entering into lending arrangements due to a prior felony criminal conviction.

E. Misstatements Concerning Collateral for the Promissory Notes

85. Ciccone and Platinum made material misrepresentations regarding the collateral for the promissory notes.

86. Throughout the Relevant Period, Ciccone and Platinum represented that the Platinum Promissory Notes were secured by certain collateral, but did not disclose that certain of the collateral was pledged on multiple promissory notes and that Ciccone did not own the other claimed collateral.

87. Between May 15, 2019 and October 8, 2019, Ciccone and Platinum represented in each of the Platinum Promissory Notes that the "Note is secured by the borrower's personal net worth and assets ... including [a] 2016 BMW ... and [a] Certificate of Title [to] property located at ... Mahogany Cove San Diego, CA...."

88. A reasonable investor would have understood from these representations that its investment was secured by a luxury car and real property owned by Ciccone. A reasonable investor would not have understood that the luxury car had been previously pledged as collateral or that Ciccone did not own the claimed real property.

89. These statements regarding the collateral for the promissory notes were false and misleading because the 2016 BMW was purchased for approximately \$54,000 and was pledged as collateral for several promissory notes that exceeded its value, and Ciccone did not own the property at Mahogany Cove, San Diego, California.

90. Ciccone and Platinum omitted to state material facts that were necessary to render their statements regarding the collateral for the promissory notes not misleading. These omissions include that the 2016 BMW was purchased for approximately \$54,000 and was pledged as collateral for several promissory notes that exceeded its value and that Ciccone did not own the property at Mahogany Cove, San Diego, California.

91. These statements regarding the collateral for the promissory notes were false and misleading when made, and Ciccone and Platinum knew or were reckless in not knowing, and should have known, that the statements regarding the collateral for the promissory notes were false and misleading. Ciccone, as the sole

owner, managing member, and president of Platinum was aware that the BMW had been pledged as collateral for several promissory notes that exceeded its value and that he did not own the property that was pledged as collateral in the promissory notes.

92. The false and misleading statements regarding the collateral for the promissory notes were material to investors. A reasonable investor would want to know that the collateral pledged would not provide security for its investment.

F. Misstatements to Existing Investors Concerning Delays in Making Payment

93. During August 2019, Ciccone made a series of false statements, including fabricating documents, to explain why payments due under the promissory notes were not being timely made.

94. During August 2019, Ciccone told Sales Agent 1 in telephone conversations, emails, and text messages that Platinum Enterprise's bank was holding deposits from a hotel, with which Platinum was purportedly doing business, and the funds would be wired to investors in five days as repayment on their outstanding Platinum Promissory Notes.

95. On or about August 19, 2019, Ciccone forwarded a fabricated email to Sales Agent 1. The fabricated email purported to be an email from a bank employee verifying bank accounts held a total balance of \$167,988 and stating the wire transfers to investors were still on hold. On or about August 19, 2019,

Platinum and Platinum Enterprises did not possess \$167,988 in their bank accounts.

96. On or about August 27, 2019, based upon the false information provided by Ciccone, Sales Agent 1 drafted a letter, which Ciccone reviewed and signed. In the letter, Ciccone and Platinum falsely represented that delays in payments to the investors were caused by Platinum opening a new bank account and the hotel cancelling the checks it had issued to Platinum. Ciccone directed Sales Agent 1 to send the letter to investors. Sales Agent 1 sent the letter to five investors to whom payment was due. A reasonable investor would have understood from these communications that the delay in making payment under existing promissory notes was caused by the reasons Ciccone provided and that these were problems that could be overcome and were not fundamental to Platinum's business.

97. These statements regarding the reasons for Platinum's failure to make timely payments were false and misleading because there was no issue with the bank. Rather, Platinum did not have the necessary money to make the payments.

98. Ciccone and Platinum omitted to state material facts that were necessary to render their statements regarding Platinum's failure to make timely payment not misleading. These omissions include that Platinum did not have the funds to make payment as required.

99. These statements regarding Platinum's failure to make timely payment were false and misleading when made, and Ciccone and Platinum knew or were reckless in not knowing, and should have known, that the statements regarding Platinum's failure to make timely payment were false and misleading. Ciccone, as the sole owner, managing member, and president of Platinum and the person with sole control over the Platinum bank accounts, knew that there was no issue with the bank but, rather, Platinum did not have the necessary money to make payment.

100. The false and misleading statements regarding Platinum's failure to make timely payment were material to investors. A reasonable investor would want to know the true cause for the delay in making payment.

101. After receiving this false and misleading information about Ciccone's purported problems with the bank, two investors purchased additional Platinum Promissory Notes during September and October 2019.

IV. Ciccone Engaged in Deceptive Lulling Conduct.

102. Ciccone made false and misleading statements to investors through Sales Agent 1 to prevent the investors from learning that Platinum would not be able to make payments as promised in the Platinum Promissory Notes. Ciccone provided this information to Sales Agent 1 with the knowledge and expectation

that Sales Agent 1 would provide that information to investors to delay their demands for repayment.

103. First, as described above, Ciccone made false statements regarding the delay in making payment in August 2019.

104. Second, through the late summer and fall of 2019, Ciccone made repeated statements to Sales Agent 1 about why payments to investors were delayed, including representing that a bank had frozen certain funds and that Ciccone was appearing before a court to obtain an order to unfreeze these funds.

105. These statements about court actions were false and misleading because Ciccone filed no lawsuit, did not appear at hearings to release the funds, and the banks did not hold any funds paid by the hotel or frozen in the accounts.

106. Third, in or about December 2019, Ciccone sent Sales Agent 1 a copy of his personal financial statement that showed that Ciccone had a net worth of over \$5.5 million from which investors could be repaid. The financial statement was false because Ciccone did not have the assets represented.

107. Fourth, in January 2020, Ciccone falsely told Sales Agent 1 that he personally had substantial assets, but those assets were unavailable to be used to repay investors due to a court order.

108. On or about January 9, 2020, Ciccone told Sales Agent 1 that Ciccone owned funds held in a bank account in the name of a family trust that were

restricted by a court proceeding, and sent Sales Agent 1 the first page of a bank statement for the account showing a balance of over \$3.3 million as of December 31, 2019. Ciccone fabricated the bank statement. In fact, Platinum previously owned the account, and the account was closed on April 2, 2019 because of overdrawn funds.

V. In the Alternative, Ciccone Violated Section 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder Through or By Means of the Action of Sales Agent 1.

109. In the alternative to the claim that Ciccone, directly or indirectly, violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder with respect to those statements made through Sales Agent 1, Ciccone committed the violations through the actions of Sales Agent 1 as prohibited by Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)].

110. From approximately May through October 2019, Ciccone used Sales Agent 1 to solicit investors.

111. As detailed above, Ciccone knowingly or recklessly provided false and misleading information to Sales Agent 1 with the intention, expectation, and knowledge that Sales Agent 1 would pass along that false and misleading information in the solicitation of investors to purchase Platinum Promissory Notes.

112. Sales Agent 1 provided the false and misleading information to investors in connection with the sales of Platinum Promissory Notes.

VI. Defendants' Conduct Was in the Offer, Purchase, and Sale of Securities.

113. The misstatements alleged herein were made by Ciccone and Platinum to induce investors to purchase Ciccone Promissory Notes and Platinum Promissory Notes, and as stated herein certain investors did purchase those promissory notes.

114. Accordingly, Ciccone and Platinum made material misstatements in the offer or sale of securities and in connection with the purchase or sale of securities.

VII. Platinum Promissory Notes Were Sold When No Registration Statement Was in Effect.

115. Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)] make it unlawful for any person, directly or indirectly, to use interstate commerce or the mails, to send a security unless a registration statement is in effect as to the security, or to offer to sell a security unless a registration statement has been filed as to such security. A registration statement is transaction specific. Each offer and sale of a security must either be made under a registration statement or fall under a registration exemption.

116. As detailed above, from May to October 2019, Ciccone and Platinum, directly or indirectly through the acts of Sales Agent 1, offered and sold securities in the form of Platinum Promissory Notes to at least seventeen investors and obtained approximately \$1,022,680.

117. Ciccone was a necessary participant and substantial factor in the securities offerings identified above. Among other things, Ciccone as the sole owner, managing member, and president of Platinum arranged the offering of Platinum Promissory Notes, signed the Platinum Promissory Notes, and made the statements to induce investors to purchase the Platinum Promissory Notes. As such, Ciccone's actions were integral to the success of the offering.

118. No registration statement was filed or in effect with the SEC for the offers and sales of the Platinum Promissory Notes.

119. No exemption from registration existed with respect to the offering.

120. Ciccone and Platinum offered and sold securities using the means or instruments of interstate commerce, including, but not limited to, telephone, email, and wire transfers.

VIII. Relief Defendant Platinum Enterprises Received Proceeds from Defendants' Fraud to Which It Has No Legitimate Claim.

121. As alleged above in paragraph 22, Relief Defendant Platinum Enterprises received proceeds from Defendants' fraud for which it provided no reciprocal goods or services, and to which it has no legitimate claim. As a result, those funds should be returned to defrauded investors.

FIRST CLAIM FOR RELIEF

**Fraud—Section 10(b) of the Exchange and Rule 10b-5 Thereunder
(Both Defendants)**

122. The SEC realleges and incorporates by reference paragraphs 1 through 121 as though fully set forth herein.

123. By virtue of the foregoing, Ciccone and Platinum, directly or indirectly, acting with scienter, by use of the means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, in connection with the purchase or sale of a security: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or 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 or courses of business which operated or would operate as a fraud or deceit upon another person.

124. By reason of the conduct described above, Ciccone and Platinum, directly or indirectly, violated, and unless restrained and enjoined, will again 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(b)].

SECOND CLAIM FOR RELIEF

**Fraud – Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b)
Thereunder as Prohibited by Section 20(b) of the Exchange Act
(In the Alternative to Claim 1’s 10b-5(b) Claim with respect to Statements Made
Through Sales Agent 1, Against Defendant Ciccone)**

125. The SEC realleges and incorporates by reference paragraphs 1 through 121 as though fully set forth herein.

126. Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)] precludes any person, directly or indirectly, from doing any act which would be unlawful under the Exchange Act for such person to do, through or by means of any other person.

127. By knowingly or recklessly using Sales Agent 1 to solicit investors, providing false and misleading information to Sales Agent 1, with the intent that Sales Agent 1 use the false and misleading information in connection with the sale of securities, Ciccone, directly or indirectly, violated Section 20(b) of the Exchange Act. These acts, done through and by means of Sales Agent 1, violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b)].

128. By reason of the conduct described above, Ciccone directly or indirectly violated, and unless restrained and enjoined, will again violate, Sections 10(b) and 20(b) of the Exchange Act and Rule 10b-5(b) thereunder.

THIRD CLAIM FOR RELIEF
Fraud – Section 17(a) of the Securities Act
(Both Defendants)

129. The SEC realleges and incorporates by reference paragraphs 1 through 121 as though fully set forth herein.

130. By virtue of the foregoing, Ciccone and Platinum have, directly or

indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, (1) employed a device, scheme, or artifice to defraud with scienter; (2) obtained money or property by means of an untrue statement of material fact or omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (3) engaged in transactions, practices or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

131. Accordingly, Ciccone and Platinum violated and, unless restrained and enjoined, will again violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

FOURTH CLAIM FOR RELIEF
Offer and Sale of Unregistered Securities – Section 5(a) and (c) of the
Securities Act
(Both Defendants)

132. The SEC realleges and incorporates by reference paragraphs 1 through 121 as though fully set forth herein.

133. Ciccone and Platinum, directly or indirectly, singly or in concert, 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, or caused to be carried through the mails or in interstate commerce by any means or instruments of transportation, securities for the purpose

of sale or for delivery after sale when no registration statement was in effect as to those securities.

134. Ciccone and Platinum, directly or indirectly, singly or in concert, 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 a prospectus or otherwise, when no registration statement had been filed for those securities.

135. Accordingly, Ciccone and Platinum violated and, unless restrained and enjoined, will again violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FIFTH CLAIM FOR RELIEF
Disgorgement from Relief Defendant –
Section 6501 of the National Defense Authorization Act for Fiscal Year 2021,
Pub. L. No. 116-283 and Equitable Principles
(Relief Defendant Platinum Enterprise)

136. The SEC realleges and incorporates by reference paragraphs 1 through 121 as though fully set forth herein.

137. Relief Defendant Platinum Enterprises received money as a result of the violations of the federal securities laws by Ciccone and Platinum, to which Platinum Enterprises has no legitimate claim.

138. Platinum Enterprises has no legitimate claim to the funds it received from investors, having obtained the funds under circumstances in which it is not

just, equitable or conscionable for Platinum Enterprises to retain the funds, and therefore it has been unjustly enriched.

139. Platinum Enterprises should be required to disgorge all ill-gotten funds, along with prejudgment interest, under the equitable doctrines of disgorgement, unjust enrichment, and constructive trust.

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requires that this Court:

I.

Find that the Defendants committed the violations alleged in this Complaint;

II.

Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining each of the Defendants from violating, directly or indirectly, Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(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]; and, in the alternative, Ciccone from violating Section 10(b) and Rule 10b-5(b) as prohibited by Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)] ;

III.

Enter an injunction permanently restraining and enjoining Ciccone from participating, directly or indirectly, including, but not limited to, through any entity owned

or controlled by him, in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent Ciccone from purchasing or selling securities for his own personal accounts;

IV.

Enter an order barring Ciccone from serving as an officer or director of a publicly-held company pursuant to Section 21(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)];

V.

Order Defendants and Relief Defendants to disgorge all ill-gotten gains, together with pre-judgment interest, derived from the activities set forth in this Complaint;

VI.

Order Defendants to pay civil money penalties 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)];

VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and

VIII.

Grant such other and further relief as this Court may deem just and proper.

JURY DEMAND

The SEC demands a trial by jury on all claims so triable.

Dated: September 29, 2021

Respectfully submitted,

/s/ Leslie J. Hughes
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