

FILED

FEB 21 2007

NF:

Feb. 21, 2007

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JH

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

PLATINUM CAPITAL ADVOCATES,
INC., PLATINUM CAPITAL
ADVOCATES ELITE, INC.,
STEPHEN P. AMELLA,
ANDRE HAYDEN, and STRATEGIC
MANAGEMENT ALLIANCE, INC.

Defendants.

07CV985
JUDGE HOLDERMAN
MAGISTRATE JUDGE SCHENKIER

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission ("Commission"),
alleges as follows:

NATURE OF THE ACTION

1. This matter involves misrepresentations made in connection with a fraudulent
scheme in which Stephen P. Amella ("Amella") and Andre Hayden ("Hayden"), through three
companies they control, Platinum Capital Advocates, Inc. ("PCA"), Platinum Capital Advocates
Elite, Inc. ("PCA Elite") and Strategic Management Alliance, Inc. ("Strategic Management"),
solicited investors to purchase shares of preferred stock of PCA and PCA Elite. In the offer and
sale of shares of PCA and PCA Elite, Amella and Hayden informed investors that:

- (a) Their investment would result in returns of 10% to 15% per month, when in fact there was no basis for such returns;
- (b) Invested funds would be safe based on certain procedures implemented to protect investor principal, when in fact no such procedures had been implemented;
- (c) PCA and PCA Elite were associated with reputable entities such as Archer Daniels Midland Company (“ADM”), when in fact no such association existed; and
- (d) Investor funds would be used to invest in real estate or currency trading and that dividends would be based on earnings in such investments, when in fact dividends thus far have been paid not based on earnings but have been taken from investor principal, exhibiting characteristics of the early stages of a Ponzi Scheme.

2. Based on the above misrepresentations, from October 2006 through February 2007, Amella and Hayden, through PCA and PCA Elite, raised at least \$1.3 million from approximately 27 investors in four states.

3. Through the activities alleged in this Complaint, Defendants PCA, PCA Elite, Amella, Hayden and Strategic Management have, and unless enjoined, will continue to, directly and indirectly, engage in transactions, acts, practices or courses of business which are violations of Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

4. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

JURISDICTION

5. This Court has jurisdiction pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa] and 28 U.S.C. § 1331.

6. The acts, practices and courses of business constituting the violations alleged herein occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere.

7. Defendants are inhabitants of, and transact business in, the Northern District of Illinois.

8. Defendants, directly or indirectly, have made and are making use of the mails or the means or instrumentalities of interstate commerce in connection with the transactions, acts, practices and courses of business alleged herein.

DEFENDANTS

9. Platinum Capital Advocates, Inc., is an Illinois corporation formed in 2006 that is an inhabitant of, and transacts business in, the Northern District of Illinois. PCA was purportedly formed as a real estate and cash management company.

10. Platinum Capital Advocates Elite, Inc., is an Illinois corporation formed in 2007 that is an inhabitant of, and transacts business in, the Northern District of Illinois. PCA Elite was also purportedly formed as a real estate and cash management company.

11. Stephen P. Amella, age 36, is resident of Berwyn, Illinois. Amella is the Chief Executive Officer of PCA and PCA Elite. He also serves as the President, Secretary and Treasurer of Strategic Management.

12. Andre Hayden, age 42, is a resident of Berwyn, Illinois. Hayden is the Chief Operating Officer of PCA and PCA Elite. He also serves as the Vice-President of Strategic Management.

13. Strategic Management Alliance, Inc., is a Delaware Corporation formed in 2006 that is an inhabitant of, and transacts business in, the Northern District of Illinois. Strategic Management serves as an umbrella corporation for entities under the control of Amella and Hayden, including PCA and PCA Elite.

FACTS

BACKGROUND OF PCA AND PCA ELITE

13. PCA was formed in September 2006 purportedly as a cash management and real estate company. At all times relevant to this case, Amella was PCA's CEO and Hayden its COO.

14. PCA Elite was formed in January 2007 purportedly as a cash management and real estate company. At all times relevant to this case, Amella was PCA Elite's CEO and Hayden its COO.

15. Strategic Management was formed in September 2006 to serve as an umbrella corporation for entities under the control of Amella and Hayden. At all times relevant to this case, Amella was Strategic Management's President, Secretary and Treasurer and Hayden its Vice-President.

AMELLA AND HAYDEN SOLICIT INVESTORS INTO PCA AND PCA ELITE

16. Beginning in October 2006 and lasting until at least January 2007, Amella and Hayden communicated with potential investors to solicit the purchase of shares of preferred

stock in PCA. Such correspondence occurred either in person and/or through telephone conversations.

17. Beginning in at least January 2007 and extending into February 2007, Amella and Hayden communicated with potential investors to solicit the purchase of shares of preferred stock in PCA Elite. Such correspondence occurred either in person and/or through telephone conversations, including telephone conference calls.

18. Between October 2006 and February 2007, PCA and PCA Elite, through Amella and Hayden, raised at least \$1.3 million from approximately 27 investors in four states from the offer and sale of preferred shares of PCA and PCA Elite.

AMELLA AND HAYDEN MAKE MISREPRESENTATIONS TO INVESTORS ABOUT PCA AND PCA ELITE

19. Amella and Hayden told investors and prospective investors that PCA and PCA Elite would invest their funds in either foreign currency trading ("FOREX" trading) or in real estate equity investments.

20. PCA, PCA Elite, Amella, Hayden and Strategic Management made material misrepresentations of fact to investors in the offer and sale and the purchase and sale of shares of preferred stock of PCA and PCA Elite.

21. Amella and Hayden told investors that PCA and PCA Elite would provide investors with 10% to 15% dividend payments per month based on earnings generated from FOREX trading.

22. In fact, the Defendants knew or were reckless in not knowing that they had no reasonable basis to project such returns. Hayden testified before the Commission staff that these returns were based only on a three or four month trading history of PCA's foreign exchange broker, an entity called Hubbard Street Partners ("Hubbard Street"). Amella testified that he had

seen such returns in his experience, but admitted he was relying on Hubbard Street's expertise and that representatives of Hubbard Street told him that such returns seemed too high.

23. Amella and Hayden told investors that PCA and PCA Elite had a number of measures in place to protect each investor's principal, including a trading strategy which only purportedly placed a small amount of investor funds at risk and an escrow account that they had established for the protection of investor funds.

24. In fact, the Defendants knew or were reckless in not knowing that the purported trading strategy relied on the use of leverage, a risky trading strategy. Also, the Defendants knew or were reckless in not knowing that neither PCA nor PCA Elite had an escrow account.

25. Amella and Hayden told investors that PCA and PCA Elite had a confidential partnership with ADM and had a ten year contract with ADM. Amella's and Hayden's statements to investors made some investors believe that ADM had a formal affiliation with or financial interest in PCA and PCA Elite.

26. In fact, the Defendants knew or were reckless in not knowing that neither PCA nor PCA Elite had a confidential partnership or ten year contract with ADM. The only relationship PCA and PCA Elite had with ADM were two customer accounts opened at ADM Investor Services ("ADMIS"), a subsidiary of ADM, in the name of Strategic Management.

27. Amella and Hayden told investors that their funds invested in PCA and PCA Elite would be used either to trade foreign currencies or to invest in real estate. Moreover, Amella and Hayden told investors that dividends paid by PCA or PCA Elite would come from earnings generated by trading in foreign currencies or in real estate investments.

28. In fact, between September 2006 and February 2007, neither PCA nor PCA Elite generated any earnings. Contrary to the representations made to investors that dividends would

be based on earnings and that investor funds would be used in FOREX trading or for real estate investments, however, from November 27, 2006 to January 19, 2007, the Defendants knowingly used approximately \$16,000 in investor principal to pay dividends to certain PCA investors. More specifically, Amella and Hayden directed the following dividend payments to investors with what they knew to be investor principal:

(a) On November 27, 2006, a \$1,200 check was written on a checking account in the name of PCA at J.P. Morgan Chase Bank (“Chase”) to an investor for a dividend payment;

(b) On December 6, 2006, \$2,500 was wired to an investor from PCA’s checking account at Chase for a dividend payment;

(c) On December 11, 2006, \$1,333.30 was transferred from PCA’s checking account at Chase to an investor for a dividend payment.

(d) On January 5, 2007, \$4,000 was transferred from PCA’s checking account at Chase to an investor for a dividend payment;

(e) On January 12, 2007, \$2,500 was wired from PCA’s checking account at Chase to an investor for a dividend payment; and

(f) On January 19, 2007, a \$4,000 check was written on PCA’s checking account at Chase to an investor for a dividend payment.

29. In testimony before the Commission staff, when asked whether these dividends payments came from investor principal, Amella stated: “Basically, yeah, and so we, we figure we can cover that money and the loss of that money because we were operating at a loss right now, with some good days of trading. And as soon as that got rolling, see it took longer than we expected. And then we felt bad because we had told our people that we would give them a dividend. And so if I tell somebody something, you, it’s like we’ve got to do it.”

PCA'S WEBSITE CONTAINS ADDITIONAL MISREPRESENTATIONS

30. Beginning on or about January 24, 2007, PCA and PCA Elite, through Amella and Hayden, posted a website at www.platinumcapitaladvocates.com.

31. The website stated that PCA and PCA Elite have mechanisms in place to protect investor principal, when in fact the Defendants knew or were reckless in not knowing that PCA and PCA Elite did not have any such mechanisms in place.

32. The website stated that PCA has a confidential partnership with an 80 year old Fortune 100 company, and the website also contained historical information about ADM, when in fact the Defendants knew or were reckless in not knowing that neither PCA nor PCA Elite had any such confidential partnership with ADM or with any other 80 year old Fortune 100 company.

33. The website stated that PCA's trading reports are audited on a continual basis by the Commission and the Commodity Futures Trading Commission ("CFTC"), when in fact the Defendants knew or were reckless in not knowing that such trading reports are not audited on a continual basis by either the Commission or the CFTC.

34. The website stated that PCA has alliances with major financial institutions, when in fact the Defendants knew or were reckless in not knowing that PCA had no such alliances with major financial institutions.

35. The website stated that the PCA and PCA Elite team "has worked funding in this industry funding over \$30 million dollars with individuals like [Andrew] Lloyd Weber, The President of Walt Disney, Prince Edward and George W. Bush," when in fact the Defendants knew or were reckless in not knowing that neither PCA nor its team had such experience or had worked with such individuals.

36. PCA's website was removed on January 30, 2007, after Amella, Hayden, PCA and Strategic Management received a cease and desist letter from ADM directing that all reference to ADM be removed.

LOCATION OF INVESTOR FUNDS

37. At all times relevant to this Complaint, Strategic Management had a futures account and a FOREX trading account at ADMIS.

38. At all times relevant to this Complaint, PCA and Strategic Management each had checking and savings accounts at Chase. PCA Elite also has a checking account at Chase which was opened on January 25, 2007.

39. As of the filing of this Complaint, approximately \$790,000 in funds invested with PCA or PCA Elite for purchase of shares of preferred stock are located in Strategic Management's accounts at ADMIS.

40. As of the date of the filing of this Complaint, approximately \$430,000 in funds invested with PCA or PCE Elite for purchase of shares of preferred stock are located in either PCA's, PCA Elite's or Strategic Management's accounts at Chase.

COUNT I

Violations of Section 17(a)(1) of the Securities Act

41. Paragraphs 1 through 40 are re-alleged and incorporated by reference as though set forth herein.

42. By engaging in the conduct described above, PCA, PCA Elite, Amella, Hayden and Strategic Management, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have employed devices, schemes and artifices to defraud.

43. PCA, PCA Elite, Amella, Hayden and Strategic Management intentionally or recklessly made the untrue statements or omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

44. By reason of the foregoing, PCA, PCA Elite, Amella, Hayden and Strategic Management violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II

Violations of Sections 17(a)(2) and (3) of the Securities Act

45. Paragraphs 1 through 40 are re-alleged and incorporated by reference as though fully set forth herein.

46. By engaging in the conduct described above, PCA, PCA Elite, Amella, Hayden and Strategic Management, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have:

- a. obtained money or property by means of untrue statements of material fact or by omitting 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, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

47. PCA, PCA Elite, Amella, Hayden and Strategic Management made the untrue statements and omissions of material fact and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

48. By reason of the foregoing, PCA, PCA Elite, Amella, Hayden and Strategic Management have violated Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2)-(3)].

COUNT III

Violations of Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5

49. Paragraphs 1 through 40 are re-alleged and incorporated by reference as though fully set forth herein.

50. As more fully described in paragraphs 1 through 40 above, PCA, PCA Elite, Amella, Hayden and Strategic Management, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact 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 engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

51. PCA, PCA Elite, Amella, Hayden and Strategic Management knew, or were reckless in not knowing, of the facts and circumstances described in paragraphs 1 through 40 above.

52. By reason of the foregoing, PCA, PCA Elite, Amella, Hayden and Strategic Management violated 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].

RELIEF REQUESTED

Wherefore, the Commission respectfully requests that this Court:

I.

Find that Defendants PCA, PCA Elite, Amella, Hayden and Strategic Management committed the violations charged and alleged herein.

II.

Grant Orders of Preliminary and Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendants PCA, PCA Elite, Amella, Hayden and Strategic Management, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

III.

Issue an Order requiring Defendants PCA, PCA Elite, Amella, Hayden and Strategic Management to disgorge the ill-gotten gains that they received as a result of their wrongful conduct, including prejudgment interest.

IV.

With regard to Defendants Amella's and Hayden's violative acts, practices and courses of business set forth herein, issue an Order imposing upon Amella and Hayden appropriate 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)].

V.

Retain jurisdiction of this action in accordance with the principals 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.

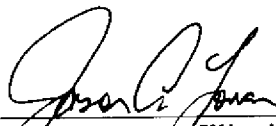
VI.

Grant appropriate emergency relief to prevent further secretion or dissipation of assets invested by investors.

VII

Grant an Order for any other relief this Court deems appropriate.

Respectfully submitted,



Jason A. Yonak, Illinois Bar No. 6278759
Barry Isenman, Admission *Pro Hac Vice* Pending
Attorneys for Plaintiff
U.S. SECURITIES AND
EXCHANGE COMMISSION
175 W. Jackson Blvd., Suite 900
Chicago, IL 60604
Telephone: (312) 353-7390
Facsimile: (312) 353-7398

Dated: February 21, 2007