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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----:
SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

ERIC TODD SEIDEN and KAMAL ABDALLAH, :

Defendants. :

09 Civ. 3116 (KAM) (RLM)

**FIRST AMENDED
COMPLAINT**

-----:
Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against
defendants Eric Todd Seiden (“Seiden”) and Kamal Abdallah (“Abdallah”) (collectively, the
“Defendants”), alleges:

SUMMARY

1. This is a market manipulation case involving false orders and collusion to inflate the price of penny stocks. Seiden fraudulently induced at least fifteen broker-dealers to buy over \$1.8 million worth of thinly traded stocks. On numerous occasions from at least October 24, 2008 to the present, Seiden, a former securities professional, telephoned broker-dealers, falsely identified himself as a customer or customer representative, and placed large orders to purchase a

thinly traded stock for the customer's account. In each instance, Seiden had no authority to place orders for the customers. In many instances, Seiden's false representation caused the broker-dealers to execute the orders, which resulted in purchases totaling more than \$1.8 million.

2. Abdallah was one of several persons with whom Seiden conspired to manipulate the prices of penny stocks. Abdallah, the former CEO of Universal Property Development & Acquisition Corp. ("UPDV"), paid Seiden to create artificial demand for UPDV stock and inflate its stock price. Seiden and Abdallah worked in concert to manipulate the market price of UPDV stock, enabling Abdallah to dump his UPDV stock into the public market at an inflated price.

VIOLATIONS

3. Based on the conduct alleged in this Complaint: (a) Seiden is liable for violations of 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; and (b) Abdallah is liable for violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), 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.

JURISDICTION AND VENUE

4. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), seeking permanently to enjoin the Defendants from engaging in the acts, practices and courses of business alleged herein.

5. The Commission also seeks a final judgment: (a) prohibiting the Defendants from

participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g) and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6); (b) barring Abdallah from serving as an officer or director of a public company pursuant to Section 20(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); and (c) requiring the Defendants to disgorge ill-gotten gains, if any, with prejudgment interest thereon, and 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).

6. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(d) and 77v(a), and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

7. Venue is proper in the Eastern District of New York pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a) and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Certain of the transactions, acts, practices and courses of business constituting the violations alleged herein occurred in the Eastern District of New York, including, among other things, Seiden made at least one of his deceptive calls to a broker-dealer whose principal place of business is in the Eastern District of New York.

THE DEFENDANTS

8. Seiden, age 38, is a resident of Boca Raton, Florida. Between 1993 and October 28, 2008, he was employed as a registered representative of several broker-dealers located in New York and Florida.

9. Abdallah, age 44, is a resident of San Antonio, Texas. Abdallah was the CEO of

UPDV until November 20, 2008.

FACTS

10. Seiden colluded with Abdallah and others to manipulate the prices of penny stocks. Since at least October 24, 2008, Seiden placed, or attempted to place, fraudulent orders for thinly traded stocks with at least 24 broker-dealers by impersonating retail customers or employees of institutional customers of those broker-dealers.

11. On dozens of occasions since October 2008, Seiden: (a) telephoned a broker-dealer, (b) falsely identified himself as a retail customer of the broker-dealer or trader for an institutional customer of the broker-dealer, and (c) placed a large order to purchase a thinly traded penny stock for the customer's account.

12. In many instances, Seiden falsely claimed to be a specific person who was a retail customer or trader for an institutional customer.

13. Seiden had no authority to place these orders on behalf of the customers.

14. In total, Seiden deceived fifteen broker-dealers, causing them to purchase \$1.8 million of stock. After these broker-dealers learned from the actual customers that they did not authorize Seiden's fraudulent orders, the broker-dealers had to sell the stock at a loss.

15. Seiden attempted to place fraudulent orders with nine other broker-dealers, but those broker-dealers did not execute Seiden's purchase order.

16. Some of the fraudulent orders that Seiden placed were for the purchase of penny stocks as defined by the Exchange Act.

17. On November 20, 2008, in a call to Broker-Dealer A, Seiden falsely identified

himself as M.W. of Firm B, a customer of Broker-Dealer A. Seiden placed an order for Firm B to purchase 10,000 shares of Action Products International Inc. (“APII”) stock, which is a penny stock as defined by the Exchange Act. After Broker-Dealer A executed this order, it contacted M.W., who denied placing or authorizing the call. Broker-Dealer A played for M.W. a recording of the November 20, 2008 call, and M.W. identified the caller as Seiden. M.W. was able to identify Seiden’s voice because M.W. knew Seiden when they were employed at the same broker-dealer between August 1998 and October 2000.

18. On April 28, 2009, Seiden telephoned Broker-Dealer C, and falsely identified himself as P.R., a trader at Broker-Dealer D, which cleared its trades through Broker-Dealer C. Seiden placed an order for a customer of Broker-Dealer D to buy 100,000 shares of Alentus Corporation (“ALNS”) stock, which is a penny stock as defined by the Exchange Act. After Broker-Dealer C executed the order, Broker-Dealer D denied authorizing or knowing about the order. Broker-Dealer C then provided Broker-Dealer D with a tape recording of the April 28 call, and two employees of Broker-Dealer D identified Seiden’s voice as the caller. These two Broker-Dealer D employees knew Seiden from the time Seiden worked at Broker-Dealer D between October 2006 and April 2008.

19. As recently as July 8, 2009, in a call to Broker-Dealer C, Seiden falsely identified himself as J.N., a trader at Firm E, a customer of Broker-Dealer C. Seiden placed an order for Firm E to purchase 95 million shares of UPDV stock, which is a penny stock as defined by the Exchange Act. After Broker-Dealer C executed this order, it contacted Firm E, which denied authorizing the order.

20. In June 2009, Abdallah agreed to pay Seiden cash kickbacks for causing purchases of UPDV stock. From June 22, 2009 to July 8, 2009, Seiden induced four broker-dealers to purchase a total of 223 million shares of UPDV stock.

21. Seiden called each broker-dealer, falsely represented himself as a customer of that broker-dealer, and placed orders for UPDV in that customer's account.

22. Abdallah sold at least 16 million shares of UPDV stock totaling approximately \$84,000 on the days that Seiden placed these purchase orders. Abdallah paid Seiden at least \$30,000 for causing these purchases of UPDV stock.

23. Abdallah and Seiden coordinated the timing and price of Abdallah's sales of UPDV stock and purchase orders of UPDV stock induced by Seiden. Abdallah told Seiden the price at which he wanted to sell his UPDV shares, and Seiden told the broker-dealers to fill all quoted offers in order to increase the price of the stock for Abdallah's sales.

24. On July 21, 2009 and July 28, 2009, Abdallah asked Seiden to purchase 25 million shares of UPDV stock in exchange for a 25% kickback.

25. On July 31, 2009, Abdallah asked Seiden to increase the UPDV stock price from its current price of \$.0023 per share to \$.0027 per share so that Abdallah could sell his own UPDV shares at that artificially inflated price.

FIRST CLAIM FOR RELIEF

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

26. The Commission realleges and incorporates paragraphs 1 through 25 by reference

as if fully set forth herein.

27. Abdallah, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, (a) has employed, is employing, or is about to employ, devices, schemes, or artifices to defraud; (b) has obtained money or property by means of, or have otherwise made untrue statements of material fact, or has omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) has engaged, is engaging, or is about to engage in transactions, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon the purchasers of securities.

28. By reason of the foregoing, Abdallah, singly or in concert, directly or indirectly, has violated, is violating, and unless enjoined will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

SECOND CLAIM FOR RELIEF

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

29. Paragraphs 1 through 28 are hereby realleged and incorporated by reference.

30. The Defendants, directly and indirectly, singly or in concert, knowingly or recklessly, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange: (a) have employed, are employing, or are about to employ, devices,

schemes, or artifices to defraud; (b) have made, are making, or are about to make untrue statements of material fact, or have omitted, are omitting, or are about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon other persons.

31. By reason of the foregoing, the Defendants, directly or indirectly, singly or in concert, have violated, are violating, and unless enjoined will again 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.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a final judgment:

I.

Permanently enjoining: Abdallah and Seiden from violating 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 Abdallah from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a).

II.

Ordering Defendants to disgorge their ill-gotten gains, if any, plus prejudgment interest.

III.

Imposing civil money penalties upon the Defendants 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).

IV.

Prohibiting the Defendants from participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

V.


Barring Abdallah from serving as an officer or director of a public company pursuant to Section 20(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).

VI.

Granting such other and further relief as the Court may deem just and proper.

Dated: August 13, 2009
New York, New York

By:



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