

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71694 / March 12, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3790 / March 12, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15784

In the Matter of

GEORGE LOUIS THEODULE,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against George Louis Theodule (“Respondent” or “Theodule”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From July 2007 through December 2008, Theodule was the president and sole officer and director of Creative Capital Consortium, LLC, and also managed A Creative Capital Concept\$, LLC (collectively “Creative Capital”), two now defunct entities he used to raise investor funds. Neither entity was ever registered with the Commission. Theodule, 52, a former resident of Loganville, Georgia, is currently incarcerated at the Miami Federal Detention Center in Miami, Florida.

B. ENTRY OF THE RESPONDENT'S CRIMINAL CONVICTION

2. On October 28, 2013, Theodule pleaded guilty to one count of Wire Fraud in violation of Title 18 United States Code, Section 1343 before the United States District Court for the Southern District of Florida, in United States v. George Louis Theodule, Case No. 9:13-CR-80141. On February 24, 2014, the Court sentenced Theodule to 12.5 years in prison and three years of supervised release, with restitution to be set at a later date.

3. The count of the criminal indictment to which Theodule pleaded guilty alleged, among other things, that beginning in about July 2007 and continuing through December 2008 Theodule knowingly and willfully devised and intended to devise a scheme and artifice to defraud others and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and that he knowingly transmitted and caused to be transmitted wire transfers of funds in furtherance of a scheme to defraud.

4. In his plea, Theodule admitted that:

- In July 2007, he began falsely holding himself out as a “financial wizard” in the South Florida Haitian community, who, through proven investment strategies, could double investors’ principal in 30 to 90 days. He formed approximately 100 investment clubs with more than 2500 members who invested from \$1,000 to \$100,000.
- From 2007 to 2008, Theodule raised more than \$30 million from investors, and deposited approximately \$19 million in trading accounts. None of these accounts were profitable, and Theodule quickly lost the funds invested and used a substantial amount of investors’ funds for his personal benefit and the benefit of family members and friends.
- Despite these losses, Theodule continued to recruit new investors through late 2008 while promising he would earn substantial returns. He also assured investors that their money was safe and earning profits while he operated a Ponzi scheme, eventually running out of funds to pay returns, leading to the scheme’s collapse.

5. The facts in the plea agreement also formed the basis of a Commission 2008 civil action against Theodule and his entities entitled Securities and Exchange Commission v. Creative Capital, et al., Civil Action No. 08-CIV-81565, in the United States District Court for the Southern District of Florida. On March 26, 2010, the Court entered a final Judgment of Disgorgement, Prejudgment Interest and Civil Penalty against Theodule ordering him to pay disgorgement in the amount of \$5,099,512, prejudgment interest of \$202,638 and a civil penalty of \$250,000.

6. During the time of the scheme giving rise to the criminal and civil actions, Theodule, as sole officer and president of Creative Capital, solicited investor contributions, touted his stock trading strategy, made investment decisions on behalf of clients, controlled clients’ trading accounts through agreements with the investment clubs that authorized him to trade in securities and act on behalf of each member of the clubs, transacted business with independent

investment clubs, received transaction-based compensation in the form of commissions, and he also misappropriated investor funds. Theodule and his companies charged investors a 10% upfront fee and a 40% commission on any profits obtained.

III.

In view of Respondent's criminal conviction, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and,

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule

making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary