

OVERVIEW

1. This matter involves fraudulent conduct by Michael Jinyong Park (“Park”), individually, and doing business as Park Capital Management Group (“PCMG”).

2. From at least 2001 to as recently as June 2008, Park defrauded at least 20 investors out of at least \$6 million. Park convinced investors to transfer money to PCMG accounts that would be managed by him. Park told investors that they would earn substantial returns on their PCMG accounts through investments in publicly traded securities or investment pools.

3. Once the investors transferred funds to PCMG, Park misappropriated the funds to subsidize his lifestyle and to finance a mortgage business that he owned and controlled.

VIOLATIONS

4. Defendant has engaged and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.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] and Section 15(a) of Exchange Act [15 U.S.C. 78o(a)].

JURISDICTION AND VENUE

5. 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 the defendant 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.

6. 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].

7. Defendant, 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.

8. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act and the Exchange Act occurred in the Tennessee Middle District. In addition, Park resides in the Middle District of Tennessee and maintains offices in the Middle District of Tennessee.

9. Defendant, 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 DEFENDANT

10. **Michael Jinyong Park**, 41 years of age, is a resident of Brentwood, Tennessee. Park was a registered representative associated with a broker-dealer registered with the Commission, from August 21, 2002 to June 26, 2008. On June 26, 2008, the broker-dealer terminated its relationship with Park after it audited Park's offices. Park did business under the name Park Capital Management Group ("PCMG"), a sole proprietorship.

THE FRAUDULENT SCHEME

11. From at least 2001 to June 2008, Park defrauded at least 20 investors out of at least \$6 million. Park accomplished this fraud by persuading his broker-dealer clients, friends and acquaintances to become clients of PCMG and to have their PCMG accounts managed by Park. Park induced investors to open and maintain accounts at PCMG by making at least three material misrepresentations to them.

12. First, to induce investors to open accounts with him, Park told investors that he and PCMG generated high annualized returns. For example, one investor invested \$1.2 million over a three-month period after Park told him that PCMG's managed accounts had annual returns of 28%. Park further represented to the investor that he would receive annualized returns of 36% if he kept his investment with PCMG for 18 months. Similarly, Park told another investor that he would receive annualized returns of at least 20% to 25% by investing in an investment pool through PCMG.

13. Instead of using investor money to purchase publicly traded stock or invest in investment pools, Park used the money that investors placed with PCMG for his own personal expenses and to fund PCMG Lending, LLC (“PCMG Lending”), a mortgage brokerage company Park operated.

14. Park admitted to his fraud in a letter to investors dated June 30, 2008. In the letter, Park confessed that investor accounts with “Park Capital Management Group had no current liquid value” and that he was “unable to return the value of their investments.”

15. Second, as part of his scheme, Park provided fraudulent stock purchase confirmations and /or quarterly account statements to investors on PCMG letterhead showing that various stocks had been purchased for their accounts. These confirmations and quarterly statements also showed investors that their investments had grown significantly, in one instance by as much as 25% in one quarter, when such was not the case. Park also sent some investors PCMG invoices assessing commissions and margin interest for the purported activity in their accounts. Most investors received quarterly statements on PCMG’s

letterhead showing phony account positions and account activity in publicly traded stocks for the period that supported the reported growth.

16. The stock purchase confirmations and account statements were fraudulent. In the June 30, 2008 letter to investors, Park admitted to investors that their PCMG accounts held no liquid assets. Moreover, Park admitted directly to a friend that 15 to 18 of the PCMG accounts were not “legitimate.” Accordingly, Park’s representations on the PCMG stock purchase confirmations and account statements that he had invested in publicly traded stock and that the stocks were growing in value were false.

17. Third, Park misrepresented to investors that their investments were safe. Specifically, Park placed the seal of the Securities Investor Protection Corporation (“SIPC”) on the PCMG stock purchase confirmations and quarterly statements. In fact, PCMG was not a member of SIPC and SIPC provided no protection for PCMG investors.

USE OF INVESTOR FUNDS

18. Contrary to his representations to investors, Park did not use the money invested in PCMG by investors to purchase securities. In fact, Park used investor money to finance his lifestyle and to subsidize PCMG Lending.

19. Specifically, Park used investor funds, among other things, to help purchase a \$1.7 million home, pay for expensive golf memberships, to purchase a Porsche automobile and to purchase a Mercedes Benz sedan worth more than \$90,000.

20. Moreover, Park used investor money to support PCMG Lending. Specifically, on several occasions, Park transferred money from PCMG to PCMG Lending to cover the mortgage brokerage's losses.

MISREPRESENTATIONS AND OMISSIONS

21. For a period of years, but since at least 2001, Park misappropriated investor funds, which he represented would be used to invest in publicly traded stock and investment pools. In order to conduct this fraud, Park made numerous misrepresentations.

22. First, Park misrepresented to investors that their money would be invested with PCMG to purchase publicly traded stock or invested in an investment pool. Instead, Park used the money for his own personal expenses.

23. After investors invested their money in PCMG, Park failed to tell investors that he had used their money for his own personal use.

24. Moreover, Park misrepresented to investors that they had profitable accounts with PCMG. Specifically, Park sent the investors account statements showing outsized growth. In the case of one investor, Park sent a fraudulent account statement showing over 20% growth in one quarter.

25. Park also misrepresented to investors that their investments were safe. Specifically, Park placed the seal of the SIPC on the PCMG stock purchase confirmations and quarterly statements. In fact, PCMG was not a member of SIPC and the corporation provided no protection for PCMG investors.

26. Park knew, or was severely reckless in not knowing, that he was not using investor funds as he represented, that the statements and confirmations that he sent to investors were false and that PCMG accounts were not protected by SIPC.

COUNT I—FRAUD

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

27. Paragraphs 1 through 26 are hereby re-alleged and are incorporated herein by reference.

28. From at least as early as 2001 through to as recently as June 2008, Park 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.

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

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

31. By reason of the foregoing, the defendant, directly and indirectly, has 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)]**

32. Paragraphs 1 through 26 are hereby realleged and are incorporated herein by reference.

33. From at least as early as 2001 through to as recently as June 2008, Park 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:

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.

34. By reason of the foregoing, the defendant Park, directly and indirectly, 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]

35. Paragraphs 1 through 26 are hereby re-alleged and are incorporated herein by reference.

36. From at least as early as 2001 through to as recently as June 2008, Park 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.

37. The defendant 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, the defendant acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

38. By reason of the foregoing, the defendant, directly and indirectly, has 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—EFFECTING SECURITIES TRANSACTIONS FOR THE
ACCOUNTS OF OTHERS WITHOUT BEING REGISTERED WITH THE
COMMISSION AS A BROKER-DEALER**

**Violations of Section 15(a) of Exchange Act
[15 U.S.C. 78o(a)]**

39. Paragraphs 1 through 26 are hereby re-alleged and are incorporated herein by reference.

40. From at least as early as 2001 through to as recently as June 2008, Park engaged in a business as a broker and made use of the mails and means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, securities without registering with the Commission as a broker.

41. By reason of the transactions, act, omissions, practices and courses of business set forth above, Park, directly and indirectly, has violated and, unless enjoined, will continue to violate Section 15(a) of the Exchange Act [15 U.S.C. 78o(a)].

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 the defendant named herein committed the violations alleged herein.

II.

A permanent injunction enjoining the defendant, his officers, agents, servants, employees, and attorneys from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. 77q(a)], Sections 10(b) [15 U.S.C. § 78j(b)] and 15(a) [15 U.S.C. 78o(a)] of the Exchange Act and Rule 10b-5 [17 C.F.R. 240.10b-5] promulgated thereunder.

III.

An order requiring an accounting by of the use of proceeds of the fraudulent conduct described in this Complaint and the disgorgement by the defendant of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

IV.

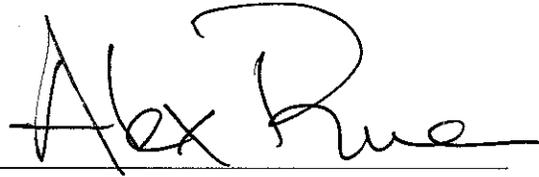
An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. 78u(d)(3)] imposing civil penalties against the defendant.

V.

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: September 30, 2008

Respectfully submitted,

A handwritten signature in black ink that reads "Alex Rue". The signature is written in a cursive style with a large, looping initial "A".

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