

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
STEPHEN P. AMELLA, and)
ANDRE J. HAYDEN,)
)
Defendants.)
_____)

COMPLAINT

Plaintiff, United States Securities and Exchange Commission, alleges as follows:

INTRODUCTION

1. The United States Securities and Exchange Commission (“Commission”) brings this enforcement action seeking conduct-based injunctions and other relief against two recidivists, Stephen Amella and Andre Hayden (collectively “Defendants”). Defendants participated in a fraudulent securities offering only six months after this Court entered permanent injunctions against them as a result of their alleged participation in a different securities scam. This time, from at least September 2007 through June 2008, Defendants used a series of misrepresentations to sell and offer to sell investors interests in a fraudulent real estate joint venture run by Titan Investment Partners Corp. (“Titan”) and its president, Andrew Buie. Among other misrepresentations, Defendants guaranteed investors they would be paid 10% monthly returns on their investments and also falsely represented that the joint venture had acquired real estate to be used in

connection with the project. Through Defendants' efforts, at least four investors contributed approximately \$450,000 to the joint venture. However, contrary to Defendants' representations and promises, those investors have not received any money from Titan, Buie, or Defendants. Rather than use investor funds as represented, Titan and Buie used the money to pay for Buie's own personal expenses, to pay other expenses, and to pay commissions to Amella and Hayden. On November 30, 2010, Buie was sentenced by this Court to 42 months in prison and ordered to pay \$450,000 in restitution for his role in the fraudulent offering.

JURISDICTION AND VENUE

2. The Commission brings this action pursuant to Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77t(b)] and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d) and 78u(e)].

3. This Court has jurisdiction over this action 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.

4. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Acts, practices and courses of business constituting the violations alleged herein occurred within this District. Most of the victims of Defendants' fraudulent conduct reside in the Northern District of Illinois. Moreover, the Commission's office responsible for prosecuting this action, the Chicago Regional Office, is located in this District.

6. The Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein.

7. The Defendants will, unless enjoined, continue to engage in the acts, practices and courses of business set forth in this Complaint, and acts, practices and courses of business of similar purport and object.

FACTS

Defendants

8. Stephen P. Amella, age 41, resides in Niles, Illinois. At all relevant times, Amella was not registered in any capacity with the Commission and was not associated with any registered broker. On March 16, 2007, the United States District Court for the Northern District of Illinois permanently enjoined Amella, with his consent, from committing future violations of various federal securities laws as a result of his alleged participation in a prior fraudulent securities offering. *See SEC v. Platinum Capital Advocates, Inc., et al.*, 07 C 0985 (N.D. Ill.) (“*Platinum Capital Action*”).

9. Andre J. Hayden, age 47, resides in Spring Hill, Tennessee. He resided in Chicago, Illinois, prior to June 2009. At all relevant times, Hayden was not registered in any capacity with the Commission and was not associated with any registered broker. On March 16, 2007, the United States District Court for the Northern District of Illinois permanently enjoined Hayden, with his consent, from committing future violations of various federal securities laws as a result of his alleged participation in a prior fraudulent securities offering. *See Platinum Capital Action*, 07 C 0985 (N.D. Ill.).

Related Persons

10. Andrew S. Buie, age 45, resided in Chicago Heights, Illinois during the times relevant to the claims alleged herein. Buie was the owner and president of Titan. At all relevant times, Buie was not registered in any capacity with the Commission and was not associated with any registered broker. On September 24, 1993, Buie was convicted of conspiracy to defraud the United States government and sentenced to 30 months in prison. *See United States v. Beals, et al.*, 93 CR 126 (N.D. Ill.). On July 22, 2010, Buie pleaded guilty to one count of wire fraud, stemming from his fraudulent participation in the Titan joint venture scheme. *See United States v. Buie*, 10 CR 411 (N.D. Ill.). On November 30, 2010, Buie was sentenced to 42 months imprisonment, and was ordered to pay restitution in the amount of \$450,000. He currently is incarcerated at FCI-Elkton, a federal correctional institution located in Elkton, Ohio.

11. Titan Investment Partners Corp. is a Nevada corporation that had its principal place of business in Chicago, Illinois. Titan has never been registered with the Commission.

The Fraud

12. Beginning no later than September 2007 and continuing until at least June 2008, Amella and Hayden participated in a scheme to defraud and to obtain money from investors by means of materially false representations and promises and by material omissions.

13. During this period, Amella and Hayden solicited investors to purchase interests in a bogus real estate joint venture being run by Titan and Buie. In recommending that the investors purchase interests in the joint venture, Amella and

Hayden represented to investors that Titan and Buie would purchase real estate in the Chicago area, that the acquired property would be rehabbed for resale or rental, and that the investors would receive guaranteed monthly returns on their investment. During this period, at least four investors invested money in the Titan joint venture based on Amella's and Hayden's representations.

14. Specifically, through the use of the means and instrumentalities of interstate commerce, Amella and Hayden made the following misrepresentations, among others, to investors:

- (a) In approximately September 2007, during telephone conversations, Amella and Hayden solicited Investor JU to invest in the Titan joint venture, telling Investor JU that (i) the investment proceeds would be used to acquire and rehab buildings in Chicago for resale or rental; (ii) Investor JU would be paid profits of 10% per month on his investment; (iii) the 10% monthly profit was guaranteed; and (iv) Investor JU's initial investment proceeds would be returned at the end of the project.
- (b) In approximately September 2007, Amella and Hayden solicited Investor FL to invest in the Titan joint venture, telling Investor FL that (i) the investment proceeds would be used to acquire and rehab buildings in Chicago for resale or rental; (ii) Investor FL would be paid profits of 10% per month on his investment; (iii) the 10% monthly profit was guaranteed; and (iv) Investor FL's initial investment proceeds would be returned at the end of the project. Hayden made these representations during telephone conversations he had with Investor FL in September 2007; subsequently, Amella and Hayden both made these same representations to Investor FL during meetings that took place at Investor FL's home and at Titan's office in Chicago in September 2007 and October 2007, respectively. Buie was also present at these meetings. During the meeting in Chicago, Amella and Hayden (and Buie) also showed Investor FL photographs of buildings which Amella and Hayden (and Buie) said already had been purchased as part of the Titan joint venture.
- (c) In or shortly after September 2007, including during telephone conversations, Amella and Hayden solicited Investor JO to invest in the Titan joint venture, telling Investor JO that (i) the investment

proceeds would be used to acquire and rehab buildings in Chicago for resale or rental; (ii) Investor JO would be paid profits of 10% per month on his investment; (iii) the 10% monthly profit was guaranteed; and (iv) Investor JO's initial investment proceeds would be returned at the end of the project.

- (d) During the period from September 2007 to January 2008, Amella and Hayden solicited Investor HL to invest in the Titan joint venture, telling Investor HL that (i) the investment proceeds would be used to acquire and rehab buildings in Chicago for resale or rental; (ii) Investor HL would be paid profits of 10% per month on his investment; (iii) the 10% monthly profit was guaranteed; and (iv) Investor HL's initial investment proceeds would be returned at the end of the project.

15. Based on the representations made by Amella and Hayden, on September 15, 2007, Investor JU invested \$100,000 with Titan.

16. Based on the representations made by Amella and Hayden, on October 2, 2007, Investor FL invested \$200,000 with Titan, and subsequently invested an additional \$5,000 with Titan.

17. Based on the representations made by Amella and Hayden, on December 6, 2007, Investor JO invested \$50,000 with Titan.

18. Based on the representations made by Amella and Hayden, Investor HL invested \$100,000 with Titan.

19. Defendants' representations set forth in paragraphs 13 and 14 were false. Titan and Buie did not use investors' funds to purchase any real estate; Titan and Buie never purchased any buildings as part of the joint venture project; Titan and Buie did not pay investors a 10% return on their investment; and Titan and Buie did not return to the investors their investment proceeds. Instead of using the investors' money as represented by Amella and Hayden, Titan and Buie used the funds to pay for Buie's own personal expenses, for other business expenses, and to pay commissions to Amella and Hayden.

Amella and Hayden failed to tell investors how their investment money was actually being spent.

20. Amella and Hayden received commissions of \$39,170 and \$34,670, respectively, for their selling and solicitation activities.

21. In recommending to the investors that they invest in the Titan joint venture project, Amella and Hayden owed a special duty of fair dealing to the investors that required them to investigate fully the investment being recommended. By recommending the Titan joint venture to the investors, Defendants warranted that they had in fact conducted a reasonable investigation into the investment and that their representations and recommendations about the investment were based on their investigation.

22. Amella and Hayden did not conduct a reasonable investigation into the Titan joint venture project or the accuracy of the representations they were making to the investors. Had Amella and Hayden conducted a reasonable investigation, they would have discovered, among other things, that Titan and Buie never acquired any real properties for the joint venture, that existing market conditions rendered it highly improbable that the project could generate sufficient revenue to guarantee investors would receive 10% monthly returns on their investments, and that Buie was a convicted felon.

23. At the time they made the representations alleged herein, Defendants either knew, or were reckless in not knowing, they were false. Similarly, at the time they were soliciting investors, Defendants either knew, or were reckless in not knowing, that they were failing to disclose to investors material information, including, without limitation, the fact that they had not conducted a reasonable investigation of the Titan

joint venture, that Titan and Buie never acquired any real properties for the joint venture, that existing market conditions rendered it highly improbable that the project could generate sufficient revenue to guarantee investors would receive 10% monthly returns on their investments, that their money was being misappropriated by Titan and Buie, and that Buie was a convicted felon.

24. At the time Amella and Hayden sold interests in the Titan joint venture, as described herein, they were not registered with the Commission as brokers and were not associated with registered brokers. Defendants also did not disclose this material fact to investors.

25. The interests in the Titan joint venture that Amella and Hayden sold and offered to sell to investors were “securities” under the Securities Act and the Exchange Act.

CLAIMS FOR RELIEF

First Claim

Against All Defendants

Fraud in the Offer or Sale of Securities

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

[15 U.S.C. § 77q(a)(1)]

26. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden have, directly or indirectly, with scienter, 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, employed a device, scheme, or artifice to defraud in violation of Section 17(a)(1) of the Securities Act.

Second Claim
Against All Defendants
Fraud in the Offer or Sale of Securities
Violations of Section 17(a)(2) and (a)(3) of the Securities Act
[15 U.S.C. § 77q(a)(2) and (a)(3)]

27. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden 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, obtained money or property by means of untrue statements of material fact or by omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 17(a)(2) of the Securities Act.

28. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden 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, engaged in transactions, practices, or courses of business which have been or are operating as a fraud or deceit upon the purchasers of securities in violation of Section 17(a)(3) of the Securities Act.

29. Unless restrained and enjoined, Defendants Amella and Hayden will, in the future, violate Section 17(a) of the Securities Act.

Third Claim
Against All Defendants
Fraud in the Purchase or Sale of Securities
Violations of Section 10(b) and Rule 10b-5 of the Exchange Act
[15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

30. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden have, directly or indirectly, with scienter, by use of the means or

instrumentalities of interstate commerce or by use of the mails, used or employed, in connection with the purchase or sale of securities, a manipulative or deceptive device or contrivance in contravention of the rules and regulations of the Commission or employed devices, schemes, or artifices to defraud, in violation of Section 10(b)(5)(a) of the Exchange Act and Rule 10b-5(a) thereunder.

31. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden have, directly or indirectly, with scienter, by use of the means or instrumentalities of interstate commerce or by use of the mails, in connection with the purchase or sale of securities, 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 in violation of Section 10(b)(5)(b) of the Exchange Act and Rule 10b-5(b) thereunder.

32. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden have, directly or indirectly, with scienter, by use of the means or instrumentalities of interstate commerce or by use of the mails, in connection with the purchase or sale of securities, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in violation of Section 10(b)(5)(c) of the Exchange Act and Rule 10b-5(c) thereunder.

33. Unless restrained and enjoined, Defendants Amella and Hayden will, in the future, violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Fourth Claim
Against All Defendants
Registration and Regulations of Brokers and Dealers
Violations of Section 15(a) of the Exchange Act
[15 U.S.C. § 78o(a)]

34. As a result of the conduct alleged in paragraphs 1 through 25, Defendants Amella and Hayden, while not registered with the Commission as brokers or persons associated with a registered broker, made use of the mails or means or instrumentality of interstate commerce to effect transactions in, or induced or attempted to induce the purchase or sale of, a security, in violation of Section 15(a) of the Exchange Act.

35. Unless restrained and enjoined, Defendants Amella and Hayden will, in the future, violate Section 15(a) of the Exchange Act.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that the Defendants committed the violations charged and alleged herein.

II.

Grant a conduct-based injunction against the Defendants, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently prohibiting the Defendants from, directly or indirectly, soliciting existing or potential investors to purchase or sell securities; provided, however, that such injunction shall not prevent Defendants from purchasing or selling securities for their own account.

III.

Grant Preliminary and Permanent Injunctions, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining the Defendants from violating Section 15(a) of the Exchange Act.

IV.

Issue an Order requiring the Defendants to disgorge the ill-gotten gains they received as a result of the violations alleged in this Complaint, including prejudgment interest.

V.

Impose upon Defendants 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)].

VI.

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.

VII.

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

September 29, 2011.

Respectfully Submitted,

s/Daniel J. Hayes

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