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JAMES N. HATTEN, Clerk  
By: *JNH* Deputy Clerk

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ROBERT P. COPELAND,

Defendant.

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COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission" or "Plaintiff"), files this complaint (the "Complaint") and alleges the following:

SUMMARY

1. This matter involves an unregistered offering of securities and fraudulent conduct by Robert P. Copeland ("Defendant"), a Georgia resident and an attorney licensed with the State Bar of Georgia.
2. Defendant orchestrated a massive offering fraud and Ponzi scheme.
3. From at least 2004 through January 2009, Defendant raised over \$35 million from at least 140 investors in Georgia and several other states. He promoted investments orally and through written materials claiming to earn

15-18% interest per year, and claiming that investor funds would be loaned in connection with real estate transactions, including private mortgage lending.

4. Through his controlled entities, Defendant directed the unregistered offer and sale of promissory notes evidencing the investor loans (the "Notes"), often collateralized by fictitious security deeds. In at least some cases, Defendant signed the names of fictitious persons to the Notes.

5. In fact, the investor funds were not used as Defendant had claimed. In classic Ponzi style, Defendant used new investor funds to pay alleged interest to earlier investors. Without prior disclosure to investors, he paid sizeable commissions to several persons who solicited investors for the investment scheme. Defendant used millions of dollars of investors' funds on his residence, vehicles, expensive art work, and for other personal expenses. In addition, without prior disclosure to investors, Defendant used millions of dollars of investors' funds in connection with purported investment schemes that did not involve real estate transactions as represented to investors.

### **VIOLATIONS**

6. Defendant, by virtue of his conduct, directly or indirectly, has engaged and, unless enjoined, will engage, in violations of Sections 5(a), 5(c), and 17(a) of

the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and 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].

### **JURISDICTION AND VENUE**

7. The Commission brings this action pursuant to Sections 20(b), (c) and (d) of the Securities Act [15 U.S.C. §§ 77t(b)-(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)-(e)] to enjoin 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 disgorgement of illegally obtained funds and other equitable relief; and, for civil money penalties.

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

9. Defendant, directly and indirectly, has made use of the mails, the means and instruments of transportation and communication in interstate commerce, and the means and instruments of interstate commerce, in connection with the

transactions, acts, practices, and courses of business alleged in this Complaint.

10. Venue lies in this Court 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] because certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act and the Exchange Act occurred in the Northern District of Georgia; Defendant resides in the Northern District of Georgia; Defendant has maintained and currently maintains his principal place of business in the Northern District of Georgia; and investors in the Northern District of Georgia have been solicited to purchase, and have purchased, investments in securities issued by or through Defendant or persons controlled by Defendant.

#### **THE DEFENDANT**

11. **Robert P. Copeland** is a Georgia resident and an attorney licensed to practice in the State of Georgia. Defendant has never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act.

#### **RELATED ENTITIES**

12. **Advanced Asset Strategies, Inc. a/k/a Advanced Asset Strategies, LLC** ("Advanced Asset") is a Georgia corporation formed on January 7, 2008, and controlled by Defendant. However, Defendant's written literature provided to at

least some investors refers to this entity as a limited liability company. Advanced Asset does not have any class of securities registered with the Commission.

13. **Robert P. Copeland, P.C.** ("Defendant's Law Firm") is a Georgia professional corporation formed on February 16, 1996, and controlled by Defendant.

### **FACTS**

A. **Defendant Orchestrated a Massive Offering Fraud and Ponzi Scheme**

14. From at least 2004 through January 2009, Defendant fraudulently raised over \$35 million, in an unregistered offering, from at least 140 investors in several states, including Georgia.

15. He promoted investments, orally and through the use of written materials, earning 15-18% interest for various periods including up to a year, claiming that investor funds would be loaned in connection with real estate transactions, including so-called private mortgage lending.

16. Through his controlled entities, Defendant directed unregistered offers and sales of interest-bearing Notes to evidence at least some of the investments.

17. In reality, Defendant lied to investors, omitted material facts to

investors, operated a fraudulent Ponzi scheme, and misappropriated investor funds.

18. Defendant used relatively few investor funds in connection with legitimate real estate transactions.

19. Comparatively few assets derived from the raised funds are left to pay the millions of dollars owed to the remaining investors.

20. Defendant located most of the investors through referrals from at least six persons residing in Georgia and at least one other state (the "Salespersons").

21. At least some of the Salespersons currently hold or formerly have held securities licenses. Defendant used investor proceeds to pay the Salespersons commissions equal to approximately 5-6% of the invested principal amounts.

22. Defendant prepared and distributed to Salespersons and investors a promotional brochure under the name of Defendant's controlled entity, Advanced Asset (the "Advanced Asset Brochure").

23. The Advanced Asset Brochure, which illustrates at least one version of the scheme, does not contain financial statements or other similar financial information relating to Defendant, Advanced Asset, or the purported investments.

24. Defendant did not provide financial statements or other similar financial information to the Salespersons or the investors relating to the investments.

25. Moreover, Defendant did not limit the investments to accredited or sophisticated investors, nor did he evaluate the investors' risk tolerances or investment objectives before taking their money.

26. Defendant's credibility with investors was enhanced by the fact that he was a licensed attorney with his own real estate and elder law practice, he was a speaker at seminars, and he had co-authored a published book on estate planning. The Advanced Asset Brochure also identifies Defendant as the company's principal and confirms that he has a "J.D./MBA."

**B. Defendant Offered and Sold Investments Typically Promoted As Profitable and Safe Loans Secured By Real Estate.**

27. Defendant generally told investors that they would be loaning their funds in connection with real estate transactions and that their investments would be evidenced by at least a "Note." He led investors to believe that he or his controlled entities would locate suitable borrowers who would execute the Notes and/or suitable real estate that ultimately would result in profitable transactions that would generate the returns promised to the investors. At least some of the

time, Defendant executed the Notes (using various fictitious names), without disclosing to investors that Defendant was the individual who executed the Notes.

28. The terms of the Notes varied, although Defendant promoted the scheme as a long-term investment despite the actual loan term. For example, the Advanced Asset Brochure describes a "Private Mortgage Lending" structure that "uses private lenders, such as you, to make short term loans to real estate investors to rehabilitate residential property or to save equity in a property." The brochure states that the "term of the loan can range from 6 months to 2 years, with the average being a year. You are the boss, and you decide the term of the loan."

29. The Advanced Asset Brochure confirms that the loan can be a "long-term investment," stating: "It can be any term you want. You're the boss. Usually a private investor wants a five-year term, but some don't care if it stretches to ten or fifteen years. You can pick a term that suits your strategy for retirement. It's your money and it's your choice."

30. Upon information and belief, the loans evidenced by the Notes generally had terms of approximately 12 months on average.

### **Expected Returns And Liquidity**

31. Defendant represented that investors could expect annual profits of at



least 15% per year on a liquid investment.

32. The Advanced Asset Brochure represents that the "current rate of return is 15 percent and returns in the past have been as high as 18 percent," with principal to be returned on loan maturity. The investor funds allegedly "begin to earn interest immediately and will take approximately a month to be loaned to a property." A five-year chart in the brochure shows substantial possible returns, and states: **"These numbers are huge when you consider that in the above example the interest earned on the 15% investment could be invested to begin earning 15% too !!!!."** (emphasis in original).

33. The brochure also states that investors can obtain early, no-penalty withdrawals, stating: "If you want out, it will take from two weeks to two months. You really shouldn't make mortgage loans if you feel you will liquidate shortly, but the option is always available. And unlike a bank CD, there is no penalty for early withdrawal. Just call, and we will handle all of the details."

34. Defendant also represented to some investors that their interest income had increased from 15% to 18% annually, and that their invested funds could be returned in 12 to 24 hours.

35. In reality, Defendant's representations were false and misleading

because he had never consistently generated 15% annual returns, was not investing the funds as represented, and had no reasonable basis to project future profits of 15% annually.

36. Defendant also failed to disclose that he was running a Ponzi scheme and that so-called interest payments were actually new monies collected from new victims in the scheme.

### **Investment Risks**

37. Defendant typically represented to investors that the loans were safe and secured by real estate.

38. The Advanced Asset Brochure repeatedly confirms the safety and security of the loan, stating for example that "[t]his is a very safe investment that produces high yields while at the same time provides security and liquidity." The brochure adds that loans are made "to a Real Estate Investor and in turn your loan is secured by the actual property that the Real Estate Investor purchases. That gives you security . . . We deal with very low loan-to-value (LTV) loans . . . Our typical LTV is 60% to 68%. That gives you additional security." According to the brochure: "Your risk will be limited to your loan amount. The protection of your loaned money is in the property's equity. We are dealing with properties of

40 percent equity or greater." The brochure further states: "You're making a safe loan. You should never make a loan without a 25-50% safety net. We don't violate that rule, so you come out a winner."

39. In fact, Defendant misrepresented the investment risks because the loans were fictitious, highly illiquid, and the supposed collateral for the investments did not exist.

40. Moreover, Defendant failed to disclose that his ability to make purported no-penalty withdrawals was dependent on his ability to fraudulently raise more money from new investors.

#### **Fictitious Notes and Security Deeds**

41. Defendant led investors to believe that Notes and security deeds evidenced their investment, and the Advanced Asset Brochure states that investors will receive copies of a Note, security deed, warranty deed, and property appraisal.

42. Defendant prepared and delivered Notes to many investors, with the named borrower under the Note generally being an entity controlled by Defendant.

43. Defendant personally signed Notes on behalf of at least five entities that he controlled, each of which essentially operates as his alter ego.

44. On behalf of these purported borrowers, Defendant signed names of

fictitious persons to at least some of the Notes.

45. In addition, Defendant prepared, signed, and delivered at least some security deeds that also were fictitious.

46. Moreover, Defendant issued IRS Form 1099s falsely reporting interest income to at least some investors.

### **Undisclosed Fees**

47. Defendant did not disclose to investors that he used investor proceeds to pay Salespersons a commission or other fee in the amount of 5% to 6% of the invested amount.

48. To the contrary, the Advanced Asset Brochure asks, in question-and-answer format, whether there are "any fees involved," and expressly responds: "No. 100 percent, That [sic] is 100 % of your money works for you. The borrower pays all of the fees involved," with the exception of certain IRA custodial account fees. The brochure does not disclose payments to the Salespersons. Rather, the brochure misleadingly states that investors will not pay any fees, when in fact a portion of their investments was used to pay fees to the Salespersons.

### **Role of Investors**

49. Defendant portrayed the loans as investments and the Advanced Asset Brochure is peppered with specific references to the loans as investments.

50. Defendant represented, in at least the Advanced Asset Brochure, that investors could rely on the efforts and expertise of others for purposes of their investment. The brochure asks what "is required by you, the lenders," and responds: "Nothing. Advanced Asset Strategies, LLC will handle everything." Elsewhere, the brochure confirms that Advanced Asset "handles all of the details," that it is "our job to get you proper documentation and protect your interest," and that "[a]ll of this costs you nothing" as the "borrower pays all costs."

51. For purposes of receiving interest payments, the Advanced Asset Brochure states: "I will set up your account. Just sit back and we will send you a quarterly interest only check for 15% of your investment. If you're retired and like a monthly check, we can do that too!"

52. The Advanced Asset Brochure further states: "If you set up a simple system and let the professionals implement the system, your loan portfolio can be hassle free and produce staggering yields. Also remember, all costs are to be paid by the borrower....not you!"

**C. Defendant Misused Investor Funds**

53. Defendant deposited investor funds into any of four bank accounts in the name of Defendant's Law Firm.

54. Two of the law firm accounts to which Defendant deposited investor funds are attorney escrow accounts. The other two accounts are attorney operating accounts.

55. Although the Advanced Asset Brochure indicates that investor funds would not be combined to form a "mortgage pool," Defendant nevertheless commingled investor funds. In addition, he commingled investor funds with monies received from his law practice.

56. In reality, Defendant used comparatively few of the investor funds in connection with real estate acquisition or development, especially when compared to the more than \$35 million raised.

57. Defendant used significant investor funds to support the Ponzi scheme, using new investor funds to feed his ever-increasing payment obligations to earlier investors.

58. Defendant also used investor funds to pay over \$2 million in undisclosed commissions or other fees to the Salespersons.

59. Defendant also misappropriated millions of dollars of investor funds for his personal use, including spending the funds in connection with his personal residence, his vehicles, and expensive artwork.

60. Defendant also used more than \$9 million dollars of investor funds in connection with other purported investment activity that did not relate to real estate transactions, without disclosure to new or existing investors.

61. Furthermore, Defendant failed to disclose to new and existing investors that these other investment activities had generated significant losses.

### **COUNT I - UNREGISTERED SECURITIES OFFERINGS**

#### **Violations of Sections 5(a) and 5(c) of the Securities Act** **[15 U.S.C. §§ 77e(a) and 77e(c)]**

62. Paragraphs 1 through 61 are hereby realleged and are incorporated herein by reference.

63. No registration statement has been filed or is in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the transactions described herein.

64. From at least 2004 through at least January 2009, Defendant:

- a. made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities

described herein, through the use or medium of any prospectus or otherwise, when a registration statement was not in effect as to such securities;

b. carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or for delivery after sale, when a registration statement was not in effect as to such securities; and

c. made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, the securities described herein, without a registration statement having been filed as to such securities.

65. By reason of the foregoing, Defendant, directly and indirectly, has violated and, unless enjoined, Defendant will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

## **COUNT II - FRAUD**

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

66. Paragraphs 1 through 61 are hereby realleged and are incorporated



herein by reference.

67. From at least 2004 through at least January 2009, Defendant, 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.

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

69. In engaging in such conduct, Defendant acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

70. By reason of the foregoing, Defendant, directly and indirectly, has violated and, unless enjoined, Defendant will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

### **COUNT III - 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)]**

71. Paragraphs 1 through 61 are hereby realleged and are incorporated herein by reference.

72. From at least 2004 through January 2009, Defendant, in the offer and sale of the securities described herein, by 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.

73. By reason of the foregoing, Defendant, directly and indirectly, has violated and, unless enjoined, Defendant 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 IV - 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]**

74. Paragraphs 1 through 61 are hereby realleged and are incorporated

herein by reference.

75. From at least 2004 through at least January 2009, Defendant, in connection with the purchase and sale of securities described herein, by the use of the means and instruments of interstate commerce and by use of the mails, directly and indirectly:

- c. employed devices, schemes, and artifices to defraud;
- d. 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
- e. 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.

76. 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, Defendant acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a

severe reckless disregard for the truth.

77. By reason of the foregoing, 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].

### **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 Defendant committed the violations alleged herein.

#### **II.**

A permanent injunction enjoining Defendant, his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, whether as principals or as aiders and abettors, from violating, directly or indirectly, Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Section 10(b) of the Exchange Act

[15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

**III.**

A judgment against Defendant which sets an amount of disgorgement of all ill-gotten gains and unjust enrichment along with prejudgment interest, that he is required to pay.

**IV.**


An order 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)], imposing civil penalties against Defendant.

**V.**

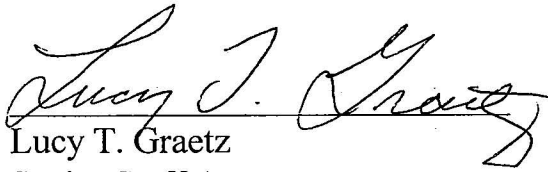
Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: April 9, 2009.

Respectfully submitted,

  
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