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

JAMES N. HATTEN, Clerk

By *J. P. Puckey* Deputy Clerk

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

PINNACLE DEVELOPMENT
PARTNERS LLC and GENE A.
O'NEAL,

Defendants.

Civil Action No.

06 CV 2431

COMPLAINT FOR EMERGENCY INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission"), alleges that:

OVERVIEW

1. From October 2005 through the present, Pinnacle Development Partners LLC ("Pinnacle") and Gene A. O'Neal ("O'Neal") have been selling fraudulently unregistered securities in the form of nominal general partnerships which invest in real estate development. Pinnacle sold some investors notes in lieu

of partnership interests. Pinnacle appears to have raised at least \$30 million from more than 2,000 investors in thirty-three states and two foreign countries.

2. Pinnacle advertised the investment through an extensive national advertising campaign promising investors a 25% return in 45 days and a second 25% and return of investor capital at the end of 90 days. Later investors were promised a 25% return in 60 days.

3. Pinnacle told investors that the promised returns were obtained by the partnerships purchasing foreclosed real estate from banks, making minor repairs and reselling the property within 45 to 60 days.

4. In fact, without disclosure to investors, Pinnacle and/or O'Neal purchased property from third-parties and then sold it to its investor partnerships at higher prices.

5. The purported returns paid to investors were obtained by reselling the properties to other partnerships controlled by Pinnacle. Rather than selling the properties to third parties, Pinnacle used investments by later investors to generate

returns for earlier inventors. In effect, Pinnacle's investment program is a Ponzi scheme.

VIOLATIONS

6. Defendants have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Sections 5(a), 5(c), and 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].

JURISDICTION AND VENUE

7. 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 defendants 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.

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

9. Defendants, 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.

10. 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. In addition, Defendant O'Neal resides in the Northern District of Georgia. Defendant Pinnacle has its principal place of business in the Northern District of Georgia and the property purchased by the defendants is located here.

11. Defendants Pinnacle and O'Neal, 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 DEFENDANTS

12. **Pinnacle Development Partners LLC** is a Georgia limited liability company with its principal place of business in Atlanta, Georgia.

13. **Gene A. O'Neal**, age 36, resides in Alpharetta, Georgia. O'Neal founded Pinnacle and serves as its managing member and Chief Financial Officer.

FACTS

14. This matter involves a fraudulent offering of unregistered securities, in the form of real estate development partnerships, through a nationwide advertising campaign. Since October 2005, more than 2,000 investors from at least 33 states and two foreign countries have invested at least \$30 million in the Pinnacle partnerships.