

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 22-cv-61632

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**ARCHER CAPITAL MANAGEMENT GROUP,
ARCHER GROWTH FUND, HDR
MANAGEMENT LLC, AND SILVERMOON
GROUP LLC,**

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission (the “Commission”) alleges as follows:

I. INTRODUCTION

1. From December 2019 through December 2020, Archer Capital Management Group (“Archer Capital”), together with two related entities, HDR Management LLC (“HDR”) and Silvermoon Group LLC (“Silvermoon”) acting through unidentified agents using fraudulent identities to control the Defendants, engaged in a fraudulent scheme in which they raised approximately \$2.6 million from at least 20 investors by selling interests in a purported private equity fund, the Archer Growth Fund (“the Archer Fund”), using misrepresentations disseminated via Archer Capital’s website and other internet outlets.

2. The names and addresses of the individuals purportedly running Archer Capital and the Archer Fund are all fictitious, as were the individual names and identities used to open

HDR's and Silvermoon's bank accounts. These individuals, whose true identities are unknown, fraudulently created Archer Capital, the Archer Fund, HDR, and Silvermoon as their alter egos as part of their overall scheme to deceive investors.

3. To induce investment in the Archer Fund, the Defendants falsely claimed on their website, among other misrepresentations, that the Archer Fund had an annual rate of return of 47%, that it had beaten the Russell Growth Index for five straight years, and that it was one of the only High-Watermark Funds available on the market.

4. Defendants also published false and misleading news articles that falsely claimed that the Archer Fund was one of four best performing mutual funds with a cumulative return of 48.41% in 2019 and an annual expense ratio of 0.0%. Defendants also claimed that the Archer Fund was "one of the best-performing, privately-held mutual funds."

5. Investor funds were never used to purchase interests in the Archer Fund but, instead, were misappropriated by the individuals who orchestrated the scheme for their personal use and to perpetuate the fraud. Indeed, there was no Archer Fund. All remaining investor funds have been transferred to foreign accounts. The Defendants are no longer operating.

6. Through their conduct, the Defendants have violated, and unless enjoined will continue to violate, Sections 5(a) and (c) and Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e(a) and (c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II. JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and 21(e) of the Exchange

Act [15 U.S.C. §§ 78u(d) and 78u(e)] to enjoin such acts, transactions, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

8. The Court has jurisdiction pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa].

9. The Court has personal jurisdiction over Defendants, and venue is proper in this judicial district, because many of the Defendants' acts and transaction constituting violations of the Securities Act and the Exchange Act occurred in this district. In addition, HDR and Silvermoon were registered limited liability companies in this district and several investors reside in this district.

10. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, singly or in concert with others, have made use of the means and instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

III. DEFENDANTS

11. Archer Capital Management Group is a fraudulent company with an address in Wilmington, Delaware that previously maintained the website: www.archerfund.com. Archer Capital claimed to be a privately owned company and the sole manager of the Archer Growth Fund, purportedly a mutual fund. Archer Capital is not registered with the Commission in any capacity.

12. Archer Growth Fund is a fraudulent entity that Archer Capital claimed was a private equity fund that it managed, purportedly with approximately \$78.94 million in net assets

as of the year-ended October 31, 2019. Neither the Archer Fund nor any interest in it has ever been registered with the Commission in any capacity.

13. HDR Management LLC is a Florida limited liability company based in Hollywood, Florida and formed in March 2020 and administratively dissolved September 2021 by the Florida Secretary of State. Investor funds were deposited in HDR bank accounts located at Bank of America, JPMorgan Chase, and Wells Fargo for investment in the Archer Fund.

14. Silvermoon Group LLC is a North Carolina limited liability company based in Cary, North Carolina and formed in December 2019 and administratively dissolved by the North Carolina Secretary of State in June 2021. Silvermoon is also a Florida limited liability company based in Pompano Beach, Florida and formed in June 2020 and administratively dissolved in September 2021 by the Florida Secretary of State. Investor funds were deposited in Silvermoon bank accounts located at Bank of America, JPMorgan Chase, and Wells Fargo for investment in the Archer Fund.

15. At all times, Defendants acted in concert with each other as part of the common scheme to defraud investors in the fictitious Archer Fund.

FACTS

IV. DEFENDANTS FRAUDULENTLY INDUCED INVESTORS TO BUY MORE THAN \$2.6 MILLION OF INTERESTS IN THE ARCHER FUND

A. Defendants' Fraudulent Scheme

16. In February 2020, Defendants opened an online bank account at Wells Fargo in the name of Silvermoon using the name of a fictitious individual and a falsified Lithuanian passport ("Silvermoon account"). In June 2020, Defendants opened two additional online bank

accounts at Bank of America and JPMorgan Chase in the name of Silvermoon using the same name of a fictitious individual.

17. Similarly, in June and July 2020, Defendants opened online bank accounts at Bank of America, JPMorgan Chase, and Wells Fargo in the name of HDR also using the name of a fictitious individual and a falsified Lithuanian passport.

18. In March 2020, Defendants began using the Silvermoon account to purchase online advertising services from Google Ads, Microsoft Advertising, and a subscription to Medium.com, an online platform for publishing and promoting articles, to begin promoting Archer Capital and the Archer Fund online. Among other services, Defendants purchased a toll-free call-in number and a Live Chat feature for use on their website.

19. During the relevant period, the Defendants maintained a website, www.archerfund.com, to promote Archer Capital as the purported manager of the Archer Fund. The website boasted that Archer Capital's management team was comprised of individuals with over 30 years of experience with an investment philosophy that "focuses on those investments that have a proven track record including strong management teams and a solid business model."

20. The Archer Capital team purportedly invested in "[o]nly those businesses that support the best investment ideas we generate and that also display the exceptional characteristics needed to make to offer [sic] valuations that are persuasive when evaluated against both the potential upsides and downsides are chosen as investments."

21. The website featured stock images of six purported senior executives with links to their respective fictitious LinkedIn profiles.

22. Defendants claimed on the website that the Archer Fund had an average annual return of 47%, a “Win rate” of 54%, a “Reward Risk” ratio of 1.5 to 1 and that it had beaten the “Russell 1000 Growth® Index” [sic] for five straight years.

23. Defendants included a bogus “Annual Report” for the year-ended October 31, 2019 and a “Prospectus” dated November 30, 2019.

24. The Annual Report alleged that the Archer Fund was created on October 1, 2015, with current net assets of \$78.94 million, and at year-end its value had increased by 43.79% while its benchmark, the Russell 1000® Growth Index (“Russell Index”) increased by 11.90% during the same period. The prospectus contained similar information with an updated fund performance summary for year-to-date growth as of November 30, 2019 of 44.97% compared to the benchmark index of 25.47%.

25. Defendants also stated on the website that the Archer Fund was “one of the only High-Watermark Funds available on the market” where investors did not pay any fees for poor performance. The performance fee purportedly varied from 3% to 9% based on the amount of funds invested. In addition, the website claimed there were no redemption fees, sales charges or any other hidden fees.

26. On March 17, 2020, Defendants published an article on Medium.com titled, “Top Performing US funds for 2020.” The article cited the Archer Fund as one of four best-performing mutual funds with a cumulative return of 48.41% in 2019 and an annual expense ratio of 0.0%. The article provided a link to the Archer Capital website and its LinkedIn company profile.

27. In an effort to generate more interest on the internet, on May 11, 2020, at 12:15 ET, Defendants issued a press release purportedly from the Archer Fund. The press release

stated that the “Archer Fund, one of the best-performing, privately-held mutual funds” was offering a generous performance fee reduction and had “an average of 47% annual percentage yield.” This article was republished by Yahoo! Finance and Business Insider, and possibly other news services.

28. In reality, there was never an operating Archer Fund. All statements made by the Defendants on the website, on LinkedIn, in the Annual Report and Prospectus, in the articles, and in the press release were false.

B. The Fraudulent Sale of Interests in the Archer Fund

29. Investors searching online for opportunities to invest in high performing mutual funds were directed to articles related to the Archer Fund, including those found on Medium.com, Yahoo! Finance, and Business Insider.

30. Lured by the promising press, investors visited the Archer Capital website and believed it be legitimate and promising, with links to an annual report and prospectus.

31. Investors were also impressed with images on Archer’s website of its purported principals and their respective LinkedIn profiles.

32. Archer’s website required investors to make a minimum \$5000 initial investment and claimed there would be a performance fee between 3% and 9% depending on the amount invested. Some investors used the Live Chat function to converse with people through the website to ask how to fund their Archer Fund account, how to select whether to reinvest or withdraw the dividends or how to evaluate the performance of the Archer Fund.

33. Investors opened their Archer Fund accounts online by entering basic personal information. Investors were not asked to include information regarding their financial background or sophistication. Shortly thereafter, they received an email from

support@archerfund.com requesting a copy of a current government identification and a utility bill to complete their application.

34. Investors then received a second email with the subject line “Your Archer Growth Fund has been approved!” containing a hyperlink to access their Archer Fund account. Once investors logged in via the www.archerfund.com investor portal, they could fund their account. Investors were instructed to wire funds or make their checks payable to HDR or Silvermoon, with the understanding that their funds would be invested in the Archer Fund.

35. Once their account was funded, Investors selected to reinvest or withdraw the accrued dividends. Purported dividends were posted to the accounts on the 5th of every month. Investors never received a document confirming their purchase of interests in the Archer Fund.

36. Investors could only access their accounts via the investor portal.

37. Defendants emailed the Archer Fund investors periodic market commentary newsletters that included the Archer Fund’s purported performance contrasted with the Russell Index. None of the purported performance information was true.

38. On July 30, 2020, Defendants emailed Archer Fund investors an email with the subject, “Second Quarter 2020 – Quarterly Market Review.” The email claimed that as of June 2020, the Archer Fund’s performance had grown 3.03% while the Russell Index’s performance only increased 2.06%.

39. On October 8, 2020, the Defendants emailed more than 300 current and prospective investors the “Archer Fund September Market Commentary.” This email stated that the Archer Fund’s performance for September was 3.73% contrasted with the Russell Index of -4.6%. The October email failed to blind copy the recipients of the email, thereby exposing the email addresses of each recipient to all others on the mailing list.

C. Collapse of Archer Fund Scheme, and the Misappropriation of Investor Funds

40. Between December 2019 and December 2020, at least 20 people, from multiple states invested approximately \$2.6 million with the Defendants.

41. Shortly after the October 8, 2020 market commentary email inadvertently disclosed the email addresses of the more than 300 current and prospective investors, the Archer Fund website and all related email addresses were no longer operational.

42. Emails to support@archerfund.com simply bounced back. All related phone numbers were also disconnected. In addition, the LinkedIn profiles for the company and the company's management team were deleted and the Archer Capital and Archer Fund related news releases were no longer available online.

43. As a result, investors lost all ability to access their Archer Fund accounts or contact the Defendants.

44. Although the investors' online Archer Fund accounts had reflected their investments, bogus dividends and purportedly growing balances, the Defendants never used any of the investor funds as promised.

45. Rather, investor funds were deposited in HDR and Silvermoon bank accounts and were initially used primarily to perpetuate the fraudulent scheme by paying expenses related to maintaining the Archer Capital website and on advertising costs. A small portion of investor funds was used for personal expenses such as Uber Eats and grocery store bills.

46. By October 14, 2020, all remaining funds were transferred out of the country.

V. DEFENDANTS VIOLATED THE FEDERAL SECURITIES LAWS

47. The Archer Fund interests offered and sold by the Defendants were securities within the meaning of the Securities Act and the Exchange Act.

48. Archer Fund investors provided the Defendants with an investment of money. From May 2020 through October 2020 at least 20 investors gave the Defendants approximately \$2.6 million.

49. The Defendants pooled investors' money into the Defendants' accounts and represented that they would invest those funds in the Archer Fund and return a profit.

50. Investors considered the interests in the Archer Fund to be investments and were interested in the profits the interests in the Archer Fund were expected to generate.

51. Defendants engaged in the conduct described herein, including the offer and sale of the interests in the Archer Fund, by use of the means or instruments of transportation or communication in interstate commerce, the instrumentalities of interstate commerce, and/or by use of the mails.

52. Defendants solicited investments from investors via the internet and secured investments from investors in at least fifteen states through the instrumentalities of interstate commerce.

53. Defendants did not register their sale of Archer Fund interests with the Commission.

54. From December 2019 through at least December 2020, the Defendants engaged in a long-running course of conduct designed to deceive investors in the offer and sale, in connection with the purchase and sale, of interests in the Archer Fund.

55. The Defendants initiated the fraud by creating a false website, fabricated news releases for the fictitious entity and fund, and opened bank accounts with the sole purpose of misappropriating investor funds.

56. The Defendants employed several deceptive acts to make the transactions appear as legitimate investments by posting bogus dividend returns on individual Archer Fund accounts, providing some investors with “returns” purportedly reflecting profits in the Archer Fund, and by sending false periodic market commentary emails falsely claiming that the Archer Fund’s purported performance continued to surpass the Russell Index.

57. The Defendants knowingly made material untrue statements designed to deceive investors. For instance, Defendants falsely represented the identities of the executives purportedly behind Archer Capital and the Archer Fund, the business operations and performance of the entities, and the use of investor funds.

58. A reasonable investor would consider the misrepresented facts and omitted information described herein—including, among other things, misrepresentations and omissions regarding the high rate of returns on investments and the use of investors’ money to pay for Defendants’ personal expenses—important in deciding whether or not to purchase interests in the Archer Fund.

59. In connection with the conduct described herein, Defendants acted knowingly or recklessly. Defendants knew, or were reckless in not knowing, that they were making material misrepresentations.

60. Defendants knew, or were reckless in not knowing, that investor funds were not being used as promised.

61. Defendants used devices, schemes, and artifices to defraud investors, and engaged in acts, transactions, practices, or courses of business that operated as a fraud or deceit upon the investors.

62. In addition to the numerous misrepresentations discussed herein, among other things, Defendants misled investors and misappropriated investors' funds for their personal use and benefit.

VI. CLAIMS FOR RELIEF

COUNT I

Violations of Sections 5(a) and 5(c) of the Securities Act

63. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 62, as if they were fully set forth herein.

64. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued by the Archer Fund as described in this Complaint, and no exemption from registration existed with respect to those securities.

65. From December 2019 through December 2020, the Defendants directly and indirectly:

- a. made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- b. carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or
- c. made use of any 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 of medium of any prospectus or otherwise any security,

without a registration statement having been filed or being in effect with the Commission as to such securities.

66. With regard to the sale of Archer Fund securities described herein, no exemption validly applied to the registration requirements described above.

67. By reason of the foregoing the Defendants violated, and unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5 (c) of the Securities Act [15 U.S.C. § 77e(a) and 77e(c)].

COUNT II

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

68. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 62, as if they were fully set forth herein.

69. From December 2019 through at least December 2020, the Defendants, in the offer and sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, knowingly or recklessly, directly or indirectly, employed devices, schemes, or artifices to defraud.

70. By reason of the forgoing, Defendants have violated and, unless enjoined, are reasonably likely to continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

Fraud in Violation of Section 17(a)(3) of the Securities Act

71. The Commission repeats and re-alleges paragraphs 1 through 62 of this Complaint.

72. From December 2019 through at least December 2020, Defendants, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently engaged in transactions,

practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

73. By reason of the foregoing, Defendants have violated, and unless enjoined, are reasonably likely to continue to violate Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT IV

Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act

74. The Commission repeats and re-alleges paragraphs 1 through 62 of this Complaint.

75. From December 2019 through at least December 2020, Defendants, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes or artifices to defraud in connection with the purchase or sale of any security.

76. By reason of the foregoing, Defendants have violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b), and Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)].

COUNT V

Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act

77. The Commission repeats and re-alleges paragraphs 1 through 62 of this Complaint.

78. From December 2019 through at least December 2020, Defendants, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices, and courses of business which have operated, are now operating and will operate as a fraud upon any person in connection with the purchase or sale of any security.

79. By reason of the foregoing, Defendants have violated, and unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

VII. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court find the Defendants committed the violations alleged, and:

I.

Permanent Injunction

Issue a Permanent Injunction enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, from violating the federal securities laws alleged in this Complaint.

II.

Disgorgement and Prejudgment Interest

Issue an order directing Defendants to disgorge all ill-gotten gains received within the applicable statute of limitations, including prejudgment interest, resulting from the acts and/or courses of conduct alleged in this Complaint.

III.

Civil Penalty

Issue an order directing Defendants to pay civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and 21(d) of the Exchange Act [15 U.S.C. § 78u-(d)].

IV.

Further Relief

Granting any other and further relief this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws.

V.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action and Defendants in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

VI.

Demand for Jury Trial

The Commission hereby demands a trial by jury on any and all issues in this action so triable.

September 1, 2022

Respectfully submitted,

/s/Gregory R. Bockin

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