

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
v.	:	No. 23 Civ. 00022
	:	
COOPER J. MORGENTHAU,	:	JURY TRIAL
	:	DEMANDED
Defendant.	:	
	:	

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against defendant Cooper J. Morgenthau (“Morgenthau”), alleges as follows:

PRELIMINARY STATEMENT

1. From at least June 2021 through at least July 2022 (the “Relevant Period”), defendant Morgenthau stole more than \$5 million from his employer, a publicly-traded special purpose acquisition company (“SPAC”), and from investors in two companies that Morgenthau incorporated for the purpose of becoming SPACs. Morgenthau used the stolen funds to cover his personal expenses and his trading in so-called meme stocks and crypto asset securities.

2. Morgenthau was the Chief Financial Officer of African Gold Acquisition Corp. (“African Gold”), a SPAC seeking to acquire a company in the gold mining industry. During the Relevant Period, Morgenthau wired more than \$1.2 million of African Gold’s money to his personal bank and brokerage accounts. He used the money primarily to trade options on meme stocks, *i.e.*, stocks that gained large online and social media followings among retail investors.

3. To avoid detection, Morgenthau doctored African Gold's monthly bank statements by, for example, deleting his unauthorized transactions and overstating the available account balance in any given month by as much as \$1.19 million. Morgenthau then emailed these fabricated bank statements to African Gold's accountants and auditor, along with letters falsely attesting that he was unaware of any fraud at African Gold and that the company had properly recorded in the company's books and records all material transactions. Morgenthau knew that African Gold's accountants and auditor would rely on his falsified bank statements and his false assurances in those letters to prepare financial statements that were incorporated into African Gold's quarterly and annual reports filed with the Commission. Because of Morgenthau's fraudulent scheme, those publicly filed reports contained materially false and misleading statements regarding African Gold's financial condition and other matters. Morgenthau signed those reports and attested to their accuracy in certifications filed with the Commission, while knowing that the reports contained materially false and misleading information because of his own fraud.

4. Morgenthau either spent or lost through securities trading all of the money he stole from African Gold. To cover his losses, Morgenthau raised money by soliciting investors to help launch another series of SPACs: Strategic Metals Acquisition Corp. I and Strategic Metals Acquisition Corp. II (together, "Strategic Metals"). From at least July 2021 through at least July 2022, Morgenthau raised approximately \$4.7 million from investors in Strategic Metals, all of which he misappropriated for himself.

5. Morgenthau deposited some of the money he raised for Strategic Metals into African Gold's bank account in order to conceal his embezzlement from African Gold and its accountants and auditor. For example, Morgenthau deposited more than half a million dollars of

Strategic Metals' funds into African Gold's bank account on December 31, 2021, because he knew that African Gold's auditor would confirm the account balance as of that date, in connection with African Gold's year-end audit. Almost immediately thereafter, Morgenthau began withdrawing the money from African Gold's bank account and used most of it to trade crypto asset securities. Morgenthau periodically deposited just enough money in African Gold's bank account to cover certain essential business expenses, such as fees for the company's lawyers, accountants, and auditor, so that his theft would remain undetected.

6. But by August 2022, Morgenthau had run out of money. The bank accounts for African Gold and Strategic Metals were empty. African Gold vendors refused to perform work for the company, and Morgenthau's scheme was exposed. African Gold fired Morgenthau on August 26, 2022.

7. By knowingly or recklessly engaging in the conduct described in this Complaint, Morgenthau violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77q(a)], Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(b)(5)] and Rules 10b-5, 13b2-1, 13b2-2(a) and (b), and 13a-14 thereunder [17 C.F.R. §§ 240.10b-5, 240.13b2-1, 240.13b2-2(a) and (b), and 240.13a-14].

NATURE OF PROCEEDING AND RELIEF SOUGHT

8. The Commission seeks a permanent injunction against the Defendant, enjoining him from engaging in the transactions, acts, practices, and courses of business of the type alleged in this Complaint; disgorgement of all ill-gotten gains from the unlawful conduct set forth in this Complaint, together with prejudgment interest; civil penalties pursuant Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and/or Section 21(d)(3) of the Exchange Act [15 U.S.C.

§78u(d)(3)]; an order prohibiting the Defendant from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] and such other relief as the Court may deem just and appropriate.

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. The Defendant has directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices, transactions, and courses of business alleged in this Complaint.

10. Venue in this District is proper under 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 during the Relevant Period, the Defendant lived in this District; African Gold's principal place of business was in this District; Strategic Metals' principal place of business was in this District; and the Defendant's conduct constituting the violations alleged in this Complaint occurred largely in this District.

DEFENDANT

11. **Cooper J. Morgenthau**, 35, is a resident of New York, New York. Morgenthau served as African Gold's CFO from October 2020 until August 26, 2022, when he was fired. Morgenthau is the CFO of Strategic Metals Acquisition Corp. I and Strategic Metals Acquisition Corp II.

RELEVANT ENTITIES

12. **African Gold Acquisition Corp.** is a publicly traded SPAC incorporated in the Cayman Islands with its principal place of business in New York, New York. African Gold's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act. African Gold is listed on the New York Stock Exchange under the symbols AGAC.U, AGAC, and AGAC.W. African Gold is searching for a company to acquire. According to the terms of its prospectus, African Gold has until March 2, 2023, to acquire a company, absent an extension.

13. **Strategic Metals Acquisition Corp. I ("Strategic Metals I")** is a company incorporated in the Cayman Islands for the purpose of becoming a publicly traded SPAC. Morgenthau is the CFO of Strategic Metals I. Strategic Metals I never completed its initial public offering of securities.

14. **Strategic Metals Acquisition Corp. II ("Strategic Metals II")** is also a company incorporated in the Cayman Islands for the purpose of becoming a publicly traded SPAC. Morgenthau is the CFO of Strategic Metals II. Strategic Metals II never completed its initial public offering of securities.

FACTUAL ALLEGATIONS

15. Cooper Morgenthau was African Gold's Chief Financial Officer from the company's incorporation in October 2020, until he was fired in August 2022. As a SPAC, African Gold has no operations, other than searching for a company to acquire. During the Relevant Period, African Gold's only employees were its Chief Financial Officer (Morgenthau), Chief Executive Officer, and Chief Operating Officer. As a publicly traded company, African Gold is managed by a board of directors.

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