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**ORIGINAL**

10 UNITED STATES DISTRICT COURT  
11 SOUTHERN DISTRICT OF CALIFORNIA

12 SECURITIES AND EXCHANGE COMMISSION,

13 Plaintiff,

14 vs.

15 ABS MANAGER, LLC and GEORGE CHARLES  
16 CODY PRICE,

17 Defendants,

18 ABS FUND, LLC [ARIZONA]; ABS FUND, LLC  
19 [CALIFORNIA]; CAPITAL ACCESS, LLC;  
20 CAVAN PRIVATE EQUITY HOLDINGS, LLC;  
21 and LUCKY STAR EVENTS, LLC,

22 Relief Defendants.

Case No. '13 CV 0319 GPC JMA

**COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES  
LAWS**

23 Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

24 SUMMARY

25 1. The Commission brings this action to halt an ongoing fraudulent scheme  
26 perpetrated by Defendant George Charles Cody Price ("Price") through his unregistered  
27 investment advisory company, Defendant ABS Manager, LLC ("ABS Manager").

28 2. Since 2009, Defendants have raised approximately \$18.8 million from about 35

1 investors nationwide to invest in three funds managed by Defendants (collectively, the “Funds”)  
2 – Relief Defendants ABS Fund, LLC in Arizona (“ABS Fund”), ABS Fund, LLC in California  
3 (“Platinum Fund”) and Capital Access, LLC in Nevada (“Capital Access Fund”).

4 3. Defendants caused the Funds to purchase risky tranches of “collateralized  
5 mortgage obligations,” or “CMOs.” CMOs are mortgage-based securities that pay the CMO  
6 investors, depending on the class or “tranche” of CMO they hold, the cash flows generated from  
7 the principal and interest payments on a pool of mortgages.

8 4. The Funds, however, did not purchase ordinary CMOs. Instead, without any  
9 disclosure to the investors, Defendants caused the Funds to buy “Interest Only” (“IOs”) and  
10 “Inverse Interest Only” (“Inverse IOs”) CMO tranches. These tranches of CMOs are among the  
11 riskiest forms of CMOs. They only receive interest payments from the underlying mortgages;  
12 IOs and Inverse IOs have no principal component. Therefore, as mortgages in the pool are  
13 prepaid, paid down, re-financed or defaulted, the interest-only income stream from those  
14 mortgages ceases. Not only did the Defendants fail to disclose to the Fund investors that the  
15 Funds were invested in these risky securities, the Defendants also claimed that these securities  
16 were “very safe,” “very secure” and “government bonds” – far from the truth given the very real  
17 and significant investment risks associated with these unique and thinly traded tranches of  
18 CMOs.

19 5. Worse, the IOs and Inverse IOs that the Funds owned lost significant value in  
20 2010, 2011 and 2012. During that time, the total return on these investments was *negative* 2%;  
21 and their annual returns never exceeded 3%. However, Defendants falsely represented to the  
22 Fund investors that the Funds were “performing” “at or better” than 12-18% during this time,  
23 and claimed that the IOs and Inverse IOs held by the Funds generated “returns” of 12.5% and  
24 18%. Defendants also falsely claimed some IO and Inverse IO securities held by the Funds were  
25 “performing” when, in fact, those securities had *expired* and were not generating any income for  
26 the Funds at all.

27 6. Additionally, the Funds were only required to pay a management fee to ABS  
28 Manager if their returns exceeded 12.5% or 18%, depending on the Fund. But because the

1 Funds' actual annual returns never exceeded 3% between 2010 and 2012, no fees should have  
2 ever been paid during this period. Yet Defendants caused the Funds to pay Price and ABS  
3 Manager about a half million dollars of Fund assets during this time. Not only did Defendants  
4 misappropriate this amount, a substantial portion of it was distributed to two of the Relief  
5 Defendants Cavan Private Equity Holdings, LLC ("Cavan Private Equity"), a company owned  
6 by Price, and Lucky Star Events, LLC ("Lucky Star"), a company owned by Price's wife.

7 7. Furthermore, in radio shows and in private placement memoranda for the Funds'  
8 offerings, Defendants misrepresented Price's professional experience and grossly inflated the  
9 amount of funds under management.

10 8. By engaging in this conduct, Defendants have violated, and unless enjoined, will  
11 continue to violate, the antifraud provisions of the federal securities laws and the provisions  
12 prohibiting fraud by an investment adviser. Therefore, with this action, the Commission seeks  
13 emergency relief against the Defendants, including a temporary restraining order, an asset freeze,  
14 accountings, expedited discovery, an order prohibiting the destruction of documents, and the  
15 appointment of a receiver over Defendants and the Funds. The Commission also seeks  
16 preliminary and permanent injunctions, disgorgement with prejudgment interest and civil  
17 penalties against Defendants.

18 **JURISDICTION AND VENUE**

19 9. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1)  
20 and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d)(1) &  
21 77v(a)], Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the Securities Exchange Act of 1934  
22 ("Exchange Act") [15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa], and Sections 209(d),  
23 209(e)(1) and 214 of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-  
24 9(d), 80b-9(e)(1) and 90b-14].

25 10. Defendants Price and ABS Manager have, directly or indirectly, made use of the  
26 means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national  
27 securities exchange in connection with the transactions, acts, practices and courses of business  
28 alleged in this Complaint.

1 11. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15  
2 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the  
3 Advisers Act [15 U.S.C. § 80b-14] because certain of the transactions, acts, practices and courses  
4 of conduct constituting violations of the federal securities laws occurred within this district. In  
5 addition, venue is proper in this district because ABS Manager's principal place of business is in  
6 this district and Price resides in this district.

7 **DEFENDANTS**

8 12. **ABS Manager, LLC**, formed in 2009 as an Arizona limited liability company,  
9 has its principal places of business in Tempe, Arizona and La Jolla, California. In November  
10 2012, ABS Manager applied to the State of California to register as an investment adviser. Its  
11 application is pending.

12 13. **George Charles Cody Price**, age 34, resides in La Jolla, California. Price is the  
13 sole manager and owner of ABS Manager.

14 **RELIEF DEFENDANTS**

15 14. **ABS Fund, LLC** ("ABS Fund"), formed in 2009 as an Arizona limited liability  
16 company, has its principal place of business in Tempe, Arizona. ABS Fund's manager is ABS  
17 Manager.

18 15. **ABS Fund, LLC** ("Platinum Fund"), formed in 2010 as a California limited  
19 liability company, has its principal place of business in La Jolla, California. Platinum Fund's  
20 manager is ABS Manager.

21 16. **Capital Access, LLC**, formed in 2011 as a Nevada limited liability company, has  
22 its principal place of business in La Jolla, California. Capital Access Fund's manager is ABS  
23 Manager.

24 17. **Cavan Private Equity Holdings, LLC**, formed in 2008 as an Arizona limited  
25 liability company, has its principal place of business in Tempe, Arizona. Price is the managing  
26 member of, and owns and manages Cavan Private Equity.

27 18. **Lucky Star Events, LLC**, formed in 2006 as an Arizona limited liability  
28 company, has its principal place of business in Gilbert, Arizona. Lucky Star is in the business of

1 event planning. Price's wife is the sole member of Lucky Star.

2 **STATEMENT OF FACTS**

3 **A. Price's and ABS Manager's Investment Advisory Business**

4 19. ABS Manager is the manager for the three investment Funds – ABS  
5 Fund, Platinum Fund and Capital Access Fund.

6 20. Price operates and controls ABS Manager. He is ABS Manager's sole member  
7 and serves as its president and chief executive officer. In addition, Price was the administrative  
8 and technical contact for the website, www.cafund.com, for the Funds managed by ABS  
9 Manager.

10 **B. The Three Funds and Offerings, 2009-2012**

11 21. From 2009 to the present, ABS Manager and Price raised approximately  
12 \$18.8 million, in three separate offerings, from about 35 investors. Defendants pooled the  
13 investor funds into the three Funds. The investors received ownership interests in the Funds in  
14 which they invested.

15 22. For each fund offering, Defendants distributed a private placement memorandum,  
16 or "PPM," which purported to describe the terms of each Fund's offering.

17 23. In March 2009, Defendants first offered investors an investment in the ABS Fund.  
18 The ABS Fund's PPM stated that the proceeds from its offering would be used to purchase  
19 CMOs. The PPM does not provide any information on what type or tranche of CMO would be  
20 purchased. Through this offering, the Defendants raised approximately \$2.4 million from 14  
21 investors. The PPM promised a "return" of 18%.

22 24. Beginning in June 2010, Defendants offered investors an investment in the  
23 Platinum Fund. The Platinum Fund's PPM stated that the proceeds from the offering would be  
24 used to purchase CMOs. As with the ABS Fund, there was no disclosure of the type or tranche  
25 of CMO that would be acquired. Defendants raised approximately \$14.1 million from 35  
26 investors, which included investments "rolled over" from the ABS Fund. The Platinum Fund's  
27 PPM promised a 12.5% "variable return," with a "minimum return" of 7.48%.

28 25. Finally, in June 2012, Defendants began offering investors the opportunity to

1 invest in its Capital Access Fund. Like the PPMs for the other two funds, the Capital Access  
2 Fund PPM stated that the offering proceeds would be used to purchase CMOs and did not  
3 divulge what form or tranche of CMO would be purchased. Defendants raised approximately  
4 \$18.8 million from 35 investors, which, like the Platinum Fund, included investments “rolled  
5 over” from the prior fund or funds. The Platinum Fund PPM promised a 12.5% “variable  
6 return,” with a “minimum return” of 7.48%.

7 **C. The Funds’ Risky Investments in IOs and Inverse IOs**

8 26. Defendants, as manager of the Funds, invested Fund assets almost exclusively in  
9 two particularly complex “tranches” of “Agency CMOs” – IOs and Inverse IOs.

10 27. Agency CMOs are securities that are issued or guaranteed by a government  
11 agency (that is, the Government National Mortgage Association, or “Ginnie Mae”) or by  
12 government-sponsored enterprises (that is, the Federal National Mortgage Association, or  
13 “Fannie Mae,” and the Federal Home Loan Mortgage Corporation, or “Freddie Mac”). Since  
14 2008, Agency CMOs have been backed by the full faith and credit of the U.S. government.

15 28. The IO and Inverse IO tranches of CMOs are among the riskiest types of CMOs  
16 in existence. IOs and Inverse IOs only participate in the interest payment stream of the  
17 mortgages in the pools underlying the CMOs; they have no principal component. That is, while  
18 other CMO tranches benefit from the mortgage borrower’s payments on the principal of the  
19 underlying mortgages, IOs and Inverse IOs do not.

20 29. The IO and Inverse IO tranches of CMOs receive only the interest payment from  
21 the mortgage loan. Therefore, as the mortgages in the CMO are retired or redeemed (through  
22 refinancing, payoff or default), that income stream decreases too. If the retirement or redemption  
23 of underlying mortgages accelerates quickly enough – for example, as borrowers pay off their  
24 loans more quickly than expected, or as prepayments increase with falling mortgage rates – then  
25 the IO and Inverse IO tranches could expire more quickly and their holders may never even  
26 recover the full amount of their initial investments. Other CMO tranches with a principal  
27 payment component, on the other hand, do not face this risk because they receive principal  
28 payments made on the mortgage loans as the mortgages are retired and redeemed.

1           30.     Moreover, the “government backing” of Agency IOs and Inverse IOs is limited  
2 because it only ensures that Agency IOs and Inverse IOs receive the *interest* payments from the  
3 underlying mortgage loans that have not been retired or redeemed. There is no *principal*  
4 guarantee. Once the underlying loan is retired or redeemed, then that interest income for the IO  
5 or Inverse IO tranches is permanently lost. So, even though Agency IOs and Inverse IOs have a  
6 form of a government guarantee, this does not guarantee that investors will recoup their original  
7 investment or receive the interest income on the mortgage loans. As a result, while they have  
8 negligible *credit* risk, the Agency-backed IOs and Inverse IOs that the Funds owned involve  
9 considerable interest rate and prepayment risk, as well as market risk.

10           31.     In 1993, the National Association of Securities Dealers, or “NASD,” issued a  
11 notice to its members specifically warning of the risks associated with IOs and stating that “a  
12 member may sell IOs only to a sophisticated investor maintaining a high-risk profile.”

13     **D.     The Solicitation of Investors in the Funds**

14           32.     Defendants solicited investors to invest in the Funds through newspaper  
15 advertisements, radio spots, websites, mass-mailers, and referrals from accountants. Defendants  
16 also created and distributed PPMs for each of the Funds to potential investors.

17           33.     For example, from November 2010 through January 2011, Price regularly co-  
18 hosted a radio show called “The Wealth Weekend Hour,” which aired on KFMB Radio in San  
19 Diego, California. During these shows, Price recommended that listeners invest in the ABS  
20 Fund. Price described how he started the fund using his Wall Street experience, including  
21 working as an independent contractor for Goldman Sachs.

22           34.     Price also represented that the ABS Fund was “safe” and “secure” because he  
23 invested it in “government bonds,” including Ginnie Mae bonds. He stated that ABS Manager’s  
24 “number one goal [was] preserving capital” and he promoted the fund as “the perfect fit for your  
25 retirement funds.” Price said that his fund had paid its investors “double-digit returns” for the  
26 previous two years. Finally, Price invited listeners to contact him for a free portfolio review and  
27 offered that if the ABS Fund was not “right for you,” then he would refer the listener to another  
28 professional.

1           35.     In addition, Price promoted the three Funds as “safe & reliable” bonds”  
2 “guaranteed by the U.S. Treasury Department” that paid extraordinary annualized returns  
3 ranging from 7.5% to 18%. Indeed, the company tagline for the Capital Access Fund was “Your  
4 Flight to Safety.”

5 **E.     Defendants’ Misrepresentations and Omissions**

6           36.     In soliciting potential investors in the Funds, in offering investments in the Funds,  
7 and in reporting to the investors after they had invested, Defendants misrepresented or omitted  
8 the disclosure of material information regarding their investments. These misrepresentations and  
9 omissions were made in person, in newsletters, in websites, in Price’s radio show and in the  
10 PPMs provided to the investors by Defendants.

11           **1.     Failure to disclose the Funds’ investments in risky IOs and Inverse IOs**

12           37.     Since 2009, each Funds’ PPM set forth the terms of the offering and disclosed  
13 that the Funds would invest in CMOs. The PPMs also disclose some general risks associated  
14 with investing in each Fund and regarding CMOs.

15           38.     However, none of the Funds’ PPMs disclose that the Funds would invest in the  
16 risky IO and Inverse IO tranches of CMOs. Nor did they disclose the specific characteristics and  
17 risks associated with IOs and Inverse IOs.

18           39.     Likewise, Price concealed the true nature of these investments in his monthly  
19 newsletters, radio programs and external emails. For example, in radio shows and website  
20 promotions, Price repeatedly stated that the securities held in the Funds were “government-  
21 backed bonds” that were very safe and secure investments. Similarly, Price’s radio spots  
22 claimed that the ABS Fund was “safe” and “secure” because he invested in “government bonds,”  
23 including Ginnie Mae bonds. Price also stated that the Funds invested in “safe & reliable  
24 bonds.” In addition, Price stated that the Funds’ “number one goal [was] preserving capital” and  
25 he promoted the Funds as “the perfect fit for your retirement funds.”

26           40.     These representations, and the failure to disclose that the Funds invested in only  
27 IOs and Inverse IOs, were materially false and misleading. Price and ABS Manager also masked  
28 the risks of investing in the Funds by promoting, deceptively, the benefits of CMOs generally –



1 benefits that are essentially unavailable to IO and Inverse IO tranches.

2 41. In fact, IOs and Inverse IO tranches of CMOs are not “safe,” “secure” or  
3 “reliable.” On the contrary, they are exceptionally risky and extremely unpredictable securities.  
4 Nor are they “government bonds” – “government backing” of agency-backed IOs and Inverse  
5 IOs only applies to *credit* risk, not other critical risks like interest rate risk, prepayment risk and  
6 market risk. This guarantee also does not ensure that investors will ever receive their original  
7 investment in the Funds back.

8 42. In addition, in an investor communication, Defendants told investors that in the  
9 “worse [*sic*] case scenario,” ABS Manager would simply “hold the bonds for 30 years and take  
10 the interest.” This may be true of some Agency CMO tranches that have a principal component,  
11 but it is not true for IOs and Inverse IOs tranches of CMOs. Because the income streams for IOs  
12 and Inverse IOs decrease as mortgages in the underlying pool are retired or redeemed, many  
13 “expire” (*i.e.*, the flow of interest payments stops) in less than 10 years.

14 **2. Misrepresentations regarding the Funds’ performance**

15 43. The Capital Access Fund’s PPM includes a table with the heading “ABS Fund  
16 (AZ and CA) Historical Returns.” This table states that the ABS Fund earned 18% annualized  
17 returns from January 1, 2009 through July 1, 2012, and that the Platinum Fund earned annualized  
18 returns of 12.5% from January 1, 2010 through July 1, 2012. In addition, there is a second table  
19 in the PPM that includes projected annualized returns for the Capital Access Fund of 12.5%.

20 44. Similarly, in an October 2010 email newsletter, Price wrote that “[a]ll of the  
21 bonds are making well over 18% and will continue to do so for quite some time.” Price also  
22 stated in radio shows that the Funds earned “extraordinary” and “high, double-digit” returns.

23 45. Also, as of January 2013, the Capital Access Fund website, [www.cafund.com](http://www.cafund.com),  
24 included a “Historic Reference” table showing consistent monthly returns of 1.04% (12.5%  
25 annualized) from January 2010 through June 2012.

26 46. Moreover, the monthly account statements that Defendants distributed to  
27 investors falsely represented that investors had earned an annualized return equal to either 18%  
28 (for the ABS Fund) or 12.5% (for the Platinum Fund and Capital Access Fund). The monthly

1 account statements that Defendants sent investors in the Funds also claimed that each CMO held  
 2 by the Fund was “[p]erforming at 18% or better” (for the ABS Fund statements) or “12% or  
 3 better” (for the Platinum Fund and Capital Access Fund statements).

4 47. These representations about the Funds’ performance were false and misleading  
 5 because the funds were not performing at these rates of return. From 2010 to 2012, the  
 6 underlying value of the IOs and Inverse IOs held by the Funds decreased significantly during this  
 7 time. As a result, the actual total return on investment in the Funds was *negative* for this three-  
 8 year period. The chart below demonstrates this, showing the Funds’ return on investment based  
 9 on the interest payments received from the IOs and Inverse IOs, the appreciation or appreciation  
 10 in value of the underlying IO and Inverse IO securities held by the Funds, and the total return on  
 11 investment taking both the interest payments and the gain/loss in value of the securities:

Year	Interest Received	Gain/(Loss) in Value	Total Return
2010	29%	(36%)	(7%)
2011	19%	(16%)	3%
2012	19%	(21%)	(2%)
<b>Overall Performance<sup>1</sup></b>	<b>24%</b>	<b>(26%)</b>	<b>(2%)</b>

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 19 48. Price was aware that the Funds were not performing at the 12-18% “returns”  
 20 Defendants claimed. In Price’s internal email sent to ABS Manager’s independent contractors  
 21 on April 28, 2010, he stated that the contractors would not be paid for at least three months  
 22 because the “ABS Fund is upside down 5% in principal value.” Although Price admitted to his  
 23 staff that the ABS Fund was not profitable, ABS Manager hid this information from investors  
 24 and continued to send them monthly statements in April and May 2010 stating that the ABS  
 25 Fund was performing at 18%.

26  
 27  
 28 <sup>1</sup> The overall performance of the underlying CMOs in all three Funds is calculated from the date of purchase to the date of sale or, if no sale, to December 31, 2012.

1           **3. Misrepresentations about Price's prior investment experience**

2           49. Since 2009, Price included a detailed biography highlighting his education and  
3 experience in the PPMs and on ABS Manager-run websites. This biography stated, among other  
4 things, that he "began dealing with the buying and selling of mortgage pools on the secondary  
5 market" at Wells Fargo and who had worked as consultant and independent contractor at  
6 Goldman Sachs "where he was responsible for the buying and selling of mortgage pools worth  
7 hundreds of millions of dollars." Price made the same representation to investors on the radio  
8 shows, during telephone calls, and in seminar presentations.

9           50. These representations were false. Price never worked in any capacity at Goldman  
10 Sachs. Additionally, he worked at Wells Fargo only in mortgage *origination* and was not  
11 involved in trading mortgage securities or securitization there.

12           **4. Misrepresentations about ABS Manager's assets under management**

13           51. Price also overstated the assets of the Funds. For example, the Platinum Fund's  
14 PPM stated that the fund had "company owned assets" of \$62.4 million as of June 1, 2010.  
15 Similarly, one of ABS Manager's many websites, *www.absbondfund.com*, stated that the "ABS  
16 Fund has grown to having [\$]72 million assets under management as of May 2011."

17           52. These inflated numbers were false. As of December 2010, ABS Manager's assets  
18 under management of the Funds was only about \$1.3 million; as of December 2011, it was about  
19 \$3.5 million; and as of December 2012, it was about \$16.2 million. Brokerage and bank records  
20 of the Funds reflect that they never had more than \$18.8 million in assets at year-end during this  
21 three-year period.

22           **F. Defendants' Misappropriation from the Funds**

23           53. The PPMs for the Funds stated that ABS Manager would be compensated *only*  
24 *after* investors received the maximum annual return promised (18% for ABS Fund, and 12.5%  
25 for Platinum Fund and Capital Access Fund). The PPMs also provided that ABS Manager could  
26 charge a 0.5% management "set-up fee" to cover expenses.

27           54. However, as discussed above, in 2010, 2011 and 2012, the Funds' actual returns  
28 never exceeded 3% – far below the 12.5% or 18% promised in the Funds' PPMs. Therefore,

1 ABS Manager should never have received a management fee during that time. Nevertheless,  
2 Defendants withdrew cash from the Funds each month, without regard for the Funds' actual  
3 performance.

4 55. Specifically, from 2010 through 2012, ABS Manager received \$43,464 from the  
5 Funds. Also during this period, the Funds made payments of \$384,200 to Price and of \$158,868  
6 to the company he owns, Relief Defendant Cavan Private Equity. The Funds also paid \$24,890  
7 to Relief Defendant Lucky Star – the company owned by Price's wife – and paid Price's brothers  
8 \$39,862. Finally, the Funds paid for \$21,118 for Price's travel, entertainment and personal  
9 expenses from 2010 to 2012.

10 56. The total improper payments from 2010 to 2012, less ABS Manager's set-up fee,  
11 was \$578,402.

12 57. These payments were improper and misappropriated because Defendants were not  
13 entitled to *any* payment from the Funds from 2010 to 2012.

14 58. Relief Defendants Cavan Private Equity and Lucky Star received proceeds from  
15 the fraud, have no legitimate claim to those funds, and would be unjustly enriched to the  
16 detriment of injured investors if they were permitted to keep the funds.

17 **G. Defendants' Knowledge of the Fraudulent Conduct**

18 59. As the sole manager of ABS Manager, and the one who managed and operated  
19 the firm, Price received monthly statements from the Funds' brokerage firms and knew the  
20 amount and nature of securities held by each Fund. Price knew, or was reckless in not knowing,  
21 that the Funds were investing almost, if not, exclusively in IO and Inverse IO tranches of CMOs.

22 60. Accordingly, Price knew, or was reckless in not knowing, that the Funds'  
23 investments in IOs and Inverse IOs was not disclosed to Fund investors. He also knew, or was  
24 reckless in not knowing, that representations about the Funds' CMO investments (such as that  
25 they were "safe" or "secure") were false and misleading. He also knew, or was reckless in not  
26 knowing, that it was not disclosed to Fund investors that the repayment of an investor's initial  
27 investment would not be guaranteed by the government.

28 61. Price also knew, or was reckless in not knowing, that the actual performance of

1 the individual CMOs and whether they had expired. Price acknowledged in a 2010 email that  
2 ABS Fund had incurred losses and was “upside down.” Therefore, Price knew or was reckless in  
3 not knowing that the representations made to investors regarding the performance of the Funds,  
4 as well as the so-called “returns” paid to investors, were false and misleading.

5 62. Finally, Price knew or was reckless in not knowing that representations that he  
6 had worked for Goldman Sachs in any capacity and that he was involved in trading in securities  
7 or securitization while at Wells Fargo were false and misleading.

8 63. Price also knew or was reckless in not knowing that ABS Manager was not  
9 entitled to receive any compensation from the Funds given their actual returns in 2010, 2011 and  
10 2012, and therefore any payments from the Funds to Price, ABS Manager, the Relief Defendants  
11 or for the benefit of Price were improper and misappropriated.

12 **FIRST CLAIM FOR RELIEF**

13 **(Against All Defendants)**

14 **Fraud by an Investment Adviser**

15 **Violations of Sections 206(1) and 206(2) of the Advisers Act**

16 64. The Commission realleges and incorporates by reference paragraphs 1 through 63  
17 above.

18 65. Defendants ABS Manager and Price, by engaging in the conduct described above,  
19 directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce:

20 (a) with scienter, employed or are employing devices, schemes or artifices to  
21 defraud clients or prospective clients; or

22 (b) engaged in or are engaging in transactions, practices, or courses of  
23 business which operated as a fraud or deceit upon clients or prospective clients.

24 66. By engaging in the conduct described above, ABS Manager and Price, violated,  
25 and unless restrained and enjoined will continue to violate, Sections 206(1) and (2) of the  
26 Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)].

**SECOND CLAIM FOR RELIEF**

**(Against All Defendants)**

**Fraud Involving a Pooled Investment Vehicle**

**Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8**

67. The Commission realleges and incorporates by reference paragraphs 1 through 63 above.

68. Defendants ABS Manager and Price, by engaging in the conduct described above, while acting as an investment adviser to a pooled investment vehicle, directly or indirectly, by use of the mails or means or instrumentalities of interstate commerce:

(a) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which there were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

(b) engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

69. By engaging in the conduct described above, ABS Manager and Price violated, and unless restrained and enjoined will continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

**THIRD CLAIM FOR RELIEF**

**(Against All Defendants)**

**Fraud in the Offer and Sale of Securities**

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

70. The Commission realleges and incorporates by reference paragraphs 1 through 63 above.

71. Defendants ABS Manager and Price, by engaging in the conduct described above, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

1 (a) with scienter, employed devices, schemes, or artifices to defraud;

2 (b) obtained money or property by means of untrue statements of a material  
3 fact or by omitting to state a material fact necessary in order to make the statements made, in  
4 light of the circumstances under which they were made, not misleading; or

5 (c) engaged in transactions, practices, or courses of business which operated  
6 or would operate as a fraud or deceit upon the purchaser.

7 72. By engaging in the conduct described above, ABS Manager and Price, violated,  
8 and unless restrained and enjoined will continue to violate, Sections 17(a)(1), 17(a)(2) and  
9 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)].

10 **FOURTH CLAIM FOR RELIEF**

11 **(Against All Defendants)**

12 **Fraud in Connection with the Purchase or Sale of Securities**

13 **Violations Of Section 10(b) Of The Exchange Act and Rule 10b-5**

14 73. The Commission realleges and incorporates by reference paragraphs 1 through 63  
15 above.

16 74. ABS Manager and Price, by engaging in the conduct described above, directly or  
17 indirectly, in connection with the purchase or sale of a security, by the use of means or  
18 instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities  
19 exchange, with scienter:

20 (a) employed devices, schemes, or artifices to defraud;

21 (b) made untrue statements of a material fact or omitted to state a material fact  
22 necessary in order to make the statements made, in the light of the circumstances under which  
23 they were made, not misleading; or

24 (c) engaged in acts, practices, or courses of business which operated or would  
25 operate as a fraud or deceit upon other persons.

26 75. By engaging in the conduct described above, ABS Manager and Price, violated,  
27 and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act  
28 [15 U.S.C. § 78j(b)], and Rule 10b-5(a-c) thereunder [17 C.F.R. § 240.10b-5].

**FIFTH CLAIM FOR RELIEF**

**(Against Price)**

**Control Person Liability**

**Violations Of Section 20(a) Of The Exchange Act**

1  
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3  
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5 76. The Commission realleges and incorporates by reference paragraphs 1 through 63  
6 above.

7 77. ABS Manager, by engaging in the conduct described above, violated one or more  
8 of the federal securities laws.

9 78. Defendant Price, by engaging in the conduct described above, is, or was at the  
10 time the acts and conduct set forth herein were committed, directly or indirectly, a person who  
11 controlled and exercised actual power over Defendant ABS Manager.

12 79. By engaging in the conduct described above, under Section 20(a) of the Exchange  
13 Act [15 U.S.C. § 78t(a)], Defendant Price is jointly and severally liable with, and to the same  
14 extent as, Defendant ABS Manager for its violations of Section 10(b) of the Exchange Act [15  
15 U.S.C. § 78j(b)], and Rule 10b-5(a-c) thereunder [17 C.F.R. § 240.10b-5].

**PRAYER FOR RELIEF**

16  
17 WHEREFORE, the Commission respectfully requests that the Court:

18 **I.**

19 Issue findings of fact and conclusions of law that ABS Manager and Price committed the  
20 alleged violations.

21 **II.**

22 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil  
23 Procedure, temporarily, preliminarily and permanently enjoining Defendants ABS Manager and  
24 Price, and their agents, servants, employees, and attorneys, and those persons in active concert or  
25 participation with any of them, who receive actual notice of the judgment by personal service or  
26 otherwise, and each of them, from violating Sections 206(1), 206(2), and 206(4) of the Advisers  
27 Act [15 U.S.C. §§ 80b-6(1), (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-  
28 8], Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange



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

2 **III.**

3 Issue, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, a  
4 temporary restraining order and a preliminary injunction freezing the assets of Defendants ABS  
5 Manager and Price, and of Relief Defendants ABS Fund, Platinum Fund and Capital Access  
6 Fund; Cavan Private Equity and Lucky Star, and prohibiting each of them from destroying  
7 documents, granting expedited discovery, requiring accountings from all Defendants and Relief  
8 Defendants, and appointing a Receiver over Defendant ABS Manager and over Relief  
9 Defendants ABS Fund, Platinum Fund and Capital Access Fund.

10 **IV.**

11 Order Defendants ABS Manager and Price to disgorge all funds received from their  
12 illegal conduct, together with prejudgment interest thereon.

13 **V.**

14 Order Relief Defendants ABS Fund, Platinum Fund, Capital Access Fund, Cavan Private  
15 Equity and Lucky Star to disgorge all ill-gotten gains they received, together with prejudgment  
16 interest thereon.

17 **VI.**

18 Order Defendants ABS Manager and Price to pay civil penalties under Section 20(d) of  
19 the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C.  
20 § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

21 **VII.**

22 Retain jurisdiction of this action in accordance with the principles of equity and the  
23 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and  
24 decrees that may be entered, or to entertain any suitable application or motion for additional  
25 relief within the jurisdiction of this Court.

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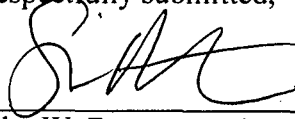
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VIII.

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: February 8, 2013

Respectfully submitted,



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Lynn M. Dean  
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Securities and Exchange Commission

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