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7  
8 **UNITED STATES DISTRICT COURT**  
9 **DISTRICT OF NEVADA**

10  
11 **SECURITIES AND EXCHANGE**  
12 **COMMISSION,**

13 **Plaintiff,**

14 **vs.**

15 **BRADLEY C. REIFLER,**

16 **Defendant,**

17 **and**

18 **FOREFRONT PARTNERS, LLC**  
19 **FOREFRONT CAPITAL SERVICES,**  
20 **LLC, and**  
21 **PORT ROYAL-NCM, LLC,**

22 **Relief Defendants.**

Case No. -----

**COMPLAINT**

**JURY TRIAL DEMANDED**

23 Plaintiff, United States Securities and Exchange Commission (the “SEC”),  
24 alleges as follows:

25 **JURISDICTION AND VENUE**

26 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
27 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§  
28

1 77t(b), 77t(d)(1), and 77v(a)]; Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the  
2 Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d)(1),  
3 78u(d)(3)(A), 78u(e), and 78aa(a)]; and Sections 209(d), 209(e)(1), and 214 of the  
4 Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-9(d), 80b-  
5 9(e)(1), and 90b-14].

6 2. Defendant and Relief Defendants have, directly or indirectly, made use  
7 of the means or instrumentalities of interstate commerce, of the mails, or of the  
8 facilities of a national securities exchange in connection with the transactions, acts,  
9 practices, and courses of business alleged in this complaint.

10 3. Venue is proper in this district pursuant to Section 22(a) of the Securities  
11 Act [15 U.S.C. § 77v(a)], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)],  
12 and Section 214 of the Advisers Act [15 U.S.C. § 80b-14], because certain of the  
13 transactions, acts, practices, and courses of business constituting violations of the  
14 federal securities laws occurred within this district. As explained in more detail  
15 below, an entity located in this district was defrauded by Defendant Bradley C.  
16 Reifler (“Defendant” or “Reifler”) out of \$6 million and served as the trustee to a  
17 reinsurance trust (for whom Reifler served as the investment adviser), which lost  
18 approximately \$26.5 million as a result of Reifler’s misconduct.

19 4. Reifler and Relief Defendants Forefront Partners, LLC (“Forefront  
20 Partners”), Forefront Capital Services, LLC (“Forefront Capital Services”), and Port  
21 Royal-NCM, LLC (“Port Royal-NCM”) (collectively, “Relief Defendants”) entered  
22 into three separate tolling agreements to toll the running of any statute of limitations  
23 against each of them from September 10, 2019, through the filing of this complaint.  
24 Accordingly, based on these tolling agreements and the applicable statute of  
25 limitations, the SEC’s claims for monetary relief are not limited by the statute of  
26 limitations because all of Reifler’s misconduct related to this case took place after  
27 September 11, 2014.  
28

**SUMMARY**

1  
2 5. Defendant Bradley C. Reifler’s fraudulent conduct began in November  
3 2014 when he raised \$6 million from an investor and then misappropriated those  
4 funds. Specifically, Reifler raised \$6 million from a Nevada-Chartered trust  
5 company (“Nevada-Chartered Company”) by representing that an entity that he  
6 controlled would use the funds to provide short-term financing to telecommunications  
7 companies. Instead, Reifler misappropriated the \$6 million and used the funds to: (i)  
8 support real-estate development projects in which he had an interest; and (ii) purchase  
9 the rights to manage the investments of a reinsurance trust with a \$34 million  
10 portfolio of assets (“Reinsurance Trust”). The Reinsurance Trust held the assets for  
11 the benefit of a North Carolina life insurance company, and was required to hold  
12 sufficient assets and to manage them so the insurance company could pay life  
13 insurance claims as they became due.

14 6. Reifler’s fraudulent conduct continued into 2015 when, serving as the  
15 investment adviser to the Reinsurance Trust, he misappropriated millions more by  
16 again diverting money into entities and ventures that he owned and controlled.

17 7. As investment adviser to the Reinsurance Trust, Reifler owed it a  
18 fiduciary duty to act in its best interest and to fully disclose all material facts about  
19 the advisory relationship, including disclosing any conflicts of interest that might  
20 cause Reifler to put his own interests before those of the Reinsurance Trust. In  
21 violation of this fiduciary duty, Reifler misused the Reinsurance Trust assets to pay  
22 off investors in another failing venture he operated and make investments in entities  
23 in which he had an interest, and acted contrary to the Reinsurance Trust governing  
24 documents, which required Reifler to invest in conservative investments.

25 8. In June 2015, when it was discovered that Reifler had improperly  
26 invested the Reinsurance Trust’s assets in illiquid and highly risky investments,  
27 Reifler forged documents and counter-party signatures to conceal the true nature and  
28 value of the Reinsurance Trust assets and make it appear that he had, in fact, invested

1 the assets properly.

2 9. Reifler transferred millions of dollars of investor money to the Relief  
3 Defendants, all of which he owned or controlled. Each of the Relief Defendants  
4 received illicit proceeds from Reifler's fraud to which they have no legitimate claim.

5 10. As a result of these frauds, Reifler and the Relief Defendants improperly  
6 received more than \$16 million of ill-gotten gains and forced a North Carolina life  
7 insurance company into receivership because of its inability to pay policyholder  
8 claims.

9 11. Reifler's conduct in connection with the Nevada-Chartered Company  
10 violates the Securities Act and Exchange Act, and his conduct with respect to the  
11 Reinsurance Trust violates the Securities Act, the Exchange Act, and the Advisers  
12 Act. Reifler has violated, and unless restrained and enjoined will continue to violate  
13 Section 10(b) and Rule 10b-5 of the Exchange Act, Section 17(a) of the Securities  
14 Act, and Sections 206(1) and 206(2) of the Advisers Act.

15 12. Consequently, the SEC requests that the Court enter an order enjoining  
16 Reifler from further violations of these provisions and from participating in the  
17 issuance, purchase, offer, or sale of any security, except in his own personal account;  
18 requiring Reifler to pay disgorgement and prejudgment interest thereon on a joint-  
19 and-several basis with the Relief Defendants; and requiring Reifler to pay third-tier  
20 civil penalties, since he acted fraudulently and created substantial losses.

21 **DEFENDANT**

22 13. **Bradley C. Reifler**, age 60, resides in New York, New York. Reifler is  
23 the founder and Chief Executive Officer ("CEO") of Relief Defendants Forefront  
24 Partners and Forefront Capital Services and the sole member of Relief Defendant Port  
25 Royal-NCM. Since 2014, Reifler has been associated with an SEC-registered  
26 investment adviser.

27 14. In January 2017, Reifler filed for Chapter 7 bankruptcy protection in the  
28 United States District Court for the Southern District of New York (Case No. 17-

1 35075). The court found Reifler to be in contempt of prior court orders by  
2 intentionally destroying evidence in that proceeding, which is currently pending.

3 15. Reifler previously was associated with broker-dealers registered with the  
4 SEC and held Series 7, 24, and 63 licenses. In 1990, the Commodity Futures Trading  
5 Commission (“CFTC”) issued a disciplinary order fining him \$59,033 for violating  
6 the Commodity Exchange Act and regulations thereunder. In 2016, the State of  
7 Massachusetts issued a disciplinary order fining Reifler \$36,000 for his failure to  
8 disclose the CFTC Order.

9 16. In 2018, a Financial Industry Regulatory Authority (“FINRA”) Hearing  
10 Panel barred Reifler from associating with any FINRA member firm for refusing to  
11 answer questions related to this case. During 2019, after Reifler appealed this  
12 decision, the National Adjudicatory Council for FINRA affirmed the 2018 FINRA  
13 Hearing Panel decision.

#### 14 RELIEF DEFENDANTS

15 17. **Forefront Partners** is a Delaware limited liability company (“LLC”)  
16 with its principal office and place of business in New York, New York. Reifler is the  
17 founder of and controls Forefront Partners.

18 18. **Forefront Capital Services** is a Delaware LLC with its principal office  
19 and place of business in New York, New York. Reifler is the founder of and controls  
20 Forefront Capital Services.

21 19. **Port Royal-NCM** is a Delaware LLC with its principal office and place  
22 of business in New York, New York. Reifler is the sole member of and controls Port  
23 Royal-NCM.

#### 24 FACTS

##### 25 **I. Reifler Founded and Controls Numerous Forefront Entities.**

26 20. In 2009, Reifler established a financial services enterprise that purported  
27 to include asset management, investment banking, and investment advisory arms all  
28 doing business under the name “Forefront Capital.”

1           21. Since that time, these and other Forefront Capital business lines have  
2 operated under various names as separate LLCs, all wholly-owned by Forefront  
3 Capital Holdings, LLC (“Forefront Capital Holdings”), which is owned 85% by a  
4 Reifler family trust and 15% by Reifler’s mother.

5           22. Since 2009, Reifler has formed and closed numerous entities bearing the  
6 name “Forefront,” but two entities have remained constant: Forefront Partners and  
7 Forefront Capital Services. Forefront Partners operates as a specialty-financing  
8 company, providing capital to various enterprises, largely in the form of business  
9 loans. Forefront Capital Services operates as a bill-paying entity, paying the rent,  
10 utilities, payroll, and other services on behalf of Reifler’s Forefront Capital entities.

11           23. Reifler has held himself out as founder, President, CEO, Managing  
12 Member, and member of Forefront Partners and Forefront Capital Services. At all  
13 relevant times, Reifler exercised exclusive control over the business operations and  
14 investment activities of the Forefront Capital entities, including Forefront Partners  
15 and Forefront Capital Services.

16 **II. Reifler Defrauded a Nevada-Chartered Company in Violation of the**  
17 **Securities Act and Exchange Act.**

18 **A. The Terms of the Investment.**

19           24. In or around October 2014, a Nevada-Chartered Company was seeking  
20 opportunities to earn enhanced returns on un-invested cash held in customer accounts.  
21 Companies like the Nevada-Chartered Company provide, among other things, custodial  
22 services for institutions, corporations, charities, and individuals.

23           25. Reifler, who had previously worked with the Nevada-Chartered  
24 Company in other capacities, approached it about investing in Forefront Talking  
25 Capital Investment, LLC (“Forefront Talking Capital”). Reifler founded Forefront  
26 Talking Capital, served as its sole-member, and controlled its bank accounts. Reifler  
27 proposed that Forefront Talking Capital would use the Nevada-Chartered Company’s  
28 funds to provide short-term financing to certain small and medium-sized

1 telecommunications carriers (“Telecom Financing”).

2       26. On or about November 24, 2014, Forefront Talking Capital and the  
3 Nevada-Chartered Company entered into an Investment Agreement (“Investment  
4 Agreement”) pursuant to which the Nevada-Chartered Company invested \$6 million of  
5 its customers’ un-invested cash with Forefront Talking Capital. Reifler signed the  
6 Investment Agreement on behalf of Forefront Talking Capital as its CEO and sole  
7 member.

8       27. The Investment Agreement stated that Forefront Talking Capital would  
9 use the Nevada-Chartered Company’s money solely to provide Telecom Financing.  
10 Reifler also represented that Forefront Talking Capital pledged and granted the  
11 Nevada-Chartered Company a lien and security interest in all Forefront Talking  
12 Capital’s rights to the Telecom Financing (“Collateral”) and that such lien and  
13 security interest would be a first-priority security interest.

14       28. In exchange for the Nevada-Chartered Company’s \$6 million investment  
15 in Forefront Talking Capital, a different Forefront entity controlled by Reifler,  
16 Forefront Partners, issued to the Nevada-Chartered Company six \$1 million  
17 promissory notes, each dated December 1, 2014, and signed by Reifler (the  
18 “Forefront Partners Notes”). The Forefront Partners Notes were one-page documents  
19 containing the duration (between 30 and 208 days) and interest rate applicable to each  
20 note (five of the notes had a 10% annual interest rate, while the sixth note had a 5%  
21 annual interest rate).

22       29. In a December 12, 2014 email from a Forefront representative, copying  
23 Reifler, the Forefront Partners Notes were delivered to the Nevada-Chartered  
24 Company.

25       30. The next day, via an email copying Reifler, the President of the Nevada-  
26 Chartered Company took exception to the Forefront Partners Notes being issued  
27 without any mention of the Collateral and that Forefront Partners, instead of  
28 Forefront Talking Capital, had issued the Notes. Later that same day, Reifler sent an



1 email to the President of the Nevada-Chartered Company stating: “[n]o problem. I  
2 completely understand. We will change it.”

3 31. In a December 14, 2014 email, the Chief Fiduciary and Compliance  
4 Officer for the Nevada-Chartered Company responded to Reifler’s email, stating that  
5 even though Reifler had agreed to correct the error, the Nevada-Chartered Company  
6 felt uncomfortable since “the monies we’re sending you belong to the clients of  
7 [Nevada-Chartered Company] and we have an obligation to ensure they are  
8 protected.”

9 32. Later that same day, Reifler sent an email to the Nevada-Chartered  
10 Company, that he signed as Founder and CEO of Forefront Capital, reiterating that  
11 the Investment Agreement that was “signed specifically details [that the Forefront  
12 Partners Notes] are backed by the collateral described” and “I assure you” that it is a  
13 “binding contract that should give you great confidence and safety surrounding these  
14 short-term notes.” In another email that same day to the Nevada-Chartered Company,  
15 Reifler stated that the Investment Agreement “is the binding understanding.”

16 33. Despite Reifler’s representations to the Nevada-Chartered Company that  
17 he would issue new notes consistent with the terms of the Investment Agreement,  
18 Reifler did not cause Forefront Talking Capital to issue new notes.

19 34. Reifler later proposed in a Letter of Intent to the Nevada-Chartered  
20 Company, dated February 26, 2015, that the Nevada-Chartered Company would  
21 execute a novation and a new investment agreement, which would change the  
22 Collateral backing the Nevada Chartered Company’s \$6 million investment.  
23 However, the Nevada-Chartered Company did not receive the proposed novation or  
24 investment agreement.

25 35. In the Letter of Intent, Reifler also falsely claimed that Forefront Talking  
26 Capital had already purchased \$6 million worth of Telecom Financing. This  
27 statement was false. In fact, Reifler used the Nevada-Chartered Company’s  
28 investment for other purposes. For example, Reifler ultimately sent \$1.75 million of



1 the Nevada-Chartered Company's \$6 million investment to cover expenses related to  
2 real-estate development projects in which he had an interest.

3 36. Other than a few, small interest payments, Reifler never repaid the \$6  
4 million investment by the Nevada-Chartered Company.

5 **B. Reifler Made False and Misleading Statements Regarding the**  
6 **Nevada-Chartered Company's \$6 Million Investment.**

7 37. Reifler made material misrepresentations and omissions to the Nevada-  
8 Chartered Company regarding the use of its funds and the safety of its investment.

9 38. As detailed more fully above, in the Investment Agreement and in email  
10 communications with the Nevada-Chartered Company, Reifler represented: i) that  
11 the Company's investment would be used to provide Telecom Financing; and ii) that  
12 Forefront Talking Capital granted the Company a first-priority lien and security  
13 interest in the Telecom Financing.

14 39. A reasonable investor would have understood from Reifler's statements  
15 that the Nevada-Chartered Company's investment would be used for Telecom  
16 Financing and that the investment was secured, with a first priority lien in the  
17 Collateral.

18 40. Each of the above representations regarding how the Nevada-Chartered  
19 Company's investment would be used and its safety were false and misleading when  
20 made. Reifler's statements were false and misleading because Reifler intended to and  
21 did use the Nevada-Chartered Company's investment for purposes inconsistent with  
22 those representations.

23 41. Reifler knew at the time the Nevada-Chartered Company made its  
24 investment with Forefront Talking Capital that he intended to misappropriate those  
25 funds, and that he would use the misappropriated funds for other projects having  
26 nothing to do with Telecom Financing.

27 42. Days after the investment was made and prior to issuing the Forefront  
28 Partners Notes to the Nevada-Chartered Company and making the statement about

1 the “safety” of its investment, in a December 3, 2014 email, Reifler informed an  
2 insurance actuary (“Individual-1”), who was engaged in discussions with Reifler  
3 about acquiring investment control over the Reinsurance Trust, that he planned to use  
4 the Company’s funds to finance the acquisition of the Reinsurance Trust by “taking  
5 the 6 mln from” the “telecom investment.”

6 43. Reifler misappropriated the \$6 million that the Nevada-Chartered  
7 Company had invested. Reifler initially placed the Nevada-Chartered Company’s \$6  
8 million investment into a Forefront Talking Capital account, which he controlled. On  
9 or about February 26, 2015, Reifler misappropriated the \$6 million by transferring  
10 these funds to an account in the name of Port Royal-NCM, which he controlled.

11 44. Over the course of the next few days, Reifler spent \$1.75 million of the  
12 misappropriated funds to cover expenses related to real-estate development projects  
13 in which he had a personal interest. Specifically, Reifler wired funds to two projects  
14 that were associated with a real-estate development company (“Real Estate  
15 Company”). When Reifler wired the funds, Forefront Partners owned approximately  
16 40% of the Real Estate Company, Reifler was continuing to serve as a financial  
17 consultant to the Real Estate Company, and a Reifler-family trust owned an interest  
18 in the two real-estate development projects. Reifler’s wire transfers were as follows:

19 (a) On or about February 27, 2015, Reifler wired \$1.5 million from  
20 the Port Royal-NCM account to a real-estate development project located in Chicago  
21 in which a Reifler-family trust owned approximately 26%; and

22 (b) On or about March 9, 2015, Reifler wired \$250,000 from the Port  
23 Royal-NCM account to a real-estate development project located in Hawaii in which  
24 a Reifler-family trust owned approximately 21%.

25 45. As alleged in further detail below, on or about April 27, 2015, Reifler  
26 diverted the remaining \$4.25 million of the Nevada-Chartered Company’s funds that  
27 he had misappropriated to acquire investment control over the Reinsurance Trust  
28 assets. Reifler would then have the opportunity to share in any profits stemming

1 from Reinsurance Trust's investments.

2 46. In addition, Forefront Talking Capital did not have any right to collateral  
3 since, contrary to Reifler's representations, it did not engage in the Telecom  
4 Financing. Therefore, Reifler could not and did not place the Nevada-Chartered  
5 Company in a "first-priority position."

6 47. Reifler knew, or was reckless in not knowing, that his statements  
7 regarding how he would use the Nevada-Chartered Company's investment and about  
8 its safety were false. As evidenced by his December 3, 2014 email to Individual-1,  
9 Reifler knew at the time the Nevada-Chartered Company made its investment that he  
10 planned to use the \$6 million for uses other than Telecom Financing. Reifler knew  
11 that his representations about the safety of the investment, including that the  
12 investment would be supported by Collateral to which the Nevada-Chartered  
13 Company would have "first-priority" position, were false, because he planned to use  
14 the investor's money for uses other than Telecom Financing,

15 48. In addition, Reifler acted negligently by failing to exercise reasonable  
16 care by using the funds in a manner that was inconsistent with disclosures to the  
17 Nevada-Chartered Company, making materially false and misleading representations  
18 to the Company, and failing to obtain the Collateral.

19 49. The representations regarding how Reifler would use the Nevada-  
20 Chartered Company's investment and its safety were material to the Company. A  
21 reasonable investor would have considered it important to know that Reifler was  
22 using their funds in a manner entirely inconsistent with the Investment Agreement  
23 and that their investment was not backed by the Collateral, especially when Reifler  
24 represented the Investment Agreement "should give you great confidence and safety  
25 surrounding" the investment.

26 **C. Reifler Offered and Sold Securities to the Nevada-Chartered**  
27 **Company.**

28 50. Reifler offered and sold securities to the Nevada-Chartered Company as

1 defined by the federal securities laws.

2 51. The Forefront Partners Notes, the governing terms of which were  
3 outlined and agreed upon by Reifler and the Nevada-Chartered Company pursuant to  
4 the Investment Agreement, operated as a security as defined in Section 2(a)(1) of the  
5 Securities Act and Section 3(a)(10) of the Exchange Act. Section 2(a)(1) of the  
6 Securities Act and Section 3(a)(10) of the Exchange Act define “security” to include,  
7 among other things, “investment contracts.” An investment contract exists where a  
8 person invests his or her money, in a common enterprise, and is led to expect profits  
9 from the efforts of the promoter or a third party.

10 52. The Nevada-Chartered Company invested \$6 million in a common  
11 enterprise, Forefront Talking Capital. The Company invested with the expectation of  
12 profits (by earning enhanced returns, in the form of interest paid on the Forefront  
13 Partners Notes, on un-invested cash in its customer’s accounts) from Reifler’s efforts.

14 53. The Nevada-Chartered Company obtained the \$6 million it invested with  
15 Reifler through Forefront Talking Capital by pooling its customer’s accounts held at  
16 the Nevada-Chartered Company.

17 54. The success of the Nevada-Chartered Company’s investment with  
18 Forefront Talking Capital was based solely on Reifler’s ability to find profitable  
19 opportunities to invest the Company’s funds in Telecom Financing.

20 55. In addition, the Forefront Partners Notes, the governing terms of which  
21 were outlined and agreed upon by Reifler and the Nevada-Chartered Company  
22 pursuant to the Investment Agreement, operated as a note, which is a security as  
23 defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange  
24 Act. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act  
25 define “security” to include, among other things, “any note.”

26 56. Reifler was motivated to obtain \$6 million from the Nevada-Chartered  
27 Company to raise money for his business, Forefront Talking Capital. The Nevada-  
28 Chartered Company was motivated to invest \$6 million with Reifler through

1 Forefront Talking Capital in order to obtain a profit through earning enhanced returns  
2 (in the form of interest paid on the notes) on cash in its customer's accounts.

3 57. The reasonable expectation of the investing public is that the Forefront  
4 Partners Notes (the governing terms of which were outlined and agreed upon by  
5 Reifler and the Nevada-Chartered Company pursuant to the Investment Agreement),  
6 would be deemed a security. In the Investment Agreement – which set forth the  
7 terms of the investment -- the Nevada-Chartered Company is repeatedly referred to as  
8 an “investor” or making an “investment” and that the instrument is “being offered  
9 and sold in reliance on one or more exemptions from the registration requirements of  
10 the Securities Act.”

11 58. No other regulatory scheme exists that significantly reduces the need for  
12 the federal securities laws to apply to the Forefront Partners Notes (the governing  
13 terms of which were outlined and agreed upon by Reifler and the Nevada-Chartered  
14 Company pursuant to the Investment Agreement).

15 **III. Reifler's Fraud In Connection with the Reinsurance Trust Violated the**  
16 **Securities Act, the Exchange Act, and the Advisers Act.**

17 **A. Reifler Became the Investment Manager to a \$34 Million**  
18 **Reinsurance Trust.**

19 59. In November 2014, Reifler and Individual-1, an insurance actuary,  
20 engaged in discussions about an opportunity for Reifler to obtain investment control  
21 over a multi-million dollar Reinsurance Trust.

22 60. In typical reinsurance transactions, reinsurance entities simultaneously  
23 acquire a block of assets (typically cash or an investment portfolio) and liabilities  
24 (insurance claim obligations) from insurance companies or third parties. As relevant  
25 here, a Reinsurance Trust that would be controlled by Reifler and Individual-1  
26 planned to assume a portion of the life insurance liabilities of a North Carolina life  
27 insurance company (the “North Carolina Life Insurance Company”), and the  
28 Reinsurance Trust would be responsible for making payments to it on a monthly basis

1 to pay for servicing fees and claims. Reifler and Individual-1 reached a verbal  
2 agreement whereby Reifler would invest the assets of the Reinsurance Trust, and then  
3 Reifler and Individual-1 would split the profits after paying servicing fees and claims.

4 61. Prior to establishing the Trust to hold the North Carolina Life Insurance  
5 Company assets, a prior reinsurer (“Prior Reinsurer”) held the assets. In order to  
6 facilitate the buy-out of the Prior Reinsurer, a new reinsurer owned by Individual-1  
7 (“New Reinsurer”) entered into a \$34 million Reinsurance Trust Agreement (“Trust  
8 Agreement”) with the North Carolina Life Insurance Company and simultaneously  
9 acquired a portfolio of life insurance policies through a novation agreement with the  
10 Prior Reinsurer.

11 62. Pursuant to the Trust Agreement and applicable state law, the new  
12 reinsurer was required to hold assets sufficient to cover its future obligations under  
13 the Trust Agreement and for its assets to be managed consistent with the Trust  
14 Agreement and North Carolina law.

15 63. In accordance with the Trust Agreement, approximately \$29 million of  
16 the Prior Reinsurer assets were deposited into the Reinsurance Trust account (“Trust  
17 Account”) at the Nevada-Chartered Company in the name of the Reinsurance Trust.  
18 Pursuant to the Trust Agreement, the Nevada-Chartered Company was the Trustee  
19 and the North Carolina Life Insurance Company was the beneficiary of the  
20 Reinsurance Trust.

21 64. To consummate this transaction and acquire investment control over the  
22 Reinsurance Trust, Reifler was required to add \$5 million to the Reinsurance Trust  
23 assets to buy out the Prior Reinsurer because the Prior Reinsurer was allowed to keep  
24 \$5 million as a “ceding commission.”

25 65. As explained above, Reifler used funds he had misappropriated from the  
26 Nevada-Chartered Company to make a partial payment of the ceding commission.  
27 Specifically, on or about April 27, 2015, as partial payment of the ceding  
28 commission, Reifler transferred \$4.25 million of the Nevada-Chartered Company’s

1 investment that he had misappropriated from the Port Royal-NCM account to the  
2 Trust Account, leaving a \$750,000 shortfall that Reifler never funded.

3 **B. Reifler Acted as an Investment Adviser to the Reinsurance Trust.**

4 66. As described above, through a series of transactions, in April 2015,  
5 Reifler became the investment adviser to the Reinsurance Trust.

6 67. Pursuant to the Trust Agreement, which permitted the New Reinsurer to  
7 appoint an “Investment Manager” to manage the assets held by the Reinsurance Trust  
8 (“Reinsurance Trust Assets”), Reifler became the Investment Manager. In that role,  
9 Reifler advised the Reinsurance Trust by directing the investment of Reinsurance  
10 Trust Assets, and expected to (and did) receive compensation from advising the  
11 Reinsurance Trust.

12 68. In his sole discretion, Reifler controlled the investments, purchases, and  
13 sales the Reinsurance Trust made. The Trust Agreement contemplated investments in  
14 securities and the investments that Reifler chose for the Reinsurance Trust included  
15 the purchase of securities, as described below.

16 69. Reifler was engaged in the business of acting of advising others as an  
17 investment adviser. He held himself out to Individual-1 and to the North Carolina  
18 Insurance Company as having considerable investment acumen and was ultimately  
19 responsible for, and did, identify and facilitate all of the investments, purchases, or  
20 sales from the Reinsurance Trust Assets. As described below, these investments  
21 included securities such as the purchases of FIT shares and the Forefront Partners \$10  
22 million note.

23 70. Reifler expected to receive compensation from the investments,  
24 purchases, or sales from the Reinsurance Trust Assets in the form of a share of the  
25 profits generated by those investments or purchases. In addition, Reifler received  
26 compensation by misappropriating the Reinsurance Trust Assets, including taking a  
27 nearly \$500,000 dividend, using the Reinsurance Trust Assets in ways that did not  
28 benefit the Reinsurance Trust, to pay off debts of ventures operated by Reifler, and



1 providing liquidity to struggling entities in which Reifler had an economic interest.

2 **C. Reifler’s Fiduciary and Other Obligations to the Reinsurance Trust.**

3 71. As investment adviser to the Reinsurance Trust, Reifler owed a fiduciary  
4 obligation to it. As such, Reifler owed the Reinsurance Trust an affirmative duty of  
5 utmost good faith, he had an affirmative obligation to employ reasonable care to  
6 avoid misleading it, he had a duty to act in its best interest, and he was obligated to  
7 provide full and fair disclosure of all material facts, including a duty to tell it about all  
8 actual or potential conflicts of interest that might incline him to render investment  
9 advice that was not disinterested.

10 72. Furthermore, as the Investment Manager to the Reinsurance Trust,  
11 Reifler was required to follow specific investment guidelines pursuant to the Trust  
12 Agreement and under North Carolina state law that governed the assets that the  
13 Reinsurance Trust could hold. The Trust Agreement referred to those investments as  
14 “eligible” investments and they included reasonably liquid, verifiable, and  
15 unleveraged asset classes (*i.e.*, bonds, U.S. Treasuries, cash, and publicly-traded  
16 stocks).

17 73. The investment guidelines set forth general risk avoidance principles and  
18 provided specific guidance on appropriate investments and concentration limits with  
19 regards to certain types of asset classes. For example, notes or other interest-bearing  
20 instruments were permitted provided they did not exceed 3% of the Reinsurance  
21 Trust’s holdings. In addition, the Reinsurance Trust was prohibited from acquiring  
22 more than a 50% interest of the securities of any entity.

23 74. Individual-1 made Reifler aware of those investment guidelines prior to  
24 Reifler making investments on behalf of the Reinsurance Trust.

25 **D. Reifler Engaged in Deceptive Conduct While Acting as the**  
26 **Investment Adviser to the Reinsurance Trust.**

27 75. Once Reifler became the investment adviser to the Reinsurance Trust, on  
28 or about April 30, 2015, he immediately began orchestrating and engaging in

1 deceptive acts to defraud the Reinsurance Trust of its assets to benefit himself and his  
2 related entities, including misappropriating trust assets, using the Reinsurance Trust  
3 Assets to benefit himself and entities he controlled, failing to disclose his conflicts of  
4 interest, and investing \$20 million of Trust's Assets in investments that did not  
5 comply with the Trust Agreement or North Carolina law.

6 76. The Reinsurance Trust had approximately \$34 million in total for Reifler  
7 to invest. Reifler caused the Reinsurance Trust to improperly invest \$10 million of  
8 those assets in a short-term note backed by an entity he controlled, \$10 million in a  
9 closed-end fund for which he served as the Chairman of its Board of Trustees (as well  
10 as the CEO of the fund's registered investment adviser), and the remainder to fund  
11 other ventures, such as real-estate projects and sub-prime auto debt financing.

12 **1. Reifler Misappropriated \$10 Million of the Reinsurance Trust**  
13 **Assets by Diverting Funds to Another Entity He Controlled.**

14 77. On or about May 1, 2015, Reifler caused the Reinsurance Trust to wire  
15 \$10 million to an account in the name of Forefront Partners Short-Term Notes, LLC  
16 ("Forefront Partners Short-Term Notes"). Forefront Partners Short-Term Notes was  
17 formed purportedly to facilitate the deposit of short-term investments in Forefront  
18 Partners. Reifler was the sole-member of Forefront Partners Short-Term Notes and  
19 he controlled it and its bank account.

20 78. In exchange for the Reinsurance Trust's investment, Forefront Partners  
21 issued a \$10 million promissory note to the Reinsurance Trust at 12% interest  
22 ("Forefront Partners \$10 Million Note to the Reinsurance Trust").

23 79. At the time it issued the Forefront Partners \$10 Million Note to the  
24 Reinsurance Trust, Forefront Partners had virtually no money in its accounts and  
25 Reifler began misusing this investment for his own benefit; therefore, Forefront  
26 Partners had no readily apparent means of repaying the note or the specified interest.  
27 Hence, Reifler did not have a basis to believe that Forefront Partners could make the  
28 necessary 12% interest payments or return the \$10 million of principal to the

1 Reinsurance Trust.

2 80. The Trust Agreement and North Carolina law prohibited Reifler from  
3 making this investment with the Trust's Assets because the Forefront Partners \$10  
4 Million Note to the Reinsurance Trust constituted almost a third of the Reinsurance  
5 Trust Assets, which greatly exceeded the 3% limit for interest bearing instruments.

6 81. Reifler violated his fiduciary obligations and defrauded the Reinsurance  
7 Trust by making investments with the Reinsurance Trust's Assets that did not benefit  
8 the Reinsurance Trust and were not in its best interest.

9 82. On or about May 4, 2015, three days after receiving the \$10 million from  
10 the Reinsurance Trust, Reifler wired \$610,000 of this money to an individual who  
11 had previously invested in Forefront Partners in satisfaction of a principal payment on  
12 a note. On or about May 13, 2015, Reifler wired another \$400,000 to this same  
13 Forefront Partners' investor, again, in satisfaction of a principal payment. These  
14 payments did not benefit the Reinsurance Trust and benefitted Reifler by retiring  
15 debts of an entity that he controlled.

16 83. Reifler further breached his fiduciary duties and defrauded the  
17 Reinsurance Trust by misappropriating the remaining \$9 million to fund the  
18 operations and business expenses of Forefront Partners and Forefront Capital  
19 Services, including paying expenses associated with outside legal and consulting  
20 services and payroll.

21 84. None of the \$10 million that Reifler misappropriated from the  
22 Reinsurance Trust was used on behalf of, or to benefit, the Reinsurance Trust.  
23 Reifler has only returned a very small portion of the \$10 million to the Reinsurance  
24 Trust.

25 85. As the investment adviser to the Reinsurance Trust, Reifler failed to  
26 provide full and fair disclosure of all material facts regarding this investment to the  
27 Reinsurance Trust. Specifically, he did not disclose his conflicts of interest in  
28 investing Reinsurance Trust Assets in an entity he controlled.

1           86. Reifler defrauded the Reinsurance Trust and violated his fiduciary  
2 obligations to it by knowingly or recklessly: (i) misappropriating the Reinsurance  
3 Trust Assets; (ii) purchasing securities (i.e., the Forefront Partners \$10 Million Note)  
4 that were prohibited by the Trust Agreement and North Carolina law; (3) making  
5 investments that did not benefit the Reinsurance Trust; (iv) failing to disclose all  
6 material facts regarding this investment to the Reinsurance Trust; and (v) failing to  
7 disclose the conflicts of interest he had when he invested the Reinsurance Trust  
8 Assets in an entity he controlled.

9           87. Reifler also acted negligently by failing to exercise reasonable care in  
10 managing the Reinsurance Trust Assets in a manner that was consistent with the  
11 Trust Agreement and in the best interest of the Reinsurance Trust. Additionally,  
12 Reifler acted negligently by failing to disclose the conflicts of interest associated with  
13 him investing Reinsurance Trust Assets into an entity he controlled.

14                   **2. The Forefront Partners \$10 Million Note to the Reinsurance**  
15                   **Trust Was a Security.**

16           88. Reifler offered and sold the Forefront Partners \$10 Million Note to the  
17 Reinsurance Trust, which was a security as defined by the federal securities laws.

18           89. In particular, the Forefront Partners \$10 Million Note to the Reinsurance  
19 Trust operated as an investment contract as the Reinsurance Trust invested money  
20 into a common enterprise, Forefront Partners Short-Term Notes, with the expectation  
21 of profits from Reifler's efforts.

22           90. Reifler caused the Reinsurance Trust to invest \$10 million in the  
23 Forefront Partners \$10 Million Note to the Reinsurance Trust.

24           91. Reifler then pooled or commingled the Reinsurance Trust's investment  
25 in the Forefront Partners \$10 Million Note to the Reinsurance Trust with other  
26 investors' funds. In total, there were approximately 21 investors who invested in  
27 short-term notes issued by Forefront Partners.

28           92. Reifler caused the Reinsurance Trust to invest in the Forefront Partners

1 \$10 Million Note to the Reinsurance Trust to earn a 12% rate of return.

2 93. The success of the Reinsurance Trust's investment was based solely on  
3 Reifler's ability to find profitable opportunities for Forefront Partners to invest the  
4 Reinsurance Trust's funds in ventures that could generate a 12% rate of return.

5 94. In addition, the Forefront Partners \$10 Million Note to the Reinsurance  
6 Trust also constituted a "note" as defined in Section 2(a)(1) of the Securities Act and  
7 Section 3(a)(10) of the Exchange Act. Section 2(a)(1) of the Securities Act and  
8 Section 3(a)(10) of the Exchange Act define "security" to include, among other  
9 things, "any note."

10 95. Reifler was motivated to obtain \$10 million from the Reinsurance Trust  
11 to raise money for his business, Forefront Partners. The Reinsurance Trust was  
12 motivated to invest \$10 million with Reifler in order to obtain a profit in the form of a  
13 12% interest rate.

14 96. As alleged above, 21 investors purchased short-term notes issued by  
15 Forefront Partners.

16 97. The reasonable expectation of the investing public is that the Forefront  
17 Partners \$10 Million Note to the Reinsurance Trust was a security. Reifler referred to  
18 the Forefront Partners \$10 Million to the Reinsurance Trust as an investment.

19 98. No other regulatory scheme exists that significantly reduces the need for  
20 the federal securities laws to apply to the Forefront Partners \$10 Million to the  
21 Reinsurance Trust.

22 **3. Reifler Improperly Diverted Another \$10 Million of the**  
23 **Reinsurance Trust Assets to Purchase Shares of a Fund He**  
24 **Managed.**

25 99. Forefront Income Trust ("FIT") is a closed-end fund that invested in a  
26 portfolio of unrated or below-investment-grade loans and debt instruments. At  
27 various times since FIT's inception in December 2014, Reifler has served as its  
28 trustee, President, CEO, Chairman of the Board of Trustees, and "Principal Executive

1 Officer.” Reifler also served as the CEO of FIT’s registered investment adviser,  
2 Forefront Capital Advisers, LLC.

3 100. On or about May 4, 2015, just days after acquiring control of the  
4 Reinsurance Trust Assets, Reifler caused the Reinsurance Trust to wire \$10 million to  
5 FIT in exchange for approximately 90% of FIT’s shares. At the time, Reifler was  
6 serving as the Chairman of FIT’s Board of Trustees.

7 101. The Trust Agreement and North Carolina law prohibited Reifler from  
8 making this investment with the Reinsurance Trust Assets because the investment of  
9 approximately 90% of FIT’s shares was more than the 50% limit on the securities that  
10 the Reinsurance Trust could own of any entity.

11 102. Reifler did not disclose his conflict of interest stemming from him  
12 serving as the Chairman of FIT’s Board of Trustees as well as the CEO of FIT’s  
13 registered investment adviser at the time of the investment.

14 103. Reifler also misappropriated a FIT dividend owed to the Reinsurance  
15 Trust. On or about December 31, 2015, FIT issued a \$495,048 dividend to the  
16 Reinsurance Trust. This dividend in its entirety did not reflect a profit to Reifler and  
17 should have been wired to a Trust account to properly account for the returns owed to  
18 the Reinsurance Trust. Instead, on or about January 7, 2016, Reifler misappropriated  
19 the dividend from the Reinsurance Trust by having the entire amount wired to a bank  
20 account of an entity he controlled, Port-Royal-NCM. In January and February 2016,  
21 approximately \$495,000 of this amount that Reifler had misappropriated was  
22 transferred to accounts in the name of Forefront Partners and Forefront Capital  
23 Services, entities Reifler controlled, and thereafter used for those entities’ business  
24 expenses.

25 104. Reifler defrauded the Reinsurance Trust and violated his fiduciary  
26 obligations to it by knowingly or recklessly: (i) misappropriating the FIT dividend;  
27 (ii) using the Reinsurance Trusts Assets to purchase approximately 90% of FIT’s  
28 shares when he knew or was reckless in not knowing that this investment was

1 prohibited by the Trust Agreement and North Carolina law; (iii) failing to disclose to  
2 disclose all material facts regarding this investment to the Reinsurance Trust; and (iv)  
3 failing to disclose his conflicts of interest from investing the Reinsurance Trust  
4 Assets in an entity for which he served as an executive officer and as the CEO of its  
5 registered investment adviser.

6 105. In addition, Reifler also acted negligently by failing to exercise  
7 reasonable care in managing the Reinsurance Trust Assets in a manner that was  
8 consistent with the Trust Agreement and in the best interest of the Reinsurance Trust.  
9 Namely, Reifler did not exercise reasonable care when he did the following: (i) wired  
10 the entire FIT dividend to a bank account of an entity he controlled, Port-Royal-  
11 NCM; (ii) used the Reinsurance Trust Assets to purchase approximately 90% of  
12 FIT's shares as the investment was prohibited by the Trust Agreement and North  
13 Carolina law; (iii) failed to disclose all material facts regarding the FIT investment to  
14 the Reinsurance Trust; and (iv) failed to disclose his conflicts of interest stemming  
15 from his investment of the Reinsurance Trust Assets in an entity for which he served  
16 as an executive officer and as the CEO of its registered investment adviser.

17 106. The FIT shares are securities as defined in Section 2(a)(1) of the  
18 Securities Act and Section 3(a)(10) of the Exchange Act. Section 2(a)(1) of the  
19 Securities Act and Section 3(a)(10) of the Exchange Act define "security" to include,  
20 among other things, any "stock."

#### 21 4. Reifler's Other Uses of the Reinsurance Trust Assets.

22 107. Reifler kept approximately \$4 million of the Reinsurance Trust Assets  
23 in a money market account at the Nevada-Chartered Trust Company, and used an  
24 additional \$10 million in Trust Assets to fund other ventures, such as real estate  
25 projects, telecommunications financing, and sub-prime auto debt financing.

#### 26 E. Reifler's Cover-Up Violated the Advisers Act and Demonstrated His 27 High Degree of Scierter.

28 108. In late June 2015, Individual-1 asked for a list of investments made with



1 the Reinsurance Trust Assets. On or about June 26, 2015, he was provided with the  
2 holdings and immediately recognized that Reifler had used the Reinsurance Trust  
3 Assets to purchase ineligible investments. From approximately July through  
4 December 2015, Individual-1 attempted to work with Reifler to realign the  
5 Reinsurance Trust Assets to comply with the Trust Agreement and North Carolina  
6 law.

7 109. Rather than disclose the true nature and value of the Reinsurance Trust  
8 Assets throughout this process, Reifler engaged in an elaborate deception to make it  
9 appear as if the Reinsurance Trust Assets had been properly reallocated.

10 110. These deceptive acts were further breaches of Reifler's fiduciary  
11 obligations to the Reinsurance Trust and demonstrate that Reifler knew, or was  
12 reckless in not knowing, that his investments did not comply with the Trust  
13 Agreement and North Carolina law.

14 111. First, faced with an urgent need to reallocate the Reinsurance Trust  
15 Assets and to provide documentation to the Trustee, Reifler prepared fictitious notes,  
16 mortgages, and other agreements as evidence of a purported reallocation.  
17 Specifically, Reifler fabricated at least: (i) 15 mortgage loans and notes purporting to  
18 show investments in real-estate projects; (ii) an equipment financing note and a  
19 security agreement purporting to show an investment in a delivery service; (iii) a  
20 letter from the delivery service's CEO indicating that the Reinsurance Trust had a  
21 "first lien against all" of the delivery service's assets and a valuation letter from the  
22 delivery service's financial adviser; (iv) three loan agreements and notes purporting  
23 to show investments in real-estate development projects; and (v) 12 notes and  
24 security agreements purporting to show investments in Telecom Financing through  
25 Forefront Talking Capital. Reifler caused these fabricated documents to be provided  
26 to the Trustee of the Reinsurance Trust, even though none of these investments had  
27 been made.

28 112. Reifler fabricated other documents as well, which also demonstrate that

1 he knew, or was reckless in not knowing, that the Reinsurance Trust Assets were  
2 invested contrary to the Trust Agreement and North Carolina law.

3 113. Prior to submitting the 12 notes and security agreements behind the  
4 purported Forefront Talking Capital investment described above, all of which were  
5 signed by Reifler on behalf of Forefront Talking Capital, Reifler sent to Individual-1  
6 seven different notes and security agreements purporting to show other investments  
7 by the Reinsurance Trust in Forefront Talking Capital. None of these investments  
8 were ever made.

9 114. Individual-1 pointed out to Reifler that these seven purported  
10 investments violated the concentration limits imposed by the Trust Agreement and  
11 North Carolina law. Thus, in order to give the appearance that the Reinsurance  
12 Trust's holdings were below the concentration limits, Reifler prepared the 12 forged  
13 notes and security agreements described above to give the false impression that the  
14 Reinsurance Trust's existing holdings had been broken out in a manner to comply  
15 with the concentration limits.

16 115. Second, Reifler caused counter-party signatures to be forged on at least  
17 the real-estate and real-estate development project documents, the delivery service  
18 documents, and the seven notes and security agreements purporting to show other  
19 investments in Forefront Talking Capital. Reifler also caused these forged documents  
20 to be provided to the Trustee of the Reinsurance Trust.

21 116. Third, on numerous occasions, Reifler caused the fictitious investments  
22 described above to be included on the Reinsurance Trust's account statements or in  
23 other communications with its Trustee or Individual-1. On at least three occasions,  
24 Reifler provided the Trustee with lists reflecting these investments so that they could  
25 be included in the Reinsurance Trust's account statements, and on at least two  
26 occasions these investments were reflected on an account statements distributed to  
27 Individual-1.

28 117. In addition, after the fictitious papers evidencing the reallocation were

1 provided to Individual-1 and the Trustee, Reifler directed an associate to falsely  
2 represent to the Trustee that “we have realigned the portfolio to comply with the  
3 regulatory authorities” and ask that “the current holdings be reflected as such” on  
4 account statements issued by the Trustee.

5 118. Reifler caused the account statements to contain other inaccuracies.  
6 Prior to orchestrating the fictitious reallocation, and although Reifler had improperly  
7 diverted \$1.75 million in funds *from* the Nevada-Chartered Company’s original \$6  
8 million investment in Forefront Talking Capital for investment in the Real Estate  
9 Company’s projects, Reifler caused this \$1.75 million to be represented as an  
10 “investment” *by the Reinsurance Trust* on account statements issued by the Trustee.

11 119. Ultimately, of the \$1.75 million that Reifler had diverted *from* the  
12 Nevada-Chartered Company for the Real Estate Company’s Chicago and Hawaii  
13 projects, Reifler obtained a repayment of \$1.1 million. Rather than returning those  
14 funds to the Nevada-Chartered Company, Reifler distributed these funds to the  
15 Reinsurance Trust.

16 120. Reifler also secretly attempted to obtain the repayment of funds from the  
17 Real Estate Company to satisfy inquiries by the North Carolina insurance auditors  
18 during an audit in August 2016. Reifler acknowledged that prior to acquiring control  
19 of the Reinsurance Trust assets, he “did something very wrong” and “sent money that  
20 I shouldn’t have sent to [the Real Estate Company].” He also admitted that he “set up  
21 a loan . . . to cover my ass because it was [dated] after I got the portfolio.” Reifler’s  
22 statements were recorded by a principal of the Real Estate Company.

23 121. Reifler knew, or was reckless in not knowing, that the notes, mortgages  
24 and other agreements purportedly evidencing a re-allocation of Trust’s Assets were  
25 forgeries and contained forged signatures, that the Reinsurance Trust’s account  
26 statements contained investments that were not made by the Trust, and that he should  
27 not have caused these forged and false documents to be provided to the Trustee.

28 122. In addition, Reifler acted negligently by failing to exercise reasonable

1 care by providing fabricating notes, mortgages and other agreements purportedly  
2 evidencing a re-allocation of the Reinsurance Trust Assets, by providing information  
3 causing the Reinsurance Trust's account statements to contain investments that were  
4 not made by the Reinsurance Trust, and by causing these forged documents to be  
5 provided to the Trustee.

6 **F. Reifler's Fraudulent Conduct Was Material.**

7 123. Reifler's fraudulent conduct was material. A reasonable client (i.e., the  
8 Reinsurance Trust and its trustee) would consider Reifler's financial interest in the  
9 investments he selected, how the investments Reifler selected did not benefit the  
10 Reinsurance Trust, his failure to disclose conflicts of interests, and the violations of  
11 the Trust Agreement and North Carolina law, as important facts that would  
12 substantially alter the total mix of information available in evaluating whether to  
13 select and continue to use Reifler as its investment adviser.

14 124. In addition, Reifler's purported reallocation concealed the nature and  
15 value of the Reinsurance Trust Assets, gave the false impression that the Reinsurance  
16 Trust Assets were invested in accordance with the Trust Agreement and North  
17 Carolina law, and prevented the Reinsurance Trust from mitigating any potential  
18 losses by, for example, immediately exercising its rights to withdraw remaining  
19 assets.

20 125. While the Reinsurance Trust was able to recuperate some of its money,  
21 Reifler's conduct caused the loss of approximately \$26.5 million, and resulted in the  
22 North Carolina Insurance Company being placed in rehabilitation and under the  
23 management and control of a court-appointed receiver.

24 **IV. Reifler and The Relief Defendants Received Proceeds from Reifler's  
25 Fraud to Which They Have No Legitimate Claim.**

26 126. Reifler controls all of the Relief Defendants. Reifler and each of them  
27 obtained investor's funds without any basis; thus, it is unjust, inequitable, and  
28 unconscionable for any of them to retain those funds.

1  
2       **A.    Forefront Partners and Forefront Capital Services Received Ill-**  
3       **Gotten Gains.**

4       127. In May 2015, Reifler transferred \$10 million of Reinsurance Trust  
5 Assets to an account for Forefront Partners Short Term Notes, an entity and account  
6 that Reifler controlled.

7       128. By the end of June 2015, Reifler transferred at least \$8.1 million of this  
8 \$10 million from Forefront Partners Short Term Notes to Forefront Partners and  
9 Forefront Capital Services.

10       129. As explained in further detail below, Port Royal-NCM transferred nearly  
11 \$500,000 of its ill-gotten gains to Forefront Partners and Forefront Capital Services.

12       130. Forefront Partners and Forefront Capital received these proceeds from  
13 Reifler's fraud for which they provided no reciprocal goods or services in exchange,  
14 and to which they have no legitimate claim.

15       131. Because Forefront Partners and Forefront Capital Services received at  
16 least \$8.6 million in proceeds from Reifler's fraud and neither of them had any  
17 legitimate claim to those funds, Reifler and each of them have obtained an ill-gotten  
18 gain under circumstances in which it was not just, equitable, or conscionable for any  
19 of them to retain those funds.

20       **B.    Port Royal-NCM Received Ill-Gotten Gains.**

21       132. In February 2015, Reifler transferred the Nevada-Chartered Company's  
22 \$6 million investment with Forefront Talking Capital from Forefront Talking Capital  
23 to Port Royal-NCM – an entity and account that Reifler controlled. As alleged above,  
24 Reifler ultimately used these funds towards real-estate projects and to acquire  
25 investment control over the Reinsurance Trust.

26       133. In January 2016, Reifler directed that the Reinsurance Trust's \$495,048  
27 December 31, 2015 FIT dividend be transferred to an account in the name of Port  
28 Royal-NCM, an entity and account that Reifler controlled.

1 134. From January through February 2016, Port Royal-NCM subsequently  
2 transferred nearly \$500,000 to Forefront Partners and Forefront Capital Services.

3 135. Port Royal-NCM received these proceeds from Reifler's fraud for which  
4 it provided no reciprocal goods or services in exchange, and to which it has no  
5 legitimate claim.

6 136. Because Port Royal-NCM received nearly \$6.5 million of proceeds from  
7 Reifler's fraud and because neither Reifler nor Port Royal-NCM has any legitimate  
8 claim to those funds, Port Royal-NCM and Reifler have obtained an ill-gotten under  
9 circumstances in which it was not just, equitable, or conscionable for either of them  
10 to retain those funds.

### 11 **FIRST CLAIM FOR RELIEF**

#### 12 **Violations of Sections 17(a) of the Securities Act**

13 137. The SEC realleges and incorporates by reference above paragraphs 1  
14 through 107, 110, and 120-136.

15 138. Reifler, directly or indirectly, in the offer or sale of securities by the use  
16 of means or instruments of transportation or communication in interstate commerce  
17 or by use of the mails, knowingly, recklessly, and negligently: (a) employed devices,  
18 schemes, or artifices to defraud; (b) obtained money or property by means of untrue  
19 statements of a material fact or by omitting to state a material fact necessary in order  
20 to make the statements made, in light of the circumstances under which they were  
21 made, not misleading; and (c) engaged in transactions, practices, or courses of  
22 business which operated or would operate as a fraud or deceit upon the purchaser.

23 139. By engaging in the conduct described above, Defendant Reifler violated,  
24 and unless restrained and enjoined will continue to violate, Section 17(a) of the  
25 Securities Act [15 U.S.C. §§ 77q(a)].

### 26 **SECOND CLAIM FOR RELIEF**

#### 27 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

28 140. The SEC realleges and incorporates by reference above paragraphs 1

1 through 107, 110, and 120-136.

2 141. Reifler, directly or indirectly, in connection with the purchase or sale of  
3 a security, and by the use of means or instrumentalities of interstate commerce, of the  
4 mails, or of the facilities of a national securities exchange, knowingly and recklessly:  
5 (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of  
6 a material fact or omitted to state a material fact necessary in order to make the  
7 statements made, in the light of the circumstances under which they were made, not  
8 misleading; and (c) engaged in acts, practices, or courses of business which operated  
9 or would operate as a fraud or deceit upon other persons.

10 142. By engaging in the conduct described above, Reifler violated, and unless  
11 restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act  
12 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

13 **THIRD CLAIM FOR RELIEF**

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

15 143. The SEC realleges and incorporates by reference above paragraphs 1-4,  
16 6-23, and 59-136.

17 144. Reifler is an investment adviser as defined by Section 202(a)(11) of the  
18 Advisers Act [15 U.S.C. § 80b-2(a)(11)].

19 145. Reifler, while acting as investment adviser, directly or indirectly, by use  
20 of the mails or means and instrumentalities of interstate commerce, knowingly,  
21 recklessly, and negligently: (a) employed or are employing devices, schemes or  
22 artifices to defraud clients or prospective clients; and (b) engaged in or are engaging  
23 in transactions, practices, or courses of business which operated as a fraud or deceit  
24 upon clients or prospective clients.

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



**PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that the Court:

**I.**

Issue findings of fact and conclusions of law that Reifler committed the alleged violations.

**II.**

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Reifler from violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)]; 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]; and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

**III.**

Enter a conduct-based injunction against Reifler permanently enjoining him from directly or indirectly, including but not limited to, through any entity owned or controlled by him, participating in the issuance, offer, or sale of any security, provided, however, that such injunction shall not prevent him from purchasing or selling securities for his own personal accounts.

**IV.**

Order Reifler, on a joint and several basis, with the Relief Defendants to disgorge all ill-gotten gains received from their illegal conduct, together with prejudgment interest thereon.

**V.**

Order Reifler to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 209(e)(2)(c) of the Advisers Act [15 U.S.C. § 80b-9(e)(1)].

**VI.**

A jury trial on all issues triable to the jury.

**VII.**

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

5 **VIII.**

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

8 Dated: March 12, 2020

9 *s/: Christopher E. Martin*

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Christopher E. Martin

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