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BROOKLYN OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

ISAAC I. OVID, AARON RIDDLE,
J. JONATHAN COLEMAN, STEPHEN CINA,
CORY A. MARTIN, TIMOTHY SMITH,
ROBERT J. RIDDLE, JADIS CAPITAL, INC.,
JADIS INVESTMENTS, LLC, and
LOGOS MULTI-STRATEGY HEDGE FUND I, LP,

Defendants.

09 - 1521

09 Civ. _____ ()

COMPLAINT

WEXLER, J

BOYLE, R.J

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Isaac I. Ovid (“Ovid”), Aaron Riddle (“Riddle”), J. Jonathan Coleman (“Coleman”), Stephen Cina (“Cina”), Cory A. Martin (“Martin”), Timothy Smith (“Smith”), Robert J. Riddle (“Bob Riddle”), Jadis Capital, Inc. (“Jadis Capital”), Jadis Investments, LLC (“Jadis Investments”), and Logos Multi-Strategy Hedge Fund I, LP (“Logos Fund”) (collectively, the “Defendants”), alleges as follows:

SUMMARY

1. This case involves a fraudulent investment scheme that mostly targeted parishioners of a church in Queens, New York (the “Church”). Between January and October 2005, the Defendants raised over \$9 million from 80 investors, many of whom were elderly, through the sale of unregistered limited partnership interests in the Logos Fund by promising incredible returns, sometimes as high as 50 or even 75 percent. Instead of investing the money as promised, the Defendants used investor funds to purchase luxury items – including a Bentley automobile, expensive watches, and luxury vacations – and to pay unauthorized business expenses and satisfy prior debts. They lost most of the remaining funds through bad trades. When the money ran out, the Defendants started a second investment company, the Donum Fund, LP (the “Donum Fund”), with the intention of diverting the proceeds to pay back investors in the first scheme. Between September and November 2005, the Defendants raised over \$3 million from three investors in the Donum Fund, but promptly lost a significant portion of that money on a single bad investment.

2. The fraudulent scheme was orchestrated by seven individuals who were active members and leaders of the Church: Ovid, Riddle, Coleman, Cina, Martin, Smith, and Bob Riddle. These individuals used two entities to carry out the fraudulent scheme: Jadis Capital – the hedge fund manager of the Logos Fund and the Donum Fund (the “Funds”) – and Jadis Capital’s wholly-owned subsidiary, Jadis Investments, a registered investment adviser and the investment manager of the Funds. The Logos Fund also operated as an unlawfully unregistered investment company.

3. By virtue of the conduct alleged herein:

(a) Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, engaged in acts, practices, transactions, and courses of business that constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments aided and abetted each other’s violations of 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];

(b) Jadis Investments and Jadis Capital, directly or indirectly, singly or in concert, engaged in acts, practices, transactions, and courses of business that constitute violations of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)], and Ovid, Riddle, Coleman, Cina, Martin, and Smith, aided and abetted Jadis Investments’ and Jadis Capital’s violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)];

(c) Jadis Investments, directly or indirectly, singly or in concert, engaged in acts, practices, transactions, and courses of business that constitute violations of Section 203A of the Advisers Act [15 U.S.C. § 80b-3a]; and

(d) Logos Fund, directly or indirectly, singly or in concert, engaged in acts, practices, transactions, and courses of business that constitute violations of Section 7(a) of the Investment Company Act of 1940 (“Company Act”) [15 U.S.C. § 80a-7(a)].

4. Unless each of the Defendants is permanently restrained and enjoined, they will again engage in the acts, practices, transactions, and courses of business set forth herein and in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

5. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], Section 209(d) of the Advisers Act [15 U.S.C. §80b-9(d)], and Section 42(d) of the Company Act [15 U.S.C. § 80a-41(d)], and seeks to permanently restrain and enjoin: (a) Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and 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]; (b) Jadis Investments, Jadis Capital, Ovid, Riddle, Coleman, Cina, Martin, and Smith from future violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)]; (c) Jadis Investments from future violations of Section 203A of the Advisers Act [15 U.S.C. § 80b-3a]; and (d) Logos Fund from future violations of Section 7(a) of the Company Act [15 U.S.C. § 80a-7(a)]. The Commission also seeks a final judgment ordering the Defendants to disgorge their ill-gotten gains and pay prejudgment interest thereon, and ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and/or Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)], and/or Section 42(e) of the Company Act [15 U.S.C. § 80a-41(e)].

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action, pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], Section 214 of the Advisers Act [15 U.S.C. § 80b-14], and Section 44 of the Company Act [15 U.S.C. § 80a-43].

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], Section 214 of the Advisers Act [15 U.S.C. § 80b-14], and Section 44 of the Company Act [15 U.S.C. § 80a-43]. The Defendants, directly and indirectly, have made use of the instrumentalities of, or the means or instruments of transportation or communication in, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Certain of these acts, practices, transactions, and courses of business occurred within the Eastern District of New York. For example, the main offices of Jadis Capital, Jadis Investments, and the Logos Fund were in Uniondale, New York and all of the Defendants transacted business at those offices in Uniondale, New York.

DEFENDANTS

8. **Ovid**, age 28, is a citizen and resident of Trinidad & Tobago. Ovid served as the Chief Executive Officer (“CEO”) of Jadis Capital from May 2005 until his resignation on November 1, 2005. Ovid was the trader for the Funds. Ovid received a bachelor’s degree in management and finance from the University of the West Indies. Ovid is not, and has never been, registered with the Commission in any capacity.

9. **Riddle**, age 34, resides in Narvon, Pennsylvania. Riddle was a founding member of Jadis Capital and a controlling member of Jadis Investments. Riddle served as the Chief

Financial Officer (“CFO”) of Jadis Capital from its inception until his resignation on October 21, 2005. Riddle was also the CFO and First Vice President of Jadis Investments prior to his resignation. Riddle graduated from Hofstra University. In the past, Riddle has been registered with the Commission as an investment adviser affiliate.

10. **Coleman**, age 40, resides in Astoria, New York. Coleman was a founding member of Jadis Capital and a controlling member of Jadis Investments. Coleman served as the CEO of Jadis Capital from its inception until May 2005. From May 2005 to September 2005, Coleman served as Jadis Capital’s Chief Marketing Officer. In September 2005, Coleman was promoted to President of Jadis Capital. Coleman received a bachelor’s degree from Pace University and an MBA from New York University. Coleman is not, and has never been, registered with the Commission in any capacity.

11. **Cina**, age 32, resides in Westbury, New York. Cina was a founding member of Jadis Capital where he served as Executive Vice President of Business Development. Cina was in charge of training the Jadis Capital sales staff. Beginning in June 2005, Cina spent most of his time personally soliciting investors. Cina is not, and has never been, registered with the Commission in any capacity.

12. **Martin**, age 31, resides in Westbury, New York. From November 2004 to December 2005, Martin served as Chief Investment Officer of Jadis Capital. Martin also was a controlling member of Jadis Investments, as well as the Corporate Vice President of Investment Strategy for Jadis Investments and the Logos Fund. Martin received a bachelor’s degree in finance from Siena College and an MBA in finance from Sage Graduate School. Martin has been registered with the Commission as an investment adviser affiliate and has held Series 7, 63, and 65 licenses.

13. **Smith**, age 35, resides in Ephrata, Pennsylvania. Smith joined Jadis Capital as First Vice President in May 2005, and was promoted to President in early August 2005. Smith graduated from Queen Mary's College in the United Kingdom. Smith is not, and has never been, registered with the Commission in any capacity.

14. **Bob Riddle**, age 59, resides in New Holland, Pennsylvania. Bob Riddle is Riddle's father. Bob Riddle was hired by Jadis Capital in December 2004 as Northeast Regional Vice President of Sales. In this position, Bob Riddle reported to Cina and was responsible for soliciting potential investors for the Funds and seeking out possible business opportunities for Jadis Capital. In addition, Bob Riddle and his wife operate a business named Village Kitchen and Bath Design Gallery LLC ("Village Kitchen and Bath"), which they co-own with Jadis Capital. Bob Riddle is not, and has never been, registered with the Commission in any capacity.

15. **Jadis Capital**, a New York S corporation, was formed in October 2004, and was located in Uniondale, New York, until December 2005. The shareholders of Jadis Capital are Riddle, Coleman, Cina, and another individual. Between January and November 2005, Jadis Capital, through its affiliate Jadis Investments, raised over \$12.3 million in investments in the Funds. Jadis Capital is not registered with the Commission.

16. **Jadis Investments**, a Delaware limited liability company, was formed in January 2005, and was located in Uniondale, New York, until December 2005. Jadis Investments is wholly-owned by Jadis Capital and is controlled by Riddle, Coleman, and Martin. Jadis Investments registered with the Commission as an investment adviser on June 28, 2005, and was the investment manager of the Funds, responsible for researching, selecting, and monitoring investments.

17. **Logos Fund**, a Delaware limited partnership formed in January 2005, was located in Uniondale, New York, until December 2005. The Logos Fund was an investment vehicle that purported to be a hedge fund established to invest in a wide variety of securities and financial instruments. The Logos Fund's general partner was Logos I, LLC ("Logos I") and its investment manager was Jadis Investments. From January 2005 through October 2005, the Logos Fund received investments of approximately \$9.3 million. The Logos Fund is not registered with the Commission.

RELATED ENTITIES

18. **Logos I**, a Delaware limited liability company formed in February 2005, was located in Uniondale, New York, until December 2005. Coleman, Riddle, and Martin controlled Logos I, which was the general partner of the Logos Fund responsible for the day-to-day administration of the Logos Fund's affairs. Logos I is not registered with the Commission.

19. **Donum, LLC**, a Delaware limited liability company formed in August 2005, was located in Uniondale, New York, until December 2005. Coleman, Riddle, and Martin controlled Donum, LLC, which was the general partner of the Donum Fund responsible for the day-to-day administration of the Donum Fund's affairs. Donum, LLC is not registered with the Commission.

20. **Donum Fund**, a Delaware limited partnership formed in August 2005, was located in Uniondale, New York, until December 2005. The Donum Fund was an investment vehicle that purported to be a hedge fund established to invest in a wide variety of securities and financial instruments. The Donum Fund's general partner was Donum, LLC, and its investment manager was Jadis Investments. From September 2005 through November 2005, the Donum

Fund received investments of over \$3 million. The Donum Fund is not registered with the Commission.

FACTS

A. Background

21. Beginning around 2000, Ovid, an ordained minister in the Church, began trading on behalf of family members and some of his friends from the Church. Between 2002 and 2004, he made investments on behalf of 15 to 20 people and managed as much as \$800,000, including his own funds. In early 2004 Ovid and four of his friends – Riddle, Coleman, Cina, and another individual (the “Five Principals”) – all of whom were active in the Church, began discussions to start a new business devoted to equity trading and venture capital.

22. In late June 2004, Coleman’s father, the Church’s pastor, held a public prayer for the success of the new business venture and excitement regarding the business started to build within the Church. Soon thereafter, many of the Church’s parishioners began expressing interest in investing in the new business, and the Five Principals decided to pool investor funds. The Five Principals formed Jadis Capital in October 2004, incorporating it as an S corporation in New York. Ovid contributed approximately \$445,000 to the business, but was not listed as a shareholder despite his alleged 51% stake in the corporation.

23. The Five Principals, along with Martin, formed Jadis Investments in January 2005. Jadis Investments, in turn, created the Logos Fund which was marketed as a pooled investment vehicle “for the purpose of investing and trading in a variety of securities and financial instruments, domestic and foreign, primarily in publicly traded equity securities.” Between January and October 2005, approximately \$9.3 million was invested in the Logos Fund, a significant portion of which came from elderly Church parishioners. In soliciting such

investments, the Defendants made numerous misrepresentations to prospective investors, including misrepresentations in the fund's Private Placement Memorandum ("PPM"), the presentation materials provided to prospective investors, and in verbal dealings with prospective investors.

24. Moreover, instead of using the investors' money to trade securities, the Defendants began misappropriating investor funds almost as soon as they came in and used them to buy luxury items for themselves. The funds that were not misappropriated sat idle because Ovid, who was supposed to do the trading, was out of the U.S. from December 2004 until the end of April 2005. When Ovid returned to the U.S. and finally began trading in May 2005, he was originally successful, generating profits of around \$317,000 in the first week, which represented a 15% return on the funds invested to that date. Ovid promptly shared this information with Jadis Capital's principals and officers, and the news spread within the Church community that the fund was up 15%. As a result, new investments poured in. The very next week, however, Ovid lost over \$2 million trading, but he kept this news to himself. All the while, the Defendants continued to misappropriate investor funds, which, coupled with the huge trading losses, caused the Logos Fund's assets to deplete rapidly. By December 2005, only about \$166,000 remained in the Logos Fund.

25. Instead of coming clean, however, the Defendants tried to cover up the misconduct by starting the Donum Fund with the intention of diverting any trading gains to the Logos Fund. Between September and November 2005, the Defendants raised more than \$3 million for the Donum Fund from three investors, again making numerous misrepresentations to prospective investors in the process. Ovid promptly lost about 30% of this capital in a single investment made within a month of the Donum Fund's launch.

B. Fraudulent Conduct

26. The fraudulent conduct discussed herein took two forms: (i) the misappropriation of funds raised from investors in the Logos Fund; and (ii) misrepresentations or omissions in soliciting investments in the Funds.

1. Misappropriation of Investments in the Logos Fund

27. The Logos Fund offered prospective investors limited partnership interests in a purported hedge fund. As the investment manager of the Logos Fund, Jadis Investments was entitled to an annual management fee of approximately 2% of the net assets under management, payable in quarterly installments of 0.50%, as well as a quarterly performance allocation equal to 50% of the net profits, if any. Between January and October 2005, Jadis Capital raised approximately \$9.3 million for the Logos Fund, but never made any quarterly net profit. Thus, the only fees due to Jadis Investments with respect to the Logos Fund would have been the 2% annual management fee, totaling approximately \$186,800. According to the Logos Fund PPM, Jadis Investments, which is indistinguishable in its activities from Jadis Capital, was required to pay its own operating and overhead expenses associated with providing administrative and investment management services, *e.g.*, employee compensation and benefits, rent, office equipment, insurance, utilities, etc.

28. Almost immediately following the receipt of the first investment for the Logos Fund in January 2005, the Defendants began misappropriating investor funds, which they used to (a) purchase luxury items for themselves and their families; (b) pay for operating and other business expenses of Jadis Capital and Jadis Investments; and (c) pay debts Ovid had previously incurred.

(a) Use of Investor Funds to Buy Luxury Items

29. Between January and December 2005, the Defendants collectively charged more than \$1 million on their Jadis Capital corporate credit cards. The credit card bills were paid from Jadis Capital's operating account, which in turn was funded largely using investor money from the Logos Fund.

30. Investor money from the Logos Fund was the largest source of funding for the Jadis Capital operating account, accounting for approximately 90% of the money deposited in that account. Ovid contributed \$445,000 to Jadis Capital, and, as discussed in paragraph 27 above, the terms of the Logos Fund PPM entitled Jadis Investments to approximately \$186,800 in management fees. Thus, the two entities had approximately \$631,800 legitimately available to pay expenses. As detailed below, however, the amount spent on luxury items and other unauthorized expenses far exceeded that amount.

31. Several of the Defendants used investor funds to buy expensive automobiles, jewelry, clothing, meals, and other items. For example:

- a) In February 2005, just three weeks after investor funds started coming in to the Logos Fund and only five days after a particular investor had made a \$320,000 investment in the Logos Fund, Riddle used his corporate credit card to purchase a \$4,275 watch. The bill was paid using investor funds from the Logos Fund.
- b) In May 2005, just two days after more than \$418,300 of recently received investor funds were deposited into a Logos Fund account, Ovid and Smith purchased a \$200,000 Bentley automobile with a \$33,600 down payment using investor money from the Logos Fund that had been deposited into Jadis Capital's operating account. The car payments, which exceeded \$2,500 per month, were paid out of the same account. In late October 2005, when the Logos Fund was running out of money, Smith re-sold the vehicle to the dealership for \$147,500, paying off the \$14,136.18 outstanding loan balance with his corporate credit card, which in turn was paid using Logos Fund investor funds.

- c) In June 2005, the day after \$326,200 in investments were received in the Logos Fund, Ovid began a four-day shopping spree during which he charged \$9,280 worth of clothing on his corporate credit card. The bills were paid using investor funds from the Logos Fund.
- d) In mid-July 2005, Ovid used \$10,000 of Logos Fund investor funds to purchase a Lexus vehicle for a friend. The payment came just days after a \$320,000 deposit of recently received investor funds was made into a Logos Fund account.
- e) Also in July 2005, Coleman, over a one-week span, used his corporate credit card to charge \$5,515 at a gift shop and \$2,408 at a restaurant in the Hamptons. These bills were all paid using Logos Fund investor funds. Coleman's spending spree began just two days after \$110,000 of newly received investor funds were deposited into a Logos Fund account.
- f) On September 17, 2005, just two days after receiving a check from an investor for over \$512,000, several of the Defendants treated themselves to two meals using their corporate credit cards – one, charged by Coleman, costing nearly \$3,800, and the other, charged by Cina, costing \$5,000.
- g) In March 2005, while Ovid was in Trinidad & Tobago, Riddle, Coleman, and Cina visited him over a weekend. All expenses for the trip were paid for by Jadis Capital using money that was derived principally from Logos Fund investor funds.
- h) On at least six occasions, Jadis Capital paid for non-business travel expenses incurred not just by the principals and officers of Jadis Capital, but also their wives and girlfriends, including trips that Cina and Martin took with their wives to Paris, France and Geneva, Switzerland which were at least partly for non-business purposes and cost over \$7,700. Most of the money that was used to pay for these trips came from Logos Fund investor funds.

(b) Payments for Operating Expenses

32. By February 2005, Jadis Capital did not have enough funds to cover its and Jadis Investments' operating expenses. At that time, Ovid told Riddle that new funds would not be forthcoming, and that Riddle needed to be "creative" in solving the problem. Shortly thereafter, Riddle and others at Jadis Capital began using investor funds from the Logos Fund to pay Jadis Capital's and Jadis Investments' operating expenses.

33. Beginning in or around February 2005, Riddle and Coleman started paying for all of Jadis Capital's and Jadis Investments' operating expenses using Logos Fund investor funds that had been deposited into Jadis Capital's operating account prior to the launch of the Logos Fund. When that money ran out, they started wiring investor funds from the Logos Fund's bank account to Jadis Capital's bank account. Between March and November 2005, Riddle and Coleman signed numerous wire instructions directing such transfers. The use of Logos Fund investor funds to pay for these expenses was in direct contravention of the provisions in the Logos Fund PPM and thus amounted to misappropriation.

34. The single largest operating expense incurred by Jadis Capital and Jadis Investments related to their office space. The Defendants undertook to build, at the Logos Fund investors' expense, extravagant offices in Uniondale, New York. In February 2005, they made a \$122,000 down payment on a \$2 million, 10-year lease with a monthly rent of \$16,667. They then commenced extensive renovations, costing well in excess of \$600,000, and moved into temporary office space in the same building in the interim. When the renovations were finally completed in late July 2005, Jadis Capital hosted a gala event to celebrate the opening of their offices. By December 2005, however, the entities were unable to make their lease payments and surrendered the keys to the premises. All told, Jadis Capital and Jadis Investments spent over \$1.5 million on their office space, all of it bankrolled by Logos Fund investor funds, which was in contravention of the representations in the Logos Fund PPM concerning the payment of general operating and overhead type expenses, including rent and related expenses.

35. The second largest operating expense incurred by Jadis Capital and Jadis Investments related to salaries. The entities used Logos Fund investor funds to enrich their principals and officers, and their family members and friends, by providing them with highly

paid jobs. With the exception of Ovid, who did not receive a salary, the principals and officers of Jadis Capital and Jadis Investments received annual salaries ranging from \$110,000 to \$175,000. For example, Riddle was paid \$140,000 a year; Coleman was paid \$175,000 a year; Cina, \$125,000; Martin, \$110,000; and Bob Riddle, \$135,000. In addition, the entities hired numerous family members and friends of its principals and officers, including multiple members of the Riddle family: Riddle's sister, a college student, who earned \$55,000 as Ovid's secretary; another sister of Riddle, who earned \$17.50 an hour performing showroom design and secretarial duties at Village Kitchen and Bath; Riddle's cousin, who earned \$75,000 a year as part of Jadis Capital's origination/sales staff; and Riddle's father-in-law, who earned up to \$110,000 a year to work on starting a hedge fund that would invest in the motion picture industry, even though he had no background in finance. The salaries for all of these employees were paid using Logos Fund investor funds, which was in contravention of the provisions in the Logos Fund PPM concerning the payment of general operating and overhead type expenses, including employee compensation. Between January and December 2005, Jadis Capital and Jadis Investments incurred over \$1.3 million in salary expenses, including payroll, bonuses, medical insurance, and temporary staffing fees.

36. Logos Fund investor funds were also used to pay for other operating expenses incurred by Jadis Capital and Jadis Investments including insurance, computers, and IT services. In total, from January to December 2005, Jadis Capital and Jadis Investments incurred operating expenses totaling more than \$3.5 million which were inappropriately paid for using Logos Fund investor funds. In addition to recurring expenses, Jadis Capital and Jadis Investments made numerous other disbursements during 2005, including payments to principals and their family members and to businesses and charities. Jadis Capital's and Jadis Investments' principals and

officers also used investments in the Logos Fund to pay these “miscellaneous expenses,” which totaled approximately \$1.6 million.

(c) Payments to Satisfy Ovid’s Previous Debts

37. While Ovid was out of the U.S. between December 2004 and April 2005, some of the individuals who had previously provided Ovid money to trade on their behalf asked Ovid to return their money. Ovid instructed Riddle to pay such individuals out of investments received for the Logos Fund. These debts were wholly unrelated to the Logos Fund or the business of Jadis Capital. Nevertheless, Riddle directed Coleman, who, in Ovid’s absence, had control over Jadis Capital’s finances, to pay at least six of Ovid’s creditors with checks made out to cash and drawn on Jadis Capital’s bank account. Between February and October 2005, approximately \$554,000 of Logos Fund investors’ money was used to satisfy Ovid’s prior debts.

2. Misrepresentations in the Solicitation of Investors

38. Although Jadis Capital had a sales staff whose primary responsibility was the solicitation of investors, each of the individual Defendants was involved in the solicitation process. Ovid insisted that everyone associated with Jadis Capital was to solicit everyone they knew, particularly friends, family, and others over whom they had influence, to invest in the funds. Because so many people affiliated with Jadis Capital were involved with the Church, many of the people who were solicited, and, by extension, many of the people who ultimately ended up investing in the Logos Fund, were affiliated with the Church. Ovid personally solicited investors for the Logos Fund; Cina, who was in charge of sales, and Coleman, who was in charge of marketing, personally solicited investors for both Funds, as did Riddle and Bob Riddle; Smith, who supervised Cina and Coleman, personally solicited investors for the Donum Fund; Martin personally solicited investors for both Funds and was responsible for “closing the deal” with

interested investors. When a prospective investor seemed to be leaning toward investing and/or wanted to review the PPM and other subscription documents, the prospective investor, in most cases, was referred to Martin, the only licensed member of Jadis Capital's inner circle, whose task was to explain the PPM and other subscription documents, assess the prospective investor's suitability to invest in the fund, and make the final pitch in an effort to close the deal and secure the investment.

(a) Misrepresentations Concerning the Rate of Return

39. The Jadis Capital sales staff, which was organized, trained, and supervised by Cina, made numerous misrepresentations in order to solicit investors. In training the sales staff, Cina used presentation materials that he, Coleman, Smith, and Martin all had a hand in preparing. These materials, which were also used by the sales staff in soliciting investors, claimed prospective returns of 10-25% for Fund investments. On at least one occasion during training, Cina baselessly advised the sales staff to inform potential investors that the Logos Fund used minimal risk allocation and that Jadis Capital's investment strategy was such that even if nine out of ten investments lost money, the Logos Fund would still maintain positive returns.

40. Consistent with the direction it received from Cina, Jadis Capital's sales staff pitched the Logos Fund to potential investors as a safe investment with minimal risk and huge potential rewards that was appropriate for nearly all types of investors. In fact, most of the investors were incapable of investing the \$500,000 stated minimum, and many were elderly, disabled, and/or on fixed incomes. When a potential investor failed to meet the stated minimum, the sales staff accepted whatever investment they could get from that investor. In many cases, the sales staff encouraged potential investors to transfer their retirement savings or take out home equity loans so that they could invest more money. For investors relying on the income from

their investments for their living expenses or taking out home equity loans, Jadis Capital's sales staff sweetened the deal by offering them the option of receiving monthly distributions that either met or exceeded their living expenses or new mortgage obligations. In all instances, however, such payments were permanently discontinued after only a few months.

41. In the course of soliciting investments for the Logos Fund, Martin routinely told potential investors that they could earn returns of 15-60% by investing in the fund. Martin also falsely told investors that projected returns were based on the fund's historical track record and repeatedly gave investors the impression that there was little or no risk inherent in investing in the Logos Fund, sometimes describing prospective investment in the fund as "a sure thing." On at least one occasion, Martin falsely told an investor that the Logos Fund utilized a computerized trading program that anticipated downturns in a stock's value based on historical prices such that the stock could be sold before its value declined significantly. Moreover, Martin persuaded several investors to restructure their finances and take on additional debt in order to finance investments in the Logos Fund knowing full well that such measures would put the investors in dire financial straits if the Logos Fund did not succeed.

42. For example, in late January 2005, Martin visited an elderly, partially disabled Church member who became the first investor successfully solicited by the sales staff ("Investor A"). After telling Investor A that she was blessed to be given the opportunity to invest in the Logos Fund, Martin assured Investor A that her investment would be secure and protected. Martin also told Investor A that he had personally observed Ovid trade and considered him to be a "master," and that a 40-60% rate of return on her investment was very likely. Investor A went through all her assets with Martin and explained that she relied on the income from her investments to cover her living expenses. Martin ultimately persuaded Investor A to transfer

over \$700,000 into the Logos Fund, and promised that Jadis Capital would send her monthly payments of \$6,000 to cover her expenses. In May 2005, Martin asked Investor A for tax returns since her income would be increasing and Jadis Capital wanted to help her prepare for the new tax burden. When Investor A voiced concern given that her previous investments had been tax-deferred, Martin told her not to worry because she would be making so much money that her higher tax burden would not be an issue. In July 2005, Investor A was told that her investment had already made 60%. In the end, despite all of Jadis Capital's representations and assurances, Investor A received only ten payments, totaling \$55,000, before the disbursements stopped permanently on November 18, 2005.

43. Similarly, Bob Riddle also solicited prospective investors with claims of high potential returns and minimal risk, and persuaded many investors to take on debt in order to finance their investments in the Logos Fund. For example, in or around August or September 2005, Bob Riddle and another Jadis Capital salesperson solicited another Church member ("Investor B") by telling him that he could earn a 75% profit in the Logos Fund. Bob Riddle told Investor B that the Logos Fund had a proven track record and that Ovid was an extremely talented investor who could reap big returns. Bob Riddle showed Investor B a presentation on his laptop that, among other things, represented that there had been a sharp increase in the value of the Logos Fund between March and April 2005. When Investor B said that he did not have enough money to invest, Bob Riddle recommended that Investor B take out a mortgage on a property he owned. Shortly thereafter, Investor B took out a home equity loan for the maximum amount he could obtain – over \$500,000. Investor B's investment was structured so that Investor B would receive approximately \$3,700 per month, which would be enough to cover his new

mortgage payments. In the end, however, Investor B received only two payments totaling \$7,540.

44. In addition, despite having no data to back it up, Riddle told at least one Logos Fund investor (“Investor C”), that Investor C could expect returns of 30%, and Ovid told another investor (“Investor D”) that Investor D could expect annual returns of 25-30%.

(b) Misrepresentations Concerning the Performance of the Logos Fund

45. In May 2005, Ovid began trading the funds that had been invested in the Logos Fund. After earning approximately \$317,000 in his first week of trading, and promptly informing Jadis Capital’s officers and principals, as well as existing and potential investors, of the gains, Ovid incurred over \$2 million in trading losses the very next week, which practically wiped out all of the assets in the Logos Fund trading account at that time. In stark contrast to his decision to immediately publicize his prior gains, this time Ovid kept the staggering trading loss to himself, and prospective investors were never told about it.

46. Jadis Capital’s in-house accountant (the “Accountant”) eventually discovered the loss in June 2005 while reviewing the Logos Fund’s brokerage account statements. When the Accountant questioned Ovid about the loss, Ovid insisted that it was not real and that the account statements were in error due to a computer glitch that would soon be rectified. When the Accountant checked with Jadis Capital’s brokerage firm shortly thereafter, he was informed that the trading loss was real. The Accountant then informed Riddle who, along with Ovid, told the Accountant that the Logos Fund’s performance was confidential and that the Accountant was not allowed to discuss it with anyone. All of Jadis Capital’s principals eventually learned of the trading loss by September 20, 2005, when it was disclosed at a meeting with Coleman’s father, the Church’s Pastor. Even after this meeting, however, no one disclosed the loss to prospective

Logos Fund investors. In fact, Investor B contacted Martin not long after investing in the Logos Fund on or around September 15, 2005, to ask how the Logos Fund was doing. Martin responded that it was doing great and that Jadis Capital had launched a new fund. He made no mention of the trading loss.

47. Moreover, no one disclosed the losses in the Logos Fund to prospective investors in the Donum Fund and some of the Defendants made additional misrepresentations in soliciting prospective investors for the Donum Fund. For example, Cina, a member of Jadis Capital's sales staff, and two others traveled to Panama in or around August 2005 to try to solicit a Panamanian broker-dealer whose client would ultimately become the Donum Fund's largest investor. During that trip, Cina gave a presentation to the broker-dealer during which Cina falsely stated that the Logos Fund had a historical return of 15-22%.

48. Later, in September 2005, when representatives of the Panamanian broker-dealer (the "Panamanian B-D Representatives") visited Jadis Capital's offices to conduct due diligence, the Defendants engaged in an elaborate charade to deceive the Panamanian B-D Representatives by giving them the impression that Jadis Capital's trading room was very active and contained multiple traders. In fact, trading records show that Jadis Capital did not make a single trade during the Panamanian B-D Representatives' visit. According to the CEO of the Panamanian broker-dealer (the "Panamanian B-D CEO"), at one point a person exited the trading room, introduced himself as the head trader, and then quickly went back inside, saying that he was busy and needed to return to trading. The Panamanian B-D CEO's description of the purported head trader does not match the description of Ovid, who was Jadis Capital's only actual trader. In fact, it was Riddle who had posed as the head trader, because Smith, who spearheaded Jadis Capital's efforts to solicit the Panamanian broker-dealer to advise its clients to invest in the

Donum Fund, had asked Ovid not to be present during the Panamanian B-D Representatives' visit because he thought that Ovid would appear too young to be Jadis Capital's CEO.

49. Further, despite Ovid's dismal record trading the assets in the Logos Fund, Smith told the Panamanian B-D Representatives that the historical return on the Logos Fund was approximately 15% and that Jadis Capital could generate an annualized return of approximately 12-16% on their invested funds. Internal e-mails show that Martin planned to tell the Panamanian B-D Representatives that the Donum Fund could generate returns of 10% per month for 2005 and 5% per month for 2006. However, lower figures were ultimately used because Smith did not think that the original proposal would be considered realistic by sophisticated investors. In an e-mail message concerning the proposed returns, Smith stated: "This will never fly with [the Panamanian B-D Representatives]. We cannot go to them with a proposal that relies on JADIS performing at 10% per month" In addition, Martin gave a presentation to the Panamanian B-D Representatives during their visit and spoke of potential returns of between 14-18% despite not having any historical or other data to back it up.

50. Martin also traveled to Portugal with Smith as late as November 2005 to solicit a wealthy Portuguese businessman for the Donum Fund. Smith spoke of potential returns of 15-20%, failed to disclose the losses in the Logos Fund, and represented that the fund had multiple traders even though Ovid was the Donum Fund's only trader.

(c) Misrepresentations Concerning the Amount of Assets Under Management, the Number of Traders Employed, and Such Traders' Performance

51. On at least one occasion, in June 2005, Cina told a group of potential investors that Jadis Capital managed \$100 million in the Logos Fund. This was a false statement, as the total investment in the Logos Fund, which was the only fund in existence in June 2005, never exceeded \$10 million. Additionally, at least one version of Jadis Capital's investor presentation,

which was put together by Cina, Coleman, and Smith, and was provided to prospective investors, included a “batting average” for different classes of traders which ranged from 55-90%. In addition, a Jadis Capital “Factsheet,” which was put together by Martin, with input from Ovid and others, to be shown to a particular prospective investor, represented that Jadis Capital employed professional traders with expertise in long/short, currency, commodity, derivative, and fixed income trading, which gave Jadis Capital a “talent pool [that] allows [it] to seamlessly capitalize on whichever opportunity is best in any given market environment.” These representations were false and misleading as Jadis Capital had only one trader, Ovid, who lost money trading for Jadis Capital.

(d) Misrepresentations and Omissions in the Funds’ PPMs

52. The PPMs for both Funds which were provided to investors and prospective investors contain several material misrepresentations concerning, among other things, the use of proceeds and the identity of the portfolio managers. Ovid, Martin, Riddle, Coleman, and Cina all played a role in drafting the Funds’ PPMs, and all were familiar with the representations contained therein. Specifically, Martin drafted much of the PPMs, including the financial sections, making changes at Ovid’s direction. Ovid, Martin, Riddle, Coleman, and Cina approved the final versions of the PPMs. In addition to drafting, Martin was also responsible for explaining the representations in the PPMs to potential investors. Ovid also worked directly on the investment philosophy section of the PPMs, while Riddle drafted the portions related to personnel and Coleman provided marketing-related inputs. In addition, Smith helped draft the Donum Fund PPM.

(i) Misrepresentations Concerning the Use of Proceeds

53. The PPMs for both Funds stated that investor funds would be invested in a variety of securities and financial instruments (although primarily in publicly traded equity securities), specified the management and performance fees that the Funds were entitled to, and stated that Jadis Investments, the investment manager of the Funds, was required to pay its own operating and overhead expenses associated with providing administrative and investment management services, *e.g.*, employee compensation and benefits, rent, office equipment, insurance, utilities, etc. These representations were false and misleading, as the Defendants did not invest the funds as promised, but rather misappropriated investor funds for their own use and to pay the operating expenses of Jadis Investments, and did so almost immediately after they started receiving those funds. Significantly, the Defendants continued to use the PPMs to solicit investors after the misappropriation had begun. For example, Investor B was solicited and given the Logos Fund PPM in August or September 2005, and his investment was received into the Logos Fund in mid-September 2005, which was many months after the Defendants began misappropriating investor funds.

(ii) Misrepresentations Concerning the Identity of the Portfolio Managers

54. Both Funds' PPMs state that the success of the Funds depends on the "skill and acumen" of Coleman, Riddle and Martin, the fund's "primary portfolio managers." These representations were false because Ovid, who was not named in either PPM, was the only actual trader and the Defendants always intended that Ovid, not Coleman, Riddle, or Martin, would serve as the Funds' portfolio manager. Ovid, Riddle, Coleman, Cina, Martin, and Smith (at least with respect to the Donum Fund PPM) were all familiar with these representations. Martin

drafted the portions of the PPMs in which this representation was made, and the decision to identify Coleman, Riddle, and Martin as the portfolio managers was made by Ovid.

(iii) Misrepresentations Concerning the Level of Supervision and Monitoring

55. Both Funds' PPMs state that Jadis Investments will supervise and monitor the trading activity in the Funds. These representations were false and misleading as Coleman, Riddle, and Martin, who controlled Jadis Investments, did not supervise or monitor any trading conducted by Ovid. In fact, Ovid was free to trade as he saw fit without consulting anyone, which is borne out by the fact that Ovid's huge trading losses in May 2005 did not become known to Coleman, Riddle, or Martin until August 2005. Martin drafted the portions of the PPMs where these false representations were made, and the inclusion of such language was at Ovid's direction and was known to Ovid, Martin, Riddle, and Coleman at the time both PPMs were finalized, and to Smith at the time the Donum Fund PPM was finalized.

(iv) Misrepresentations Concerning the Donum Fund's Registration Status

56. The Donum Fund PPM states that the Donum Fund "has registered with the United States Securities and Exchange Commission ("SEC") as a broker-dealer and has become a member of the American Stock Exchange, Inc. ("AMEX")." These representations were false, and Martin, Ovid, Riddle, Coleman, Cina, and Smith were all aware that such false representations were included in the Donum Fund PPM.

(v) Failure to Disclose Prior History

57. Although the Donum Fund had the same investment manager, Jadis Investments, as the Logos Fund, the Donum Fund PPM failed to make any mention whatsoever of Jadis Investments' negative operating history with respect to the Logos Fund. The Donum Fund PPM also touts the experience and achievements of Jadis Investments' control persons, Coleman,

Riddle, and Martin, but says nothing at all about such individuals' poor track record with respect to the Logos Fund. These omissions were misleading.

C. The Sale of Unregistered Securities in Non-Exempt Transactions

58. The Defendants (other than the Logos Fund itself) sold limited partnership interests in the Logos Fund in an unregistered offering to 80 investors in various states through the means of interstate commerce, including the use of interstate mail to solicit investors. On April 19, 2005, the Logos Fund filed a Form D with the Commission stating that the Logos Fund offering was exempt from the registration requirements of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)] pursuant to Rule 506 of Regulation D [17 C.F.R. § 230.506].

59. Of the 80 investors in the Logos Fund, Jadis Capital categorized 46 as “accredited,” *i.e.*, that they met one or more of the criteria set forth in Rule 501(a) of Regulation D [17 C.F.R. § 230.501(a)], and 34 as non-accredited but “sophisticated,” *i.e.*, that they had sufficient knowledge and experience in financial and business matters to satisfy the requirements of Rule 506(b)(2)(ii) [17 C.F.R. § 230.506(b)(2)(ii)]. In fact, many of the Logos Fund's investors were not really qualified to invest in the fund irrespective of how they were categorized. Martin, who was responsible for closing the deal with investors and evaluating their suitability to invest in the fund, knew that not all of the investors that Jadis Capital categorized as accredited actually fit the definition of “accredited investor” at the time they invested.

60. In order to become an investor in the Logos Fund, each investor needed to sign a questionnaire, which was attached as an exhibit to the PPM, concerning his or her financial background. Investor C, who was categorized as accredited, never discussed the value of his assets with anyone at Jadis Capital prior to investing, and the total value of his assets at the time

he invested was approximately \$150,000 notwithstanding the fact that the box for “Individual with Net Worth In Excess of \$1.0 million” was checked on his investor questionnaire. Investor C stated that when he received the subscription documents in the mail from Martin, that box had already been checked.

61. Another investor (“Investor E”) who was categorized as accredited did not have assets of \$1 million at the time that she invested despite the fact that the box for “Individual with Net Worth In Excess of \$1.0 million” was checked on her investor questionnaire. Investor E believes that Martin had filled out the part of her questionnaire pertaining to her net worth and characterized her as an accredited investor.

62. Martin also knew that some of the non-accredited investors in the Logos Fund did not meet the definition of a sophisticated investor at the time that they invested.

FIRST CLAIM FOR RELIEF
Violations of Section 17(a) of the Securities Act
(Ovid, Riddle, Coleman, Cina, Martin, Smith,
Bob Riddle, Jadis Capital, and Jadis Investments)

63. The Commission realleges and incorporates by reference paragraphs 1 through 62, as though fully set forth herein.

64. From at least January 2005 through December 2005, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or by the use of the mails, in connection with the offer or sale of securities, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of, or otherwise made, untrue statements of material fact or have omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

and/or (c) engaged in acts, transactions, practices, and courses of business which operated or would have operated as a fraud or deceit upon the purchasers of the securities offered and sold by the Defendants and other persons.

65. As part and in furtherance of this violative conduct, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, employed the deceptive devices, schemes, artifices, contrivances, acts, transactions, practices, and courses of business and/or made misrepresentations and/or omitted to state the facts alleged above in paragraphs 1-2 and 21-57.

66. The false and misleading statements and omissions made by Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, more fully described above in paragraphs 1-2 and 21-57, were material.

67. Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital and Jadis Investments knew, or were reckless in not knowing, that these material misrepresentations and omissions, more fully described above in paragraphs 1-2 and 21-57, were false or misleading.

68. By reason of the foregoing, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF
Direct Violations and Aiding and Abetting Violations
of Section 10(b) of the Exchange Act and Rule 10b-5
(Ovid, Riddle, Coleman, Cina, Martin, Smith,
Bob Riddle, Jadis Capital, and Jadis Investments)

69. The Commission realleges and incorporates by reference paragraphs 1 through 68, as though fully set forth herein.

70. From at least January 2005 through December 2005, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or by the use of the mails, in connection with the purchase or sale of securities, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of, or otherwise made, untrue statements of material fact or have omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, transactions, practices, and courses of business which operated or would have operated as a fraud or deceit upon the purchasers of the securities offered and sold by the Defendants and other persons.

71. As part and in furtherance of this violative conduct, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, employed the deceptive devices, schemes, artifices, contrivances, acts, transactions, practices, and courses of business and/or made misrepresentations and/or omitted to state the facts alleged above in paragraphs 1-2 and 21-57.

72. The false and misleading statements and omissions made by Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, more fully described above in paragraphs 1-2 and 21-57, were material.

73. Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments knew, or were reckless in not knowing, that these material misrepresentations and omissions, more fully described above in paragraphs 1-2 and 21-57, were false or misleading.

74. By reason of the foregoing, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, singly or in concert, directly or indirectly, violated 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].

75. By reason of the foregoing and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, directly or indirectly, singly or in concert, also aided and abetted each other's primary violations by knowingly or recklessly providing substantial assistance to the other defendants' violations of 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].

THIRD CLAIM FOR RELIEF
Violations of Section 5(a) and 5(c) of the Securities Act
(Ovid, Riddle, Coleman, Cina, Martin, Smith,
Bob Riddle, Jadis Capital, and Jadis Investments)

76. The Commission realleges and incorporates by reference paragraphs 1 through 75, as though fully set forth herein.

77. The limited partnership interests in the Logos Fund that Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments offered and sold as alleged herein constitute "securities" as defined in the Securities Act and the Exchange Act.

78. The Logos Fund offering was not limited to 35 or fewer non-accredited purchasers, and the Logos Fund could not reasonably have believed that the offering was so limited. Further, not all of the non-accredited purchasers satisfied the sophistication requirement of Rule 506(b)(2)(ii) of Regulation D [17 C.F.R. § 230.506(b)(2)(ii)], and the Logos Fund could not reasonably have believed that all such purchasers met the requirement at the time they invested.

79. Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments singly or in concert, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, to offer and sell securities through the use or medium of a prospectus or otherwise when no registration statement has been filed or was in effect as to such securities and when no exemption from registration was available.

80. By reason of the foregoing, Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, singly or in concert, directly or indirectly, violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FOURTH CLAIM FOR RELIEF

Direct Violations (Jadis Investments and Jadis Capital) and Aiding and Abetting Violations (Ovid, Riddle, Coleman, Cina, Martin, and Smith) of Sections 206(1) and 206(2) of the Advisers Act

81. The Commission realleges and incorporates by reference paragraphs 1 through 80, as though fully set forth herein.

82. From at least January 2005 through December 2005, Jadis Investments and Jadis Capital, by use of the means or instrumentalities of interstate commerce or of the mails, and while engaged in the business of advising others for compensation as to the advisability of investing in, purchasing, or selling securities: (a) employed devices, schemes, and artifices to

defraud; and (b) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients.

83. By reason of the foregoing, Jadis Investments and Jadis Capital, singly or in concert, directly or indirectly, violated Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

84. Ovid, Riddle, Coleman, Cina, Martin, and Smith, knowingly or recklessly provided substantial assistance to Jadis Investments and Jadis Capital and thereby directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, aided and abetted Jadis Investments' and Jadis Capital's violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FIFTH CLAIM FOR RELIEF
Violation of Section 203A of the Advisers Act
(Jadis Investments)

85. The Commission realleges and incorporates by reference paragraphs 1 through 84, as though fully set forth herein.

86. Section 203A(a) of the Advisers Act [15 U.S.C. § 80b-3a(a)] provides that no investment adviser that is regulated or required to be regulated as an investment adviser in the state in which it maintains its principal office and place of business shall register under Section 203 of the Advisers Act, unless the adviser has not less than \$25 million in assets under management (or such higher amount as the Commission may deem appropriate by rule) or is an adviser to a registered investment company. Rule 203A-1 of the Advisers Act [17 C.F.R. § 275.203A-1] permits an investment adviser who maintains its principal office and place of business in a state which has enacted an investment adviser statute and has at least \$25 million but less than \$30 million in assets under management to register with the Commission.

87. Despite registering with the Commission as an investment adviser, Jadis Investments never had \$25 million or more in assets under management and never met any of the other criteria that would make it eligible to register with the Commission pursuant to Section 203A(a) of the Advisers Act [15 U.S.C. § 80b-3a(a)].

88. By reason of the foregoing, Jadis Investments violated Section 203A of the Advisers Act [15 U.S.C. § 80b-3a].

SIXTH CLAIM FOR RELIEF
Violation of Section 7(a) of the Company Act
(Logos Fund)

89. The Commission realleges and incorporates by reference paragraphs 1 through 88, as though fully set forth herein.

90. The Logos Fund issued securities, in the form of limited partnership interests, in what amounted to a public offering, and held itself out as a hedge fund “operat[ing] as a pooled investment vehicle through which the assets of its Limited Partners are invested in a wide variety of securities and financial instruments, primarily in publicly traded equity securities.”

91. Accordingly, the Logos Fund was an investment company under Section 3(a)(1) of the Company Act [15 U.S.C. § 80a-3(a)(1)], and was required to register as an investment company with the Commission under Section 7(a) of the Company Act [15 U.S.C. § 80a-7(a)]. The Logos Fund was never so registered and, while acting as an investment company, the Logos Fund offered, purchased and sold, redeemed or retired securities by the use of the mails and the means and instrumentalities of interstate commerce and engaged in business in interstate commerce.

92. By reason of the foregoing, the Logos Fund violated Section 7(a) of the Company Act [15 U.S.C. § 80a-7(a)].

RELIEF SOUGHT

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently restraining and enjoining Ovid, Riddle, Coleman, Cina, Martin, Smith, Bob Riddle, Jadis Capital, and Jadis Investments, and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and 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].

II.

Permanently restraining and enjoining Jadis Investments, Jadis Capital, Ovid, Riddle, Coleman, Cina, Martin, and Smith, and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

III.

Permanently restraining and enjoining Jadis Investments and its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Section 203A of the Advisers Act [15 U.S.C. §§ 80b-3a].

IV.

Permanently restraining and enjoining the Logos Fund and its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Section 7(a) of the Company Act [15 U.S.C. §80a-7(a)].

V.

Ordering each of the Defendants to disgorge the ill-gotten gains they received from the violations alleged herein, and to pay prejudgment interest thereon.

VI.

Ordering each of the Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and/or Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)], and/or Section 42(e) of the Company Act [15 U.S.C. § 80a-41(e)].

VII.

Granting such other and further relief as this Court deems just and proper.

Dated: New York, New York
April 14, 2009



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