SEC'20

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-cv-23444 (Williams)

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JURY TRIAL DEMANDED

DAVID C. COGGINS and
CORAL GABLES ASSET MANAGEMENT LLC,

UNDER SEAL

Defendants, and

CORAL GABLES ASSET HOLDINGS, L.P. and
CORAL GABLES CAPITAL, L.P.,

Relief Defendants.

FILED BY_____D.C.
AUG 19 2020
ANGELA E. NOBLE
CLERK U.S. DIST. CT.
S. D. OF FLA. - MIAMI

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

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

INTRODUCTION

1. The SEC brings this emergency enforcement action to stop an ongoing offering fraud and misappropriation of investor assets by Defendants David C. Coggins ("Coggins") and Coral Gables Asset Management LLC ("CGAM"), an investment adviser that Coggins controls (collectively, the "Defendants").

2. Starting in 2015, Coggins, through CGAM, solicited investors and raised at least $1.85 million from at least ten investors for a private fund that he controlled, Relief Defendants Coral Gables Asset Holdings, L.P. ("CGAH") and CGAH's successor entity, Coral Gables Capital, L.P., (collectively, the "Fund" or "Relief Defendants"). Instead of placing the money in the Fund and investing it as represented, Coggins misappropriated more than $450,000 of

investors' funds and spent the money on BMW car payments, shopping, travel, expensive meals at restaurants, and his divorce attorneys.

3. Beginning at least as early as 2016 and continuing through the present (the "Relevant Period"), virtually everything that Coggins told investors and prospective investors was materially false and misleading. Coggins lied to investors about how well their investments were performing, the amount of assets he was managing, how he planned to invest the Fund's assets, and his experience managing investments. He also created and sent fake audit opinions to third parties and investors and falsified brokerage records and investor account statements.

4. Coggins' deceptive conduct continued even after the SEC staff contacted him. Within hours of receiving a request from the SEC to preserve documents and data, Coggins proceeded to destroy evidence from a third parties' website that is relevant to his fraudulent conduct.

5. Coggins' lies and deceptive conduct were meant to cloak the Fund's abysmal performance and his consistent misappropriation of Fund assets. Defendants have returned some funds to investors; however, their losing trading strategy coupled with their substantial misappropriation has resulted in a near total loss of the remaining investor funds.

6. From this fraud, each of the Defendants received ill-gotten gains and each of the Relief Defendants received illicit proceeds from Defendants' fraud to which they have no legitimate claim.

7. By engaging in this conduct, Defendants are in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5, and Sections 206(1), 206(2), 206(4) and Rule 206(4)-8 of the Investment

Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4), and 17 C.F.R. § 275.206(4)-8. Unless restrained and enjoined, Defendants will continue to violate the federal securities laws.

8. The SEC seeks, among other things, permanent injunctions and conduct-based injunctions against Defendants, disgorgement of all Defendants' and Relief Defendants' ill-gotten gains from the unlawful activity set forth in this Complaint, together with prejudgment interest, and third-tier civil penalties against Defendants pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. In addition, the SEC seeks emergency relief to, among other things, freeze the assets of Defendants and Relief Defendants to preserve them to pay their equitable liabilities, require them to preserve documents, and provide a sworn accounting.

DEFENDANTS

9. **David C. Coggins**, age 41, is a resident of Miami, Florida and is a founder of CGAM and the Fund. Since 2016, Coggins has been the sole owner and officer of CGAM and has been the sole person controlling CGAM and the Fund. In testimony during the SEC's investigation, Coggins repeatedly asserted his Fifth Amendment privilege against self-incrimination.

10. **Coral Gables Asset Management LLC** is a Florida limited liability company formed on or about November 4, 2014, with its principal place of business in Miami, Florida. CGAM is a state-registered investment adviser in Florida (CRD# 174399) and is the manager and investment adviser of the Fund. Coggins is the sole officer and owner of CGAM.

RELIEF DEFENDANTS

11. **Coral Gables Asset Holdings, L.P.** ("CGAH") is a Delaware limited partnership, formed on or about January 2, 2015, with its principal place of business in Miami, Florida. It is a pooled investment vehicle that has sold limited partnership interests to investors through a private placement. Its assets are managed by CGAM. Its general partner is Coral Gables Asset Holdings, LLC ("CGAH GP"), a Delaware entity. Coggins is the principal and managing member of CGAH GP. As of June 1, 2018, both CGAH and CGAH GP were not in good standing with the Delaware Secretary of State. Notwithstanding this fact, Coggins has continued to operate both entities. At least $1.6 million of investor funds have been transferred into one or more accounts in the name of CGAH. CGAH has no legitimate claim to these funds.

12. **Coral Gables Capital, L.P.** ("CGC") is a Delaware limited partnership, formed on or about November 19, 2019, with its principal place of business in Miami, Florida. It is a pooled investment vehicle formed by Coggins to continue the purported investment strategy of CGAH. Coggins purported to sell limited partnership interests in CGC to one or more investors through a private placement and Coggins has used CGC interchangeably with CGAH. CGC's assets are managed by CGAM. On or about March 5, 2020, CGC obtained approximately $162,000 of investor funds when Coggins changed the name of a CGAH brokerage account to a CGC brokerage account. CGC has no legitimate claim to these funds.

JURISDICTION AND VENUE

13. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a), Sections 21(d) and 27

of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa, and Sections 209(d) and 214(a) of the Advisers Act, 15 U.S.C. §§ 80b-9(d) and 80b-14(a).

14. The Court has personal jurisdiction over Defendants and Relief Defendants, and venue is proper in this judicial district, because many of the acts and transactions constituting violations of the Securities Act, Exchange Act, and Advisers Act occurred in this district. In addition, Coggins resides in this district, CGAM, CGAH and CGC have their principal places of business in this district, and one or more investors in the Fund reside in this district.

15. In connection with the conduct alleged in this Complaint, Defendants, directly or indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means and instruments of transportation or communication in interstate commerce, or the mails, including soliciting investors located in other states and obtaining funds from those investors through wire transfers in interstate commerce.

FACTS

I. Background

A. The Formation of CGAM and the Fund

16. Coggins, Individual 1, and Individual 2 (the "Founders") formed the adviser, CGAM, in late 2014, and formed the Fund, CGAH, in early 2015. Together, the Founders developed and marketed a trading strategy for the Fund that used computers to analyze public company filings and other documents to generate trading signals.

17. In approximately 2016, Individual 1 and Individual 2 ended their association with Coggins and CGAM, leaving Coggins in full control of CGAM. After the departure of Individual 1 and Individual 2, Coggins continued to operate CGAM and the Fund. Because

Coggins controlled CGAM during and after 2016, his actions and scienter are attributed to CGAM beginning in 2016 to the present.

18. The Fund's primary brokerage account was opened in the name of CGAH. On or about March 5, 2020, Coggins changed the name on the brokerage account to CGC.

B. Defendants Raised Money through the Sale of Limited Partnership Interests.

Background on the Offer and Sale of the Limited Partnership Interests

19. Since at least 2016, Coggins identified and solicited investors for the Fund using various methods.

20. Throughout the Relevant Period, Coggins solicited investors and prospective investors in the Fund by contacting friends and business associates. In addition, he attracted investors and prospective investors by making information publicly available through the internet.

21. From at least July 2015 through at least April 2020, Coggins also solicited investors and prospective investors through CGAM's website. CGAM maintained a website that described CGAM's investment strategy and other information about its operations and provided contact information and a form to request more information. The website address was provided to investors in monthly performance updates and was also readily accessible through internet searches.

22. In late 2019, Coggins solicited investors and prospective investors by listing the Fund through a hedge fund data service that touted its ability to provide information about the Fund to over 64,000 accredited investors. In doing so, Coggins provided the hedge fund data service certain information, including information regarding how well the Fund had purportedly performed.

23. Each investor in the Fund was offered and sold a limited partnership interest in the Fund.

24. Coggins typically provided prospective Fund investors with a Private Placement Memorandum ("PPM"), Subscription Agreement, Limited Partnership Agreement ("LPA"), and Founders Share Class Addendum ("Addendum"). Coggins typically provided these documents to investors by email.

25. The PPM and LPA each describe numerous aspects of the structure, management, and operation of the Fund, including how the Fund must use investor money and what fees will be assessed against the Fund's assets. Management fees in the LPA varied but provided for, at most, fees of up to 2% of the investor's capital account per year, while performance fees were capped at 20% of an investor's net profits at the end of each year.

26. Certain (and possibly all of the investors) executed an Addendum, which overrode certain portions of the LPA. The Addendum typically lowered the management fee to 1% of the investor's capital account, while performance fees were typically lowered to 10% of any net profits. However, at least one investor had management fees as low as 0.25%. The Addendum did not modify the LPA in any other material way.

The Offering Raised At Least $1.85 Million

27. The Fund received its first investment in July 2015, when Coggins was one of three individuals running the Fund, and by September 2015 had raised a total of $300,000 from at least three investors who purchased limited partnership interests in CGAH.

28. From 2016 through February 2020, Coggins raised approximately $1.55 million in additional investments in the Fund from at least seven new investors.

29. One of these investors signed documents that referenced CGC – as opposed to CGAH – and invested $200,000 in February 2020. However, Coggins returned altered documents to the investor that purport to show the investor invested in CGAH, and the investor's funds were deposited in a brokerage account in the name of CGAH.

30. Investors typically made their investments through wire transfers from their financial institutions to accounts of either CGAH or CGAM.

C. Coggins Controls the Fund and Created and Disseminated Fund Materials.

31. Starting no later than 2016, Coggins controlled the general partner of CGAH, and operated the Fund. The general partner selected CGAM as the investment adviser to manage the Fund's assets.

32. At least one version of the PPM, which Coggins amended over time, stated that CGAM would act as the "investment manager" to the Fund, and further stated that Coggins "is the Managing Member of both [CGAH GP] and [CGAM]."

33. Coggins either personally engaged in or directed all communications to investors who invested in 2016 and later, and was solely responsible for the dissemination of the documents and other communications described in this Complaint.

34. In addition to email and oral communications, Coggins also provided investors and potential investors with a historical performance sheet ("Performance Sheet") that purported to show the Fund's performance from August 2015 forward. Coggins updated the Performance Sheet monthly and distributed it to current and prospective investors by email.

35. Coggins, as the sole principal, owner, and control person of CGAM and the Fund, was responsible for the content of all of the aforementioned documents and CGAM's website.

Coggins either prepared or directed the preparation of each document and he had ultimate authority over the content of each document and the website.

D. Defendants Misappropriated Investor Money.

36. Defendants misappropriated at least $456,000 of investor money from the Fund's brokerage account and CGAM's bank account. Coggins spent investors' funds that he had misappropriated on, among other things, car payments, travel, restaurants, and divorce attorneys.

37. For certain investor contributions, Coggins instructed the investor to send the investment directly to CGAM's bank account. Rather than transferring investor money to the Fund's brokerage account to make investments, Coggins often misappropriated either part or all of those funds before they ever reached an account in the name of the Fund.

38. For example, on or about October 31, 2018, at Coggins' instruction, Investor 1 wired $100,000 to CGAM's bank account for the purpose of investing in the Fund. CGAM's bank account was overdrawn at the time of the deposit, with a prior day's balance of negative $1,180. Coggins did not transfer Investor 1's money to the Fund's brokerage account as promised. Rather, Coggins wired $15,000 to his divorce lawyers, withdrew $3,700 in cash, and made a car payment on his BMW. Over the next thirty days, Coggins used over $14,000 of Investor 1's money for expensive restaurants, air travel, hotels, and shopping. By the end of November 2018, only $58,683 of Investor 1's money remained in the account. From November 1, 2018 thru December 13, 2018, there were no intervening deposits into the account.

39. On or about December 14, 2018, at Coggins' instruction, Investor 2 wired $250,000 to CGAM's bank account to make an investment in the Fund. Three days later, and with no intervening deposits, Coggins withdrew $160,000 of these funds to repay a loan and sent $102,000 to the Fund's brokerage account. By the end of December 2018 the balance was down

to $7,932 due to, among other things, Coggins paying personal expenses out of CGAM's bank account during December 2018.

40. Coggins also misappropriated from the Fund by transferring investor money from the Fund's brokerage account to CGAM's bank account in amounts vastly exceeding allowable Fund expenses and fees permitted by the LPA as modified by the Addendum. Coggins then used CGAM's bank account for extensive personal expenses.

41. For example, on or about February 7, 2020, at Coggins' instruction, Investor 3 wired $200,000 to the Fund's bank account for the purpose of investing in the Fund. Prior to the transfer, the Fund's bank account balance was $0 and the Fund's brokerage account balance was under $20. On February 12, Coggins transferred $199,500 of Investor 3's money to the Fund's brokerage account. Then, from February 24, 2020 through April 27, 2020, Coggins made eight withdrawals from the Fund's brokerage account, totaling $44,200. During this time, he only made one deposit of $8,500 to the Fund's brokerage account, so at least $35,700 of Investor 3's money was withdrawn, and then Coggins improperly used a large portion of Investor 3's money for personal expenses.

42. Defendants have returned approximately $593,000 of funds to investors; however, their losing trading strategy coupled with their substantial misappropriation has resulted in a near total loss of the remaining investor funds.

II. Defendants Made Material Misrepresentations and Omissions When Soliciting Investments in the Fund.

43. Defendants made numerous material false and misleading statements and omissions to solicit investments in the Fund regarding, among other things, the Fund's performance, the use of investor funds, the assets of the Fund and CGAM's assets under

management, Coggins' employment history and his experience managing investments, and CGAM's clients.

A. Defendants Misrepresented the Fund's Performance.

44. From at least February 2016 through at least March 2020, in monthly emails to investors and prospective investors and in other emails to investors, Coggins made false and misleading representations regarding the financial performance of the Fund.

45. Coggins created a one-page Performance Sheet that he updated monthly and distributed to existing and potential investors. Each month Coggins would send an email on behalf of CGAM to a broad list of recipients, including current investors in the Fund, reporting on the Fund's supposed prior month performance, and also providing an updated year-to-date cumulative performance figure. These emails typically contained a link that enabled the recipients to access the Performance Sheet.

46. On December 31, 2019, Defendants emailed a Performance Sheet for the Fund to Investor 3, who at that time had not yet made an investment into the Fund. The Performance Sheet, consistent with the other Performance Sheets, contained a table purporting to display the Fund's performance. However, the table vastly overstated the Fund's actual performance. For example, the table showed 37 months of positive monthly performance (from November 2016 through November 2019), while, in reality, in approximately 26 months during that timeframe the Fund had negative performance. As another example, the table reported October 2016 performance as negative 0.86%. In reality, performance in October 2016, was substantially worse as the Fund lost nearly 33% of its value. In February 2020, Investor 3 made a $200,000 investment into the Fund.

47. Other examples of Performance Sheets being sent to investors that falsely reported how well an investor's account was performing include the following:

a. On June 6, 2017, Coggins sent an email to Investor 4 that stated "CGAM, just completed it's [sic] 7th consecutive month of positive returns."

b. In addition, on August 11, 2017, Coggins sent an email to Investor 4 that stated "Coral Gables Asset Holdings, L.P. has completed its 9th consecutive month of positive returns."

c. On October 6, 2017, Coggins sent an email to Investor 4 that stated, "Coral Gables Asset Holdings, L.P. extends 'perfect 2017' through September, completing its 11th consecutive month of positive returns."

48. A reasonable investor would have understood from Coggins' emails that CGAM's trading of the Fund assets was profitable as represented in the Performance Sheets and in the emails to Investors.

49. In reality, each of these statements was false. CGAM was in fact losing money on its trading of Fund assets. Contrary to 2017 being "perfect" with 11 "consecutive month[s] of positive returns," as represented in the October 2017 Performance Sheet email, the Fund had in fact lost money in six of the previous eleven months.

50. In numerous months, and omitted from the Performance Sheets, the balance in the Fund's brokerage account had fallen to such low levels that there was essentially no ability to trade the Fund's assets. For at least thirteen months in 2018 and 2019 the balance in the Fund's brokerage account was under $1,000, with eleven of those months ending under $100, none of which was disclosed when Defendants provided prospective and current investors with the Performance Sheets.

51. Each of the above statements regarding the performance of the Fund was false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that their statements concerning the performance of the Fund were false and misleading.

52. The above misrepresentations with respect to the performance of the Fund were material to investors and potential investors because, among other things, investors consider an adviser's past performance to be predictive of whether the adviser may perform well in the future. Moreover, ongoing performance updates, including the Performance Sheets, were material to investors' decisions to maintain or increase their investments in the Fund.

B. Defendants Made False and Misleading Statements About the Use of Investor Monies.

53. Throughout the Relevant Period, in PPMs, LPAs, and Addendums, Defendants made material false statements and misrepresentations, and omissions to investors and prospective investors regarding the use of investor proceeds. In these documents, Defendants represented that investor monies would be invested and only limited fees would be taken by CGAM:

a. The PPM stated that "[The Fund was] formed for the purpose of investing its assets in accordance with the investment objective set forth in this Memorandum and the LPA. The Partnership will invest in a broad range of financial instruments and other investments";

b. The LPA stated that each investor would have a "capital account" and that the capital account will only change: (1) for any increase or decrease due to additions or withdrawals made by the investor; (2) due to the allocation of net profits or net losses from investing activity; and (3) for any adjustments due to management or performance fees. The LPA also permitted Fund assets to be used for the Fund's

own expenses, such as legal, audit, fund administration, bank fees, management and performance fees, and other expenses. The PPM and LPA did not allow for any use of investor funds other than for investing activity and authorized expenses, which included management and performance fees; and

c. Management fees were set in the LPA of up to 2% of the investor's capital account, while performance fees were set at 20% of any net profits. The Addendum executed with certain investors overrode the LPA and usually lowered these fees, with the management fee as low as 0.25% and performance fees generally set at 10%.

54. A reasonable investor would have understood from Defendants' statements that the money they invested would be used exclusively for trading in order to return profits, would not be misappropriated or otherwise used for Coggins' personal use, and no more fees would be taken from their monies other than what was disclosed in the governing documents.

55. Defendants' statements with regard to the use of investor proceeds were false and misleading when made because Defendants intended to and did misappropriate investor monies.

56. Defendants took far more money from investors than was authorized or disclosed to investors. While the Fund governing documents do provide for compensation to CGAM, the amount of money Coggins took from the Fund and investors (i.e., a net amount of approximately $509,000) dwarfed the amounts to which CGAM was arguably entitled. From the Fund's inception (January 2, 2015) through the end of April 2020, individual investors' accounts did not have net profits in any year, and thus no performance fees were due. Additionally, a fee of 1% of Fund assets and potentially allowable expenses during this period would, at most, have allowed for compensation and expenses of approximately $53,000.

57. As soon as Defendants began misappropriating funds, which occurred no later than March 30, 2016, each of the above disclosures regarding Defendants use of investor proceeds and fees to be retained by CGAM were false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that their statements were false and misleading.

58. Defendants omitted to state material facts that were necessary to render their disclosures regarding their use of investor proceeds not misleading.

59. The above misrepresentations and omissions as to the use of investor proceeds were material to investors and potential investors because Defendants' misappropriation of more than 25% of the money that was invested in the Fund would be material to any reasonable investor.

C. Defendants Misrepresented the Fund's Assets and CGAM's Assets Under Management.

60. Defendants repeatedly lied to investors and third parties about CGAM's Assets Under Management ("AUM") and the Fund's assets. From at least March 15, 2017, through at least January 2020, in written communications to investors, prospective investors, and third parties who introduced Coggins to prospective investors, Defendants represented that CGAM had at least $7.5 million of AUM:

a. For example, in January 2020, when soliciting Investor 3, Coggins responded to the investor's question about the Fund's assets writing that "AUM is a little over $100." When the investor asked Coggins for the link to CGAM's SEC Form 13F filings, which are only required when an adviser has crossed the $100 million AUM threshold, Coggins stated that CGAM had not yet started the Form 13F

filings, but "at the beginning of the second half of 2020, we are going to have to start disclosing the fund's positions every quarter."

b. Defendants repeatedly misrepresented the Fund's assets to a registered representative at Broker-Dealer 1. On March 15, 2017, Coggins wrote an email to Broker-Dealer 1 stating "we have a little over 7.5MM in assets now." Later that year, Coggins again wrote to Broker-Dealer 1, stating "Combined assets will be anywhere from $17-$21 Million at the start (not including our active pipeline)." The registered representative at Broker-Dealer 1 introduced Coggins to several potential investors.

61. A reasonable investor would have understood from Defendants' statements that CGAM had the AUM as represented.

62. These statements were false because from 2016 to the present, on average, CGAM's AUM was well under $1 million. In fact, for at least eleven months during this timeframe the Fund's AUM, on average, was under $100. In January 2020, at the time of the representation above to Investor 3, the Fund had less than $30 in its brokerage account. And in March 2017, at the time of the representation above to Broker-Dealer 1, the Fund only had approximately $130,000 in assets.

63. Each of the above statements regarding AUM and Fund assets were false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that their statements concerning AUM and Fund assets were false and misleading.

64. The above misrepresentations with respect to AUM and Fund assets were material to investors and prospective investors for at least two reasons. First, the amount of Fund assets signaled that other investors had assessed the Fund and determined that it was a worthy

investment. Second, because CGAM earned management fees as a percentage of AUM and performance fees based upon the AUM, higher AUM signaled greater sustainability for CGAM's operations.

D. Defendants Issued Phony Account Statements to Investors.

65. Defendants provided at least two Fund investors with falsified account statements and at least one investor invested substantially more after receiving the falsified monthly statements. Investor 2 invested $250,000 in April 2016. In early 2017, Coggins provided Investor 2 a year-end statement showing year-to-date performance of 3.62% and a 2016 year-end balance of $259,058. The information in the year-end statement was false when made. In reality, the investment had lost over half of its value by year-end.

66. Coggins consistently sent false account statements to Investor 2 in 2016, 2017 and 2018, all of which misrepresented that his investment was performing well and the value of his investment was increasing.

67. After receiving the false account statements, Investor 2 invested an additional $250,000 into the Fund on December 14, 2018.

68. The information that Defendants placed in the account statements referenced above was false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that the account statements were false and misleading.

69. The above misrepresentations concerning investment performance were material to investors because investment performance is critical to an investor's decision whether to invest more money or withdraw some or all of their investment.

E. Defendants Misrepresented Coggins' Employment History and His Experience Managing Investments.

70. In written documents provided to at least prospective investors, Defendants misrepresented Coggins' employment history and his experience managing investments. In an investor presentation sent to a prospective investor, dated May 2018, Defendants included the following work history for Coggins: "[o]ver 15 years of experience in portfolio management. Mr. Coggins launched CGAM in 2014. Before CGAM he oversaw $500MM+ in both discretionary and managed accounts at a boutique private bank. Before that he worked for [a large broker-dealer] and [a large bank] as a trader, equity analyst, and portfolio manager."

71. Based upon the representation above, a reasonable investor would have understood Coggins to be a highly experienced portfolio manager.

72. These statements were false and misleading. Based on information and belief, prior to launching CGAM, Coggins worked at a private bank and trust company as a private banker where he did not oversee discretionary or managed accounts. Before that, Coggins worked at a large bank as a loan officer. Coggins was a registered representative with a large brokerage firm from September 2001 until May 2002, but does not appear to have held employment in the securities industry in any registered capacity since then.

73. These statements regarding Coggins' employment history and his experience managing investments were false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that their statements concerning Coggins' employment history and his experience managing investments were false and misleading.

74. Defendants omitted to state material facts that were necessary to render their disclosure regarding Coggins' employment history and his experience managing investments not misleading.

75. The above misrepresentations of Coggins' employment history and his experience managing investments were material because an investor would consider the relevant experience of the person operating and making investment decisions on behalf of the fund in which they were investing to be an important fact.

F. Defendants Made False and Misleading Statements about CGAM's Clients.

76. Defendants made material misrepresentations and omissions regarding CGAM's clients. During at least 2020, CGAM's website stated: "CGAM is a leading investor in the world's financial markets. For years we have sought to deliver market-leading investment returns to capital partners including pension funds, endowments, foundations, hospitals, governments, sovereign wealth funds, and private individuals. Our global team works to help our capital partners achieve their financial goals."

77. A reasonable investor would have understood from these statements that CGAM managed money for sophisticated entities.

78. This statement was false. CGAM's clients have never included a single pension fund, endowment, foundation, hospital, government, or sovereign wealth fund.

79. The above representation regarding CGAM's clients was false when made, and Defendants knew or were severely reckless in not knowing, and should have known, that their statements concerning CGAM's clients were false and misleading.

80. The above misrepresentation would be material to investors and potential investors who would consider it important to know whether sophisticated entities, such as pension funds, endowments, foundations, hospitals, governments, or sovereign wealth funds had invested with the Defendants.

III. Defendants Engaged in Other Fraudulent Conduct, Including Forging Documents to Mislead Investors and Others.

81. In addition to the false and misleading statements described above, Defendants committed additional deceptive acts in furtherance of their fraud, as described below.

A. Coggins Created and Disseminated Fraudulent Audit Reports.

82. Coggins falsified numerous documents that he then provided to investors and third parties, such as accountants and broker-dealers. The documents included numerous versions of audit reports, dozens of brokerage statements for the Fund's account with Broker-Dealer 2, and individual investor account statements provided to investors.

83. In the LPA, the Fund represented it would be audited annually by an independent certified public accounting firm, and in the PPM investors were told that they would receive a copy of the audit report each year. Those statements were false because an audit of the Fund was never completed. Instead, Coggins created and disseminated a series of false audit reports.

84. These fake audit reports include at least two reports from Audit Firm 1, one draft report from Audit Firm 2, and one report from Audit Firm 3. On information and belief, Coggins fraudulently created and disseminated the fake audit reports.

85. The purported audit reports from Audit Firms 1, 2 and 3 all contain differences, and all were supposedly for the same period, the fiscal year ending December 31, 2018. Additionally, none of the reports accurately reflected the assets, liabilities, or investments of the Fund. For example, one report stated the Fund ended 2018 with $52,904,796 in assets while another report identified assets totaling $1,960,045. Actual Fund assets at the end of 2018 totaled $89,701.

86. Audit reports are important to investors because they provide third party, independent verification of assets, liabilities, investment performance, and other critical facts.

87. Coggins fabricated the audit reports that purport to be from Audit Firm 1, since the firm does not appear to exist. The audit reports contain Audit Firm 1's purported phone number. However, this phone number is not Audit Firm 1's phone number. This phone number rings through to a different phone number, which is registered to Coggins. The address for Audit Firm 1 listed on the audit report also is false, since at least 2003 there has not been a tenant with that name at the address. Finally, the state of Florida, where the firm is supposedly located, has no record in its online CPA registration database for the firm or the supposed audit partner.

88. Coggins provided one version of the fake audit report purporting to be from Audit Firm 1 to Investor 3 by email on February 2, 2020, five days before his investment in the Fund. Investor 3's receipt of the fabricated audit opinion was material to his decision to invest in the Fund.

89. Defendants also provided a version of the fake audit report purporting to be from Audit Firm 1 to a hedge fund data service that then made information relating to the Fund available to over 64,000 accredited investors.

90. After at least two existing investors became suspicious of Coggins in the summer of 2019 and one of those individuals, Investor 2, asked Coggins questions about the status of the Fund, Coggins provided Investor 2 with a copy of a draft audit report purporting to be from Audit Firm 2. Audit Firm 2 has never prepared an audit report, or a draft audit report, for the Fund.

91. On October 11, 2019, Coggins emailed an accountant at Audit Firm 3 seeking an audit report for the Fund. Coggins attached a draft of an already completed false report and wrote: "I need you to put your company logo on it and sign off on it that's it." In response, the accountant wrote: "You have to find some other sucker!! I don't do this crooked work at all!!!"

Coggins had provided the forged audit report from Audit Firm 3 to Broker-Dealer 1 the prior day.

B. Defendants Created and Disseminated False Brokerage Statements to Mislead Accountants and Investors.

92. From 2015 through the present, the Fund has used a brokerage account at Broker-Dealer 2 to trade in securities using the Fund's assets. Broker-Dealer 2 generates a monthly statement for the Fund's account, and also generates a 1099 tax form for the account following the end of each year.

93. Coggins fraudulently manipulated the Fund's monthly statements and annual 1099 Form received from Broker-Dealer 2 and then supplied those manipulated documents to one or more accounting firms for use in preparing tax forms that are then provided to the Fund's investors.

94. Coggins manipulated the documents by altering various numbers on the statements, including account numbers and dollar figures. As a result, many of the documents displayed false account numbers and inflated assets.

95. Coggins also supplied at least one manipulated Fund account statement to Broker-Dealer 1 in an attempt to open a prime brokerage account for the Fund, and he supplied manipulated Fund account statements to Audit Firm 3 when soliciting an audit report for the Fund.

C. Defendants Submitted False Documents and Information to Obtain Awards on False Pretenses.

96. In October 2019, Defendants submitted documents and information to a hedge fund data service that markets itself as providing funds exposure to over 64,000 accredited potential investors. The documents Coggins submitted include a version of the fake audit report

purporting to be from Audit Firm 1 and the September 2019 Performance Sheet, which did not accurately reflect the Fund's performance. After October 2019, Coggins continued to submit false performance information to the hedge fund data service.

97. Coggins knew that both of these documents submitted to the hedge fund data service were materially misleading. The audit report is a falsified document and the Performance Sheet contains Fund performance history that is false and inflated.

98. Based on the false performance information submitted by Defendants, the hedge fund data service gave CGAM certain accolades, such as "Top Performing Hedge Fund" in the "Equity Market Neutral" category for the "3 Years Ending Sep 2019."

99. Defendants emailed information about the top rankings from the hedge fund data service to at least one investor who then invested in the Fund.

100. Additionally, Defendants emailed information about the top rankings from the hedge fund data service to one or more current investors on at least December 12, 2019.

101. Information about the top rankings from the hedge fund data service would be important to a reasonable investor because they indicate that the Fund is a top performer among its peers.

IV. Coggins Destroyed Evidence during the SEC's Investigation.

102. Coggins' scienter is demonstrated by, among other things, his destruction of evidence relevant to this Complaint. After Coggins knew that he was being investigated by the SEC and immediately after receiving a letter notifying him of his obligation to preserve and retain evidence, Coggins deleted evidence that is relevant to his fraudulent conduct

103. On the afternoon of June 5, 2020, an SEC staff member sent a letter to Coggins by email informing him that he was in possession of documents and data relevant to the

investigation, and that failure to preserve and retain the described documents and data in his possession, custody, or control, could give rise to civil and criminal liability ("Preservation Letter"). The Preservation Letter further notified Coggins that his duty to preserve evidence and data extends to the preservation and retention of evidence in the possession or custody of third parties, if such evidence is within his control.

104. Coggins received the Preservation Letter. The SEC staff member had previously communicated with Coggins using the email address just days earlier, including receiving emails from Coggins sent from the email address.

105. After receiving the Preservation Letter from the SEC, Coggins deleted data from the hedge fund data service's database. On June 5, 2020, several hours after receiving the Preservation Letter from the SEC, Coggins deleted data he had previously inputted in the database regarding the Fund's fund administrator, transfer agent, prime broker, custodian, and purported audit firm, and changed the Fund's registration status with the SEC from yes to no.

106. Shortly thereafter, he received an automated email from the hedge fund data service confirming that he had deleted the above listed data from its database concerning the Fund.

V. The Limited Partnership Interests are Securities.

107. The limited partnership interests in the Fund offered and sold to investors are securities as defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act define "security" to include, among other things, "investment contracts." An investment contract exists where a person invests his or her money, in a common enterprise, and is led to expect profits solely from the efforts of the promoter or a third party.

108. The limited partnership interests in the Fund were investment contracts. The Fund investors made an investment of money into the Fund and those funds were pooled with other investors' funds. The Fund then retained CGAM to manage investors' funds that had been invested into the Fund. The investments were part of a common enterprise whereby Defendants commingled the investments with other investor money in the Funds' accounts and traded the money in pooled accounts to execute their trading strategy and make profits for the investors, the Fund, and themselves. The investors' investment of money was passive and they expected profits to be derived solely from the efforts of the Defendants through their purported investment strategies.

109. Moreover, the limited partnership interests were explicitly described as "securities" in the PPMs and that investors would be making an "investment."

VI. Defendants Breached Their Fiduciary Obligations and Violated the Advisers Act.

110. The Fund primarily engaged in, held itself out as being primarily engaged in, and proposed to engage primarily in the business of investing and/or trading securities. As stated in the PPM: "The investment objective of the Partnership is to achieve long-term capital appreciation by investing primarily in long and short positions in publicly-traded and private companies globally, including technology stocks. The Partnership will seek to generate returns based upon the ability of the Investment Manager to select individual securities of companies that can provide positive or negative performance relative to the general equity securities market and their sector, as defined by the Investment Manager."

111. Investor money contributed to the Fund is pooled and investors have no ability to control the investment strategy and instead are entirely dependent on CGAM to invest their money in accordance with the Fund's stated objectives.

112. Coggins and CGAM were investment advisers to the Fund. Defendants advised the Fund as to the specific investments to make, controlled the purchase and sale of securities held by the Fund, and otherwise made investment decisions for the Fund. Coggins also was the sole control person and managing member of CGAM. Further, Defendants received or expected to receive compensation for their investment adviser services to the Fund.

113. As investment advisers to the Fund, Defendants owed a fiduciary obligation to the Fund. As such, Defendants owed the Fund an affirmative duty of utmost good faith, had an affirmative obligation to employ reasonable care to avoid misleading the Fund, had a duty to act in the Fund's best interest, and were obligated to provide full and fair disclosure of all material facts, including a duty to tell it about all actual or potential conflicts of interest that might incline them to render investment advice that was not disinterested.

114. Through the conduct alleged above, including CGAM's and Coggins' actions that were contrary to the Fund's offering documents, the Defendants breached their fiduciary duties to the Fund.

115. CGAM and Coggins also made repeated false statements and misrepresentations to investors and prospective investors in the Fund, a pooled investment vehicle, and engaged in other fraudulent and deceptive conduct with respect to these investors and prospective investors.

VI. Coggins Aided and Abetted CGAM's Violations of the Advisers Act.

116. Coggins also aided and abetted CGAM's violations of Sections 206(1) and (2) of the Advisers Act by knowingly or severely recklessly providing substantial assistance to CGAM.

117. In addition, Coggins also aided and abetted CGAM's violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder by knowingly or severely recklessly providing substantial assistance to CGAM.

118. As described further above, Coggins substantially participated in these violations by, among other things, controlling CGAM and being the individual who orchestrated the fraud, misappropriating investors' funds, making false statements to investors, and creating fabricated documents.

VII. Relief Defendants Received Proceeds from Defendants' Fraud to Which They Have No Legitimate Claim.

119. As alleged above, each of the Relief Defendants received proceeds from Defendants' fraud for which they provided no reciprocal goods or services, and to which they have no legitimate claim. As a result, those funds should be returned to defrauded investors.

CLAIMS FOR RELIEF

First Claim for Relief
Section 17(a) of the Securities Act
(CGAM and Coggins)

120. The SEC realleges and incorporates by reference the above paragraphs 1 through 109 and 119 as though fully set forth herein.

121. Defendants, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

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

Second Claim for Relief
Section 10(b) and Rule 10b-5 of the Exchange Act
(CGAM and Coggins)

123. The SEC realleges and incorporates by reference above paragraphs 1 through 69, 76 through 109, and 119 as though fully set forth herein.

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

125. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, 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
Sections 206(1) and 206(2) of the Advisers Act
(CGAM and Coggins)

126. The SEC realleges and incorporates by reference the above paragraphs 1 through 115 and 119 as though fully set forth herein.

127. Defendants are investment advisers as defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

128. Defendants, while acting as investment adviser, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce, acting with the requisite state of mind: (a) employed or are employing devices, schemes or artifices to defraud clients or prospective clients; and (b) engaged in or are engaging in transactions, practices, or courses of business which operated as a fraud or deceit upon clients or prospective clients.

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

Fourth Claim for Relief
Aiding and Abetting Violations of
Sections 206(1) and (2) of the Advisers Act
(Coggins)

130. The SEC realleges and incorporates by reference above paragraphs 1 through 119 as though fully set forth herein.

131. As a result of the conduct alleged herein, Coggins aided and abetted Defendant CGAM's violations of Sections 206(1) and (2) of the Advisers Act by knowingly or severely recklessly providing substantial assistance to CGAM which, while acting as an investment adviser, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

a. employed a device, scheme, or artifice to defraud; or

b. engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon a client or prospective client, as more particularly described above.

132. By virtue of the foregoing, Coggins, directly or indirectly, aided and abetted and, unless enjoined, will again aid and abet violations of Sections 206(1) and (2) of the Advisers Act [15 U.S.C. § 80b-6(1) & (2)].

Fifth Claim for Relief
Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder
(CGAM and Coggins)

133. The SEC realleges and incorporates by reference the above paragraphs 1 through 115 and 119 as though fully set forth herein.

134. At all times relevant to the Complaint, Defendants acted as investment advisers to the Fund, which is a pooled investment vehicle as defined in Rule 206(4)-8(b) [17 C.F.R. § 275/206(4)-8(b)]. Defendants, while acting as investment advisers to a pooled investment vehicle, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly engaged in acts, practices, or courses of business which were fraudulent, deceptive, or manipulative. Defendants, directly or indirectly:

a. made untrue statements of material fact and omitted to state material facts necessary to make statements made, in the light of the circumstances under which they were made, not misleading, to investors and prospective investors in a pooled investment vehicle; or

b. otherwise engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled investment vehicle.

135. By virtue of the foregoing, Defendants, directly or indirectly, violated, and unless enjoined, will again violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(2)] and Rule 206(4)-8 [17 C.F.R. § 275/206(4)-8] thereunder.

Sixth Claim for Relief
Aiding and Abetting Violations of
Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder
(Coggins)

136. The SEC realleges and incorporates by reference the above paragraphs 1 through 119 as though fully set forth herein.

137. As a result of the conduct alleged herein, Coggins aided and abetted CGAM's violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder by knowingly or severely recklessly providing substantial assistance to CGAM who, while acting as an investment adviser to a pooled investment vehicle, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

a. engaged in acts, practices, or courses of business which were fraudulent, deceptive, or manipulative:

b. made untrue statements of material fact and omitted to state material facts necessary to make statements made, in the light of the circumstances under which they were made, not misleading, to investors and prospective investors in a pooled investment vehicle; or

c. otherwise engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled investment vehicle.

138. By virtue of the foregoing, Coggins, directly or indirectly, aided and abetted and, unless enjoined, will again aid and abet violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(2)] and Rule 206(4)-8 [17 C.F.R. § 275/206(4)-8] thereunder.

Seventh Claim for Relief
Equitable Disgorgement
(CGAH and CGC)

139. The SEC realleges and incorporates by reference the above paragraphs 1 through 119 as though fully set forth herein.

140. Each Relief Defendant received and held proceeds of the fraud committed by the Defendants.

141. Each Relief Defendant has no legitimate claim to these illicit proceeds, having obtained the funds under circumstances in which it is not just, equitable, or conscionable for it to retain the funds, and therefore each of them has been unjustly enriched.

RELIEF REQUESTED

WHEREFORE, the SEC respectfully requests that this Court:

I.

Find that the Defendants committed the violations alleged in this Complaint;

II.

Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, temporarily, preliminary and, permanently restraining and enjoining Defendants and their agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with him or it, who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]

thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8];

III.

Order Defendants and the Relief Defendants to disgorge ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains;

IV.

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

V.

Order Defendants and Relief Defendants on an expedited basis to provide to the SEC and the Court a sworn accounting and allow the parties to take expedited discovery;

VI.

Order Defendants and Relief Defendants until further Order of the Court to preserve records and documents related to this case;

VII.

Order that Defendants and Relief Defendants assets are frozen until further Order of the Court to preserve them to pay their equitable liabilities;

VIII.

Order a conduct-based injunction that Defendants and Relief Defendants, on a temporary, preliminary, and permanent basis, are prohibited from the acceptance, deposit, or disbursement of investor funds; and

IX.

Grant such other and further relief as this Court may deem just and proper.

JURY DEMAND

The SEC demands a trial by jury on all claims so triable.

Respectfully submitted,

August 19, 2020.

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