UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF FLORIDA

CASE NO.:

SECURITIES AND EXCHANGE COMMISSION,	)
	)
Plaintiff,	)
	)
v.	)
	)
DON WARNER REINHARD,	)
	)
	)
Defendant.	)
	)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission alleges:

INTRODUCTION

1. The Commission brings this action to restrain and enjoin Defendant Don Warner Reinhard from violating the federal securities laws in connection with the offer and sale of securities. From at least January 2002 through August 2003, Reinhard, through his wholly owned investment adviser, Magnolia Capital Advisors, Inc. ("Magnolia Capital"), made false and misleading statements and omissions of material fact to his approximately 138 clients in connection with the offer and sale of collateralized mortgage obligations ("CMOs").

2. Specifically, Reinhard misrepresented the safety of the highly leveraged CMOs he purchased for his clients' accounts and the account of Magnolia Capital Partners, L.P. ("Magnolia Partners"), a hedge fund he controlled as the general partner. Reinhard also omitted to disclose to his clients and in filings with the Commission a lawsuit by the Florida Department of Insurance against him involving CMO investments and allegations of fraud. In addition, during July and

August 2003, as market values of the CMO investments declined, Reinhard engaged in a fraudulent scheme to artificially increase the equity in certain brokerage accounts and avoid margin calls. He did this by temporarily "parking" the CMO investments in the accounts of third parties, while falsely reporting the nature of the transactions to his broker-dealer and clearing firm.

3. Finally, from at least December 2002 through June 2003, Reinhard lulled his hedge fund clients into keeping their investments with the hedge fund by providing them with false quarterly account statements showing materially inflated account valuations. Through all this activity, Reinhard's clients and hedge fund investors lost more than $6 million.

4. The Commission seeks various forms of equitable relief, including a permanent injunction against Reinhard against future violations of the anti-fraud, reporting, and books-and-records provisions of the federal securities laws, disgorgement with prejudgment interest, and a civil money penalty.

DEFENDANT

5. Reinhard was the sole owner and president of Magnolia Capital, a company registered with the Commission as an investment adviser from 1999 through September 2003. Reinhard was also a registered representative associated with Paragon Financial Group, Inc. ("Paragon"), a former broker-dealer headquartered in Marietta, Georgia, and registered with the Commission from 1994 until March 2, 2004. Reinhard processed his securities transactions through Paragon.

JURISDICTION AND VENUE

6. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a); Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15

U.S.C. §§ 78u(d), 78u(e) and 78aa; and Section 214 of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. § 80b-14.

7. The Court has personal jurisdiction over Reinhard and venue is proper in the Northern District of Florida because many of Reinhard's acts and transactions constituting violations of the Securities Act, the Exchange Act and the Advisers Act occurred in the Northern District of Florida. During the time period alleged in this lawsuit, Reinhard resided and conducted business in Tallahassee, Florida, and the principal offices of Magnolia Capital were located in Tallahassee.

8. Reinhard, through Magnolia, directly and indirectly, has made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

9. Reinhard filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code, 11 U. S. C. §§ 101, *et seq.*, as amended, on November 3, 2006. The case is pending before the United States Bankruptcy Court for the Northern District of Florida, styled *In re Don W. Reinhard*, Chapter 7 Bankruptcy Case No. 06-50298-LMK. However, that does not deprive the Court of jurisdiction over this action, as it is an action by a governmental unit to enforce its police and regulatory power, and therefore is an exception to the automatic stay provided in Section 362(b)(4) of the Bankruptcy Code.

FACTUAL ALLEGATIONS

I. CMOs and Investment Risks

10. CMOs are derivative securities created by pooling mortgages and dividing the cash flows of principal and interest into various classes. The timing and amount of payments of

principal and interest of the various classes to investors exhibit varying degrees of sensitivity to fluctuations in interest rates. As a result of this sensitivity, certain risks are generally associated with CMO investments, including market price risks, extension-of-maturity risks and liquidity risks.

11. **Market price risks**. The market price of a mortgage-backed security is sensitive to, among other things, fluctuations in interest rates and the length of time the security is expected to be outstanding. Thus, CMO investments are inherently risky because their price may rise or fall dramatically if interest rates change even only slightly.

12. **Extension risks**. As interest rates rise, prepayments of principal that form the underlying mortgages slow down, which extends the period of time to payback par value of the security. This extension of principal payments requires the cash flow to be discounted over a longer period of time and, as a result, the value of the security declines. This is referred to as extension risk.

13. **Liquidity risks**. These risks arise when there is a decrease in demand for certain CMO classes, causing the market for them to lack liquidity. Investors wishing to sell these securities may, as a result, find few, if any, purchasers available.

14. Inverse Floater CMOs ("Inverse Floaters") are one class of CMOs that have a high degree of market, extension, and liquidity risks. Inverse Floaters are so risky the Financial Industry Regulatory Authority ("FINRA", formerly the NASD) has determined they are only suitable for sophisticated investors with a high-risk profile (i.e., those who have agreed to make high-risk investments).

15. Investors in Inverse Floaters receive a monthly coupon payment comprised of interest and principal. The size of the coupon is inversely related to changes in a market index, typically the London Inter-bank Offering Rate. As short-term interest rates increase, even nominally, the coupon on an Inverse Floater decreases. This increase in interest rates will also reduce the market value of the security because Inverse Floaters have significant yield and price volatility when short-term interest rates rise. If the Inverse Floaters are leveraged when interest rates rise, their price decline may trigger margin maintenance calls.

16. By January 2002, Reinhard had concentrated the vast majority of Magnolia Capital's clients as well as the accounts of investors in the Magnolia Partners hedge fund in CMOs, and particularly in Inverse Floaters. From January 1, 2002, through August 7, 2003 the concentration of CMOs in client accounts through both Magnolia Partners and Magnolia Capital rose to almost 100%. Most of the CMO investments were in Inverse Floaters.

II. Reinhard's Misrepresentations and Omissions

A. Reinhard Misrepresented The Risk Of Investing In CMOs

17. As the owner of an investment adviser, Reinhard had a fiduciary relationship with clients of Magnolia Capital and Magnolia Partners. Reinhard violated this fiduciary relationship and abused the trust his clients put in him by deliberately misrepresenting the risks associated with investing their money in CMOs and Inverse Floaters.

18. For example, in conversations with clients, Reinhard routinely characterized CMOs as government-insured bonds with guaranteed payments to maturity. He also described these investments to clients as very conservative, safe, AAA rated, and guaranteed as to principal.

19. Reinhard made these oral representations about CMOs to clients who invested both through individual accounts and Magnolia Partners. Magnolia Partners' investors received copies of its Private Offering Memorandum containing boilerplate risk disclosure language as to liquidity, leverage, and risk of loss in CMO investments. However, those disclosures did not adequately describe the full risks of Reinhard's manner of investing in CMOs or Inverse Floaters, and Reinhard's oral statements to investors were contrary to these so-called disclosures. He repeatedly assured investors there was no risk to their principal.

20. For example, Reinhard told a couple in their mid-50s who had three accounts with Magnolia Capital, including their IRA, and whose accounts were heavily invested in leveraged Inverse Floaters, that the investments were safe and there was no way the couple could lose their principal. In fact, the couple lost approximately $400,000 of their $500,000 invested with Reinhard.

21. Reinhard routinely described the CMO investment as government bonds or government-backed bonds. For example, he told a college professor who had an IRA account invested in Magnolia Partners he was investing in bonds that were very conservative, steady and safe. He further stated that because mortgages backed the "bonds," the principal would be paid. In fact, the professor lost $100,000 in Magnolia Partners.

22. In another instance, Reinhard described the CMO investments as government-backed bonds to a 78-year-old retired dental hygienist, and told the hygienist the "bonds" were safe and secure.

23. Reinhard told other investors that payment of their investment and/or their principal was guaranteed because Fannie Mae backed the investment.

24. Reinhard's claims that investing in CMOs was safe and secure were blatantly false, which as an investment adviser he either knew or was extremely reckless in not knowing. CMOs are not government bonds or government-backed investments, as Reinhard knew. Contrary to Reinhard's representations, Inverse Floaters are highly volatile, subject to severe market, extension, and liquidity risks, and, when leveraged, are subject to an even higher degree of risk. Slight increases in interest rates can drop the market value of Inverse Floaters and cause margin calls which, if left unsatisfied, can result in liquidation and a loss of principal, as happened to Reinhard's clients and the Magnolia Partners investors.

25. Reinhard further put his clients' funds at risk by heavily leveraging the CMOs at an 80% to 20% debt-to-equity margin ratio, which was the maximum margin leverage allowed by his credit facility with his clearing firm, Bear Stearns Securities Corporation ("Bear Stearns"). Reinhard often maintained this debt-to-equity ratio by purchasing more CMOs whenever an account's equity increased. This practice left little or no excess equity to cover CMO price fluctuations, which often resulted in margin calls.

26. Reinhard failed to disclose to his clients that his purchase of Inverse Floaters using maximum margin leverage created a substantial risk to their principal. He omitted telling his clients this strategy could have resulted in their losing more than their principal investment and incurring a debit balance in their brokerage accounts, as many did in August 2003. This occurred when some accounts were liquidated due to unsatisfied margin calls and the proceeds were insufficient to pay the margin loans.

B. Reinhard Omitted Disclosing CMO-Related Litigation

27. From November 1999 through May 2003, Reinhard was involved in a $5 million lawsuit the Florida Department of Insurance (now known as the Florida Department of

Financial Services) brought against him on behalf of an insurance company the state had liquidated.

28. The lawsuit involved allegations similar to those in this Complaint. Among other things, the State of Florida alleged that in connection with the offer and sale of CMOs to the defunct insurance company, Reinhard: (i) made misrepresentations and omissions of material facts regarding the safety of CMOs, (ii) purchased a concentration of low-quality, high-risk CMOs; (iii) provided false account valuations; (iv) breached his fiduciary duties; (v) conspired to defraud; and (vi) engaged in common law fraud. Reinhard settled the State of Florida lawsuit in May 2003 by agreeing to pay $450,000. He subsequently paid less than $100,000 and defaulted on the balance.

29. At the same time Reinhard was recommending his clients purchase highly leveraged CMOs, he failed to disclose to them he was embroiled in litigation with the State of Florida involving allegations he had misrepresented the safety and security of the exact type of investment he was recommending.

30. Furthermore, the Advisers Act requires investment advisers to disclose all material facts with respect to a legal event that is material to an evaluation of the adviser's integrity or ability to meet contractual commitments to clients. Reinhard plainly violated this provision of the Advisers Act by failing to disclose that the State of Florida had alleged his actions in recommending CMO investments constituted fraud.

31. In addition, Form ADV, which the Commission requires all investment advisers to file with the Commission and update, and in particular Item 11 of the Form, requires investment advisers to disclose certain investment-related litigation. Reinhard never updated his Form ADV to disclose the State of Florida lawsuit.

III. Reinhard Distributed False Account Valuations To His Clients

32. From at least December 2002 through June 2003, Reinhard created and distributed false quarterly account statements to Magnolia Partners' investors showing inflated values of their investments in the hedge fund.

33. Magnolia Partners' investors did not receive monthly and/or quarterly account statements from Bear Stearns. Rather, Bear Stearns sent a statement to Reinhard showing the total market value of Magnolia Partners' investments. Based on his knowledge of each individual's proportional interest in Magnolia Partners, Reinhard then created a spreadsheet showing the value of each investor's investment in the hedge fund.

34. Reinhard then created and sent to investors statements purporting to show the value of their investments in Magnolia Partners. However, there were huge differences between the internal spreadsheets Reinhard created and the statements he sent to investors. For example, for the quarter ending June 30, 2003, Bear Stearns reported Magnolia Partners' assets had a market value of $3,443,282. Reinhard created an internal spreadsheet showing the value of each investor's investment based on that total from Bear Stearns with minor modifications for subsequent payments of interest and principal. However, Reinhard sent account statements to approximately 40 investors containing values much higher than those listed on the spreadsheet. Taken together, the individual account statements show the value of Magnolia Partners' assets to be $7,086,722, more than double what Bear Stearns' statement to Reinhard showed.

35. In similar fashion, Reinhard overstated investors' account balances in other periods as well. For example, Reinhard overstated the account valuations in at least nine accounts by more than $1.1 million for the quarter ending March 31, 2003, and overstated the

account valuations in at least two accounts by more than $259,000 for the quarter ending December 31, 2002.

36. Reinhard also failed to keep copies of and maintain all of the statements he created and distributed to his clients who were invested in Magnolia Partners for those quarters as required under the Advisers Act.

V. Reinhard's Fraudulent Parking Scheme

37. During July and August 2003, Reinhard also defrauded Paragon, Bear Stearns, and a third broker-dealer by engaging in a fraudulent scheme to park four leveraged CMOs, portions of which Reinhard, his individual clients and Magnolia Partners' investors held. Reinhard parked the CMOs away from his investors' accounts to artificially inflate the net equity in the accounts and buy time to circumvent margin calls.

38. Reinhard accomplished this by creating the appearance that he sold the four leveraged CMOs. In reality, Reinhard entered into simultaneous sale/buy-back agreements (repurchase transactions) with the third broker-dealer, which required Magnolia Capital to buy back the CMOs within thirty days or less at the same price, plus interest.

39. Reinhard began his parking scheme in early July 2003, when he received margin calls from Bear Stearns due to the declining values of the CMO investments. On July 7, 2003, Reinhard sold two CMOs to the third broker-dealer for $9,880,000. He simultaneously agreed to buy them back at the same price plus interest on August 15, 2003. However, Reinhard only disclosed the initial sale portion of the transaction to Paragon and Bear Stearns, and not his obligation to repurchase the CMOs. This created the appearance of a sale of the securities out of his account at Bear Stearns, which created the appearance of increasing the account value and satisfied the margin deficiencies.

40. As the market value of the CMOs continued to decline throughout July 2003 and these margin accounts again experienced margin deficits, Reinhard engaged in another repurchase transaction which he misrepresented as a straight sale. On August 4, 2003, Reinhard sold two CMOs to the third broker-dealer for a total of $6,700,000 and simultaneously agreed to buy them back at the same price plus interest on August 29, 2003. Once again Reinhard did not report these transactions as repurchases to either Paragon or Bear Stearns, both of which therefore treated them as straight sales.

41. Shortly after entering into the second repurchase transaction, Reinhard's mischaracterization of the sales came to light. On August 7, 2003, the third broker-dealer advised Paragon it held open buy transactions with Reinhard as part of the two repurchase transactions and learned that Paragon was not aware of them because Reinhard never submitted the order tickets indicating the repurchases to Paragon. Ultimately, Magnolia Capital was unable to repurchase the CMOs as promised and they were liquidated at a loss to the third broker-dealer.

42. Reinhard's conduct constituted illegal parking. He failed to notify Paragon and Bear Stearns his alleged CMO sales were, in fact, repurchase transactions and not straight liquidations. Reinhard also failed to submit the required order tickets to Paragon and Bear Stearns for the repurchase side of the transactions. Reinhard was required to notify Paragon of all repurchase and reverse purchase transactions so Paragon could reflect such transactions in its books and records pursuant to Exchange Act Rules 17a-3(a)(1) and (a)(4)(vii).

COUNT I

FRAUD IN VIOLATION OF SECTION 17(a)(1) OF THE SECURITIES ACT

43. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

44. From at least January 2002 through August 2003, Reinhard directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

45. By reason of the foregoing, Reinhard, directly and indirectly, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT II

FRAUD IN VIOLATION OF SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT

46. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

47. From at least January 2002 through August 2003, Reinhard, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities: (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (b) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon purchasers of such securities.

48. By reason of the foregoing, Reinhard, directly and indirectly, violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

COUNT III

FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER

49. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

50. From at least January 2002 through August 2003, Reinhard, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and 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, practices and courses of business which have operated as a fraud upon the purchasers of such securities.

51. By reason of the foregoing, Reinhard, directly or indirectly, violated Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

COUNT IV

FRAUD IN VIOLATION OF SECTIONS 206(1) AND 206(2) OF THE ADVISERS ACT

52. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

53. From at least January 2002 through August 2003, Reinhard, by use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, knowingly, willfully or

recklessly: (i) employed devises, scheme or artifices to defraud his clients; and (ii) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon his clients.

54. By reason of the foregoing, Reinhard violated Sections 206(1) and 206(2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

COUNT V

FRAUD IN VIOLATION OF SECTION 206(4) OF THE ADVISERS ACT AND RULE 206(4)-4(a)(2) PROMULGATED THEREUNDER

55. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

56. From at least November 1999 through August 2003, Reinhard, by use of the mails or any means or instrumentalities of interstate commerce, directly or indirectly, knowingly, willfully or recklessly aided and abetted Magnolia Capital's violations of Section 206(4) of the Advisers Act and Rule 206(4)-4(a)(2) thereunder by failing to disclose to any client or prospective client all material facts with respect to a legal event that was material to an evaluation of the adviser's integrity or ability to meet contractual commitments to clients.

57. By reason of the foregoing, Reinhard aided and abetted Magnolia Capital's violations of Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-4(a)(2) promulgated thereunder, 17 C.F.R. § 275.206(4)-4(a)(2).

COUNT VI

FALSE REPORTS IN VIOLATION OF SECTION 207 OF THE ADVISERS ACT

58. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

59. From November 1999 through August 2003, Reinhard, by use of the mails, or any means or instrumentalities of interstate commerce, directly or indirectly, willfully made untrue statements of material fact in, and omitted to state material facts required to be stated in, reports filed with the Commission.

60. By reason of the foregoing, Reinhard violated Section 207 of the Advisers Act, 15 U.S.C. § 80b-7.

COUNT VII

FAILURE TO MAINTAIN BOOKS AND RECORDS IN VIOLATION OF SECTION 204 OF THE ADVISERS ACT AND RULE 204-2(a)(7) PROMULGATED THEREUNDER

61. The Commission repeats and realleges Paragraphs 1 through 42 of this Complaint as if fully set forth herein.

62. From at least December 2002 through March 2003, Reinhard, by use of the mails, or any means or instrumentalities of interstate commerce, directly or indirectly, aided and abetted Magnolia's failure to keep and maintain the client account statements that he prepared and distributed to Magnolia Partners investors for the periods ended December 31, 2002 and March 31, 2003.

63. By reason of the foregoing, Reinhard violated Section 204 of the Advisers Act, 15 U.S.C. § 80b-4 and Rule 204-2(a)(7) promulgated thereunder, 17 C.F.R. §275.204-2(a)(7).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I. Declaratory Relief

Declare, determine and find that Reinhard committed the violations of the federal securities laws alleged in this Complaint.

II. Permanent Injunctive Relief

Issue a permanent injunction, restraining and enjoining Reinhard, his officers, agents, servants, employees, attorneys, representatives, and all persons in active concert or participation with him, and each of them, from violating: (a) Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a); Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3); (b) Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5; (c) Sections 206(1) and 206(2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2); and (d) Section 207 of the Advisers Act, 15 U.S.C. § 80b-7; and from aiding and abetting: (e) violations of Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-4(a)(2) promulgated thereunder, 17 C.F.R. § 275.206(4)-4(a)(2); and (f) violations of Section 204 of the Advisers Act, 15 U.S.C. § 80b-4 and Rule 204-2(a)(7) promulgated thereunder, 17 C.F.R. § 275.204-2(a)(7) .

III. Disgorgement

Issue an Order requiring Reinhard to disgorge all ill-gotten profits or proceeds that he received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

IV. Penalties

Issue an Order directing Reinhard to pay a civil money penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); Section 21(d) 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.

V. Further Relief

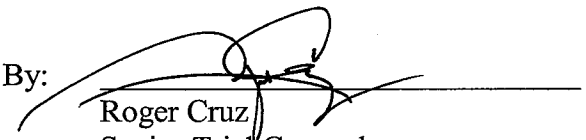
Grant such other and further relief as may be necessary and appropriate.

VI. Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

December 13, 2007

By: 

Roger Cruz
Senior Trial Counsel
Florida Bar No. 157971
Direct Dial: (305) 982-6379

Terence M. Tennant
Senior Counsel
Florida Bar No. 0739881
Direct Dial: (305) 982-6346

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

AO 440 (Rev. 8/01) Summons in a Civil Action

UNITED STATES DISTRICT COURT

Northern District of Florida

U. S. Securities and Exchange Commission,
Plaintiff

V.

Don Warner Reinhard,
Defendant

SUMMONS IN A CIVIL ACTION

CASE NUMBER:

TO: (Name and address of Defendant)

Don Warner Reinhard
174 Watercolor Way, Suite 232
Santa Rosa Beach, Florida 32459

YOU ARE HEREBY SUMMONED and required to serve on PLAINTIFF'S ATTORNEY (name and address)

Roger Cruz, Esq.
Terence M. Tennant, Esq.
Securities and Exchange COmmission
801 Brickell Avenue, Suite 1800
Miami, FL 33131

an answer to the complaint which is served on you with this summons, within twenty (20) days after service of this summons on you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint. Any answer that you serve on the parties to this action must be filed with the Clerk of this Court within a reasonable period of time after service.

CLERK

DATE

(By) DEPUTY CLERK

AO 440 (Rev. 8/01) Summons in a Civil Action

RETURN OF SERVICE

Service of the Summons and complaint was made by me[1]	DATE
NAME OF SERVER *(PRINT)*	TITLE

Check one box below to indicate appropriate method of service

☐ Served personally upon the defendant. Place where served:

☐ Left copies thereof at the defendant's dwelling house or usual place of abode with a person of suitable age and discretion then residing therein.

Name of person with whom the summons and complaint were left:

☐ Returned unexecuted:

☐ Other (specify):

STATEMENT OF SERVICE FEES

TRAVEL	SERVICES	TOTAL $0.00

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on _____ _____
Date *Signature of Server*

_____
Address of Server

(1) As to who may serve a summons see Rule 4 of the Federal Rules of Civil Procedure.