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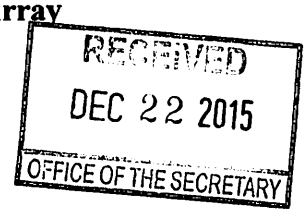
ADMINISTRATIVE PROCEEDING
FILE NO. 3-16946

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of
GEORGE CHARLES CODY PRICE,
Respondents.

Judge Brenda J. Murray



DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION

December 21, 2015

Division of Enforcement
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I. INTRODUCTION

The Division of Enforcement ("Division") moves pursuant to Rule 250 of the Commission's Rules of Practice for summary disposition in this follow-on proceeding against George Charles Cody Price ("Price") brought pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"). Based on the entry of a permanent injunction against Price and facts he has, by consent, agreed he cannot dispute, the Division requests that Price be permanently barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, and nationally recognized statistical rating organization.

II. BACKGROUND

This case involves an offering fraud involving an unregistered investment advisory company, Defendant ABS Manager, LLC ("ABS Manager") and its owner, Defendant George Charles Cody Price ("Price"). This fraud began back in 2009, when Price began raising money from investors who invested in three funds managed by Price: the ABS Arizona, ABS California and Capital Access funds (collectively, the "Funds"). Price ultimately raised $18.8 million from 35 investors.

The fraud had several facets. Price falsely told investors that the Funds were invested in "very safe," and "very secure" "government bonds," when, in fact, the Funds had bought risky forms of "collateralized mortgage obligations" ("CMOs") called "Interest Only" ("IO") and "Inverse Interest Only" ("Inverse IO") tranches. Price also misrepresented the returns earned by the Funds. From 2010 to 2012, the Funds provided account statements to investors that reflected monthly interest payments of between 12% to 18%.

The investor account statements falsely claimed that the individual securities in the Funds were "performing at" 12% or 18% "or better." But the underlying value of many of the securities held by the Funds decreased significantly during this time, and Price and ABS Manager failed to inform investors of this fact or tell them that the "returns" reflected on their account statements were merely interest payments, unrelated to the performance of the securities in the account. Price and ABS Manager affirmatively misrepresented Price's professional background, falsely claiming

he had worked at Goldman Sachs and as a trader at Wells Fargo who specialized in mortgage backed bonds. They also grossly overstated the amount of assets under management by ABS Manager.

The Price and ABS Manager pledged the assets held by the Capital Access fund for the benefit of investors as collateral for a line of credit offered to investors. In February 2013, those securities were liquidated to satisfy a margin call.

In February 2013, the SEC sued Price in the Southern District of California in a matter entitled *SEC v. ABS Manager, LLC, et al.*, Case No. 13 CV 0319 GPC (BGS). The SEC alleged that Price violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder; and Section 17(a) the Securities Act of 1933 ("Securities Act"), and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. Declaration of Lynn M. Dean ("Dean Decl."), Ex. 1. On April 4, 2013, the Court entered an injunction preliminarily enjoining Price from violating the federal securities laws, and partially freezing the assets of ABS Manager and the Funds.

On April 30, 2015, Price consented, on a neither admit nor deny basis, to entry of a final judgment against him in *SEC v. ABS Manager. Id.* Ex. 2. In addition, Price agreed in that Consent that "in any disciplinary proceeding before the SEC based on the entry of the injunction. . . he shall not be permitted to contest the factual allegations of the complaint. *Id.* at p. 4, lines 10-13. With Price's consent, a Final Judgment was issued by the District Court on July 16, 2015, permanently enjoining Price from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) the Securities Act, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. *Id.*, Ex. 3.

The Securities and Exchange Commission ("Commission") instituted this proceeding with an Order Instituting Proceedings ("OIP") on November 5, 2015, pursuant to Section 203(f) of the Advisers Act. This proceeding is a follow-on proceeding based on the July 16, 2015 entry of permanent injunctions against Price.

Price was deemed served with the OIP on November 16, 2015. Price served his Answer on or about December 7, 2015. In his Answer, Price did not contest the entry of the permanent

injunction against him, but he did "generally deny" the underlying factual allegations in the District Court Complaint despite his prior agreement precluding him from doing so. Resp.'s Answer ¶ 4. Price also advanced an argument that the matters alleged in the Division's OIP were "not material to any investor," and further, inexplicably asserted that he lacked "sufficient knowledge or information to form a belief as to the allegations contained in paragraph 1 or 3 of the Commission's [*sic*] OIP." *Id.* at ¶¶ 5-6.

At a prehearing conference on November 30, 2015, the Administrative Law Judge granted the Division leave to file this motion for summary disposition.

III. ARGUMENT

A. Summary Disposition is Appropriate in this Proceeding

Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, provides that after a respondent's answer has been filed and documents have been made available to the respondent for inspection and copying, a party may move for summary disposition of any or all allegations of the OIP. A hearing officer may grant the motion for summary disposition if there is no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law. Rule of Practice 250(b).

Summary disposition is particularly appropriate here because the facts have been litigated in an earlier judicial proceeding, an injunction was entered by the District Court, and the sole determination concerns the appropriate sanction. *See, e.g. Omar Ali Rizvi*, Initial Dec. Rel. No. 479 (Jan. 7, 2013), __ S.E.C. Docket __, 2013 WL 64626 ("Commission has repeatedly upheld use of summary disposition in cases where the respondent has been enjoined and the sole determination concerns the appropriate sanction."), *notice of finality*, Release No. 69019 (Mar. 1, 2013), __ S.E.C. Docket __, 2013 WL 772514; *Daniel E. Charboneau*, Initial Dec. Rel. No. 276 (Feb. 28, 2005), 84 S.E.C. Docket 3476, 2005 WL 474236 (summary disposition granted and penny stock bar issued based on injunctions and memorandum opinion issued by trial court on Commission complaint), *notice of finality*, 85 S.E.C. 157, 2005 WL 701205 (Mar. 25, 2005); *Currency Trading Int'l Inc.*, Initial Dec. Rel. No. 263 (Oct. 12, 2004), 83 S.E.C. Docket 3008, 2004 WL 2297418 (summary disposition granted and broker-dealer bar issued based on trial court's entry of injunctions and

findings of fact and conclusions of law), *notice of finality*, 84 S.E.C. Docket 440, 2004 WL 2624637 (Nov. 18, 2004).

Moreover, as part of his Consent to the entry of permanent injunctions against him, Price agreed that "in any disciplinary proceeding before the SEC based on the entry of the injunction. . . he shall not be permitted to contest the factual allegations of the complaint." Dean Decl. Ex. 2, p. 4, lines 10-13. Accordingly, for purposes of this proceeding, the allegations in the Complaint are undisputed. The Complaint alleged that over a period of many years, and acting with a high level of scienter, Price made egregious and material misrepresentations and omissions to investors, and misappropriated investor funds. *Id.*, Ex. 1.

B. Legal Standard for Imposition of a Bar

Section 203(f) of the Advisers Act, as amended by Section 925(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, § 925(b), 124 Stat. 1376 (2010) [codified at 15 U.S.C. § 80b-3(f)]("Dodd-Frank"), provides that the Commission may bar a person from being associated with a "broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization," if the Commission finds, on the record after notice and opportunity for a hearing, that such a bar "is in the public interest" and that the person is enjoined from certain violations of the federal securities laws, including, for the purposes of this proceeding, violations of the antifraud provisions. *See* Section 203(f) of the Advisers Act. Accordingly, to prevail on this proceeding, the Division must establish that: (1) Price has been enjoined from violating the federal securities laws, and (2) it is in the public interest to impose a bar against him.

The first requirement of this test is easily satisfied. On July 16, 2015, the District Court entered an order and final judgment against Price in the case *SEC v. ABS Manager, et al.*, permanently enjoining him from violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) the Securities Act, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. Dean Decl., Ex. 3. Respondent does not dispute the entry of these injunctions. Resp's Answer ¶ 4.

The second requirement is also easily satisfied here. As discussed in detail below, the undisputed factual allegations in the underlying District Court action establish that a bar is warranted and in the public interest to prevent a recurrence of Price's unlawful conduct.

C. Price Knowingly or Recklessly Made Material Misrepresentations and Omissions to Investors, and Misappropriated Investor Funds

The Commission's Complaint in the district court action outlined Price's fraud in detail. Under the terms of his Consent, Price cannot dispute any of those underlying factual allegations in this proceeding. Thus, he cannot deny that, as alleged in the Complaint and described below, he materially misled his investors and misappropriated their investments, all with a high level of scienter.

1. Price's Material Misrepresentations and Omissions

a. Price Managed and Offered Three Investment Funds

The Complaint alleged that Price formed ABS Manager in March 2009, that he was ABS Manager's sole member, and that he served as its president and chief executive officer. *Id.* ¶¶ 12-13, 19-20. The Complaint also alleged that from 2009 to February 2013, ABS Manager raised approximately $18.8 million from about 35 investors, which were pooled into the ABS Arizona fund, the ABS California fund and the Capital Access fund—the three Funds managed by Price and ABS Manager. *Id.* at ¶¶ 21-25. Investors received an ownership interest in the Funds, and the Funds or ABS Manager owned the securities in which the Funds invested. *Id.* at ¶ 21. Thus, the Complaint alleged that Price acted as investment adviser to the ABS investment Funds. *Id.* ¶¶ 2, 68. Price cannot dispute these facts.

ABS Arizona was first offered in March 2009 and raised $2.4 million from 14 investors. *Id.* at ¶ 23. The ABS Arizona Private Placement Memorandum ("PPM") promised investors an18% rate of return. *Id.* ABS California was first offered in June 2010 and raised $14.1 million from approximately 35 investors. *Id.* at ¶ 24. The ABS California PPM promised a 12.5% variable return, with a minimum return of 7.48%. *Id.* Capital Access was first offered in June 2012 and its investors were rolled into the Fund from ABS California. *Id.* at ¶ 25. The Capital Access PPM

promised a 12.5% variable return, with a minimum return of 7.48%. *Id.*

Price also cannot dispute that, as alleged in the Complaint, Price and ABS Manager solicited investors to invest in the Funds through newspaper advertisements, radio infomercials, websites, and mass-mailers. *Id* at ¶ 32. From November 2010 through January 2011, Price regularly appeared on a radio infomercial called "The Wealth Weekend Hour," which aired on KFMB Radio in San Diego, California. *Id.* at ¶¶ 33, 39. During these shows, Price recommended that listeners invest in ABS Funds. *Id.* Price described starting an investment fund using his "Wall Street experience," which he claimed included working as an independent contractor for Goldman Sachs. *Id.* Price also invited listeners to contact him for a free portfolio review. *Id.* at ¶ 34.

The Complaint also alleges that Price was an investment adviser under the Advisers Act. The Complaint alleges, and Price cannot dispute, that Price controlled ABS Manager, which itself applied to be registered as an investment adviser in California, he managed the Funds and their investments, and was to be compensated based on Fund returns. *Id.* ¶¶ 1-2, 12, 19-21, 53-59. In addition, Price held himself out to be an investment adviser by soliciting prospective investors for a "portfolio review." *Id.* ¶ 34. Because Price "engaged in the business of advising others ... as to the value of securities or as to the advisability of investing in, purchasing, or selling securities" for compensation," Price is an investment adviser. 15 U.S.C. § 80b-2(a)(11); Investment Advisers Act Release No. 1092 (Oct. 8, 1987) (person who "holds himself out" as an investment adviser considered to be "in the business" of providing advice).

As an investment adviser, Price owed a fiduciary duty to his investors. *See Transamerica Mortgage Adviser, Inc. v. Lewis*, 444 U.S. 11, 17 (1979) (holding that Section 206 of the Advisers Act establishes a statutory fiduciary duty for investment advisers to act for the benefit of their clients). As a fiduciary, Price was required "to act for the benefit of [his] clients, ... to exercise the utmost good faith in dealing with clients, to disclose all material facts, and to employ reasonable care to avoid misleading clients." *SEC v. DiBella*, No. 3:04-cv-1342 (EBB), 2007 WL 2904211, at *12 (D. Conn. Oct. 3, 2007) (quoting *SEC v. Moran*, 922 F. Supp. 867, 895-96 (S.D.N.Y. 1996)), *aff'd*, 587 F.3d 553 (2d Cir. 2009); *see also SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194 (1963) ("Courts have imposed on a fiduciary an affirmative duty of 'utmost good faith,

and full and fair disclosure of all material facts,' as well as an affirmative obligation 'to employ reasonable care to avoid misleading' his clients."). Moreover, Rule 206(4)-8 of the Advisers Act expressly prohibits investment advisers from making misrepresentations or omissions to investors or prospective investors. *See* 17 C.F.R. § 275.206(4)-8; *SEC v. Rabinovich & Assocs., LP*, 2008 U.S. Dist. LEXIS 93595 (S.D.N.Y. 2008); *Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles*, Advisers Act Release No. 2628 (August 3, 2007).

b. Price Misrepresented the Funds' Performance

Price cannot dispute the Complaint's allegations that he knowingly misled investors regarding the Funds' performance. The Complaint alleged that from at least 2010, Price and ABS Manager claimed that ABS Arizona earned annual returns of 18%, and ABS California and Capital Access earned annual returns of 12.5%. Dean Decl. Ex. 1, at ¶¶ 43-46. The monthly account statements that Price and ABS Manager distributed to Fund investors before the SEC brought this action represented that each CMO held in the Funds was individually "[p]erforming at 18% or better" (for ABS Arizona) or "12% or better" (for ABS California and Capital Access). *Id.* at ¶ 46. In addition, in an October 2010 investor newsletter, Price wrote that "[a]ll of the bonds are making well over 18% and will continue to do so for quite some time." *Id.* at ¶ 44. And as of January 2013, the Capital Access website, www.cafund.com, included a "Historic Reference" table showing monthly returns of 1.04% (12.5% annualized) from January 2010 through June 2012. *Id.* at ¶ 45. Price also stated in radio shows that the Funds earned "extraordinary" and "double-digit" returns. *Id.* at ¶ 34.

These representations about the Funds' performance were false and misleading. Contrary to what Price and ABS Manager reported to investors, the underlying value of the securities in the Funds decreased significantly between 2010 and 2012. *Id.* at ¶¶ 47, 43-46. In fact, the Funds operated at a loss in 2010 and 2012, and earned only 3% in 2011. *Id.* at ¶ 47. Therefore, the "return" reported for the Funds was really just the dividend or interest paid to investors divided by their original investment, irrespective of the current market value of the Funds' holdings.

c. Price Failed To Disclose the Risks of Fund Investments

Price also failed to disclose the true risk of investing in the Funds to investors. The Complaint alleged that Price and ABS Manager told investors that the Funds invested almost exclusively[1] in "government backed" "Agency CMOs."[2] *Id.* at ¶¶ 23-25, 37.

The Complaint further alleged that Price's disclosures about these investments were false and misleading for two reasons. First, although the Funds' PPMs set forth the intended investment in CMOs and general risks associated with investing in the Funds, the PPMS and marketing materials omit the fact that the Funds were almost exclusively invested in two particular types of volatile, high-risk CMOs – IO and Inverse IO floaters. *Id.* at ¶ 26. Second, Price and ABS Manager made affirmative false and misleading statements about the overall riskiness of investing in the Funds. *Id.* at ¶¶ 34-35. Price claimed the ABS Fund was "safe" and "secure" because he invested it in "government-backed bonds," including Ginnie Mae bonds. *Id.* at ¶ 34, 39. He stated that ABS Manager's "number one goal [was] preserving capital" and he promoted the Fund as "something that fits into anybody who's looking at retirement." *Id.* Price also promoted the ABS Fund as investing in bonds with "guaranteed payments by the U.S. Treasury Department." *Id.* at ¶ 35. Indeed, the marketing slogan for Capital Access was "Your Flight to Safety." *Id.*

But IO and Inverse IO CMOs only participate in the interest payment stream of the mortgages in the pools underlying the CMOs; they have no principal component. *Id.* at ¶¶ 28-29. That is, while some other CMOs participate in the returns generated by the mortgage borrower's payments on the principal of the underlying mortgages, IOs and Inverse IOs do not; instead, they receive returns based only on the interest payments from the mortgage loans. *Id.* at ¶ 29. Because these tranches do not have a principal component, as the mortgages in the CMO are retired or

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[1] The Funds could and did trade in some non-Agency securities, hence the "almost exclusively" language in the Complaint.

[2] Agency CMOs are securities that are issued or guaranteed by a government agency (the Government National Mortgage Association, or "Ginnie Mae") or by government-sponsored enterprises (that is, the Federal National Mortgage Association, or "Fannie Mae," and the Federal Home Loan Mortgage Corporation, or "Freddie Mac"). *Id.* at ¶ 27.

redeemed (through refinancing, payoff or default), the income stream going to the tranches decreases. *Id.* So if the retirement or redemption of underlying mortgages accelerates quickly enough – for example, as borrowers pay off their loans more quickly than expected, or as prepayments increase with falling mortgage rates – then the IO and Inverse IO tranches expire more quickly and their holders may never recover the full amount of their initial investments. *Id.*

Moreover, although these risky securities may be "government-backed," this "government backing" only ensures that they receive the interest payments from the underlying mortgage loans that have not been retired or redeemed. *Id.* at ¶¶ 30-31. There is no guarantee that investors will not lose their original investment. *Id.* As a result, this government guarantee does nothing to address the considerable interest rate, prepayment, and market risk these securities face. *Id.*

d. Price Misrepresented His Securities Industry Experience

Price cannot dispute the Complaint's allegations that he misrepresented his securities industry experience. The Complaint alleges that in the PPMs and on the Capital Access website, Price included a detailed biography, stating, among other things, that he was an experienced Wall Street insider who had traded mortgage-backed bonds on the secondary market at Wells Fargo and Goldman Sachs. *Id.* at ¶ 49. On the Wealth Weekend Hour radio program, Price said his qualifications to manage the ABS Funds resulted from his prior experience in banking, and from work as an independent contractor for Goldman Sachs. *Id.* Worse, the Funds' PPMs contains representations that Price had experience at Goldman Sachs buying and selling mortgage pools worth hundreds of millions of dollars in the secondary market. *Id.*

These representations were false. Price never worked at Goldman Sachs, as an employee, consultant, or independent contractor. *Id.* at ¶ 50. Additionally, he was not a branch manager at Wells Fargo and worked there in mortgage origination, not securitization. *Id.* He was not involved in trading mortgage backed securities or in the securitization of mortgages. *Id.*

e. Price Misrepresented Assets under Management

The Complaint alleged, and Price cannot deny, that he overstated the assets of the Funds to prospective investors. For example, the ABS California PPM stated that the Fund had "company

owned assets" of $62.4 million as of June 1, 2010. *Id.* at ¶ 51. Similarly, one of ABS Manager's websites, *www.absbondfund.com*, stated that the "ABS Fund has grown to having [$]72 million assets under management as of May 2011." *Id.* These inflated numbers were false. As of December 2010, ABS Manager's assets under management were a mere $1.3 million; as of December 2011, they were $3.5 million; and as of December 2012, they were $16.2 million. *Id.* at ¶ 52.

f. Price's Misrepresentations Were Material

Price's misrepresentations and omissions were material. A statement or omission is misleading if it "affirmatively creates an impression of a state of affairs that differs in a material way from the one that actually exists." *Brody v. Transitional Hosps. Corp.*, 280 F.3d 997, 1006 (9th Cir. 2002). For purposes of securities fraud, a fact is material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision because the fact would significantly alter the "total mix" of available information. *Basic, Inc. v. Levinson*, 485 U.S. 224, 232 (1988). "The question of materiality . . . is an objective one, involving the significance of an omitted or misrepresented fact to a reasonable investor." *Amgen Inc. v. Conn. Ret. Plans & Trust Funds*, __U.S.__, 133 S. Ct. 1184, 1195-96 (2013) *citing TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 445 (1976).

Here, there can be no dispute that Price's misrepresentations were material. First, the Complaint alleges, and Price therefore cannot deny, that the misrepresentations and omissions were in fact material. Dean Decl. Ex. 1, ¶ 36. Moreover, they were material as a matter of law. There can be no doubt that a reasonable investor would want accurate information regarding the true historical performance of an investment fund, its assets under management, risk of loss, and the securities industry background and competence of its investment adviser. *SEC v. Rabinovich & Associates*, LP, 2008 U.S. Dist. LEXIS 93595 at *8-*9 (S.D.N.Y. Nov. 18, 2008) ("Without question, an investment fund's historical rate of return is a critically material fact for a potential investor...."); *SEC v. Murphy*, 626 F.2d 633, 653 (9th Cir. 1980) ("[s]urely the materiality of information relating to financial condition, solvency, and profitability is not subject to serious

challenge"); *CFTC v. Commonwealth Fin. Group*, 874 F. Supp. 1345, 1351 (S.D. Fla. 1994) ("a representation minimizing risk or asserting there is no risk...would [be] a material misrepresentation"); *CFTC v. Next Fin. Servs. Unlimited, Inc.*, 2006 U.S. Dist. LEXIS 19451 (S.D. Fla. Mar. 30, 2006) (level of trading experience material "because a reasonable investor would have considered these factors important when making an investment decision").

2. Price Misappropriated Fund Assets

The Complaint alleged, and Price cannot deny, that he misappropriated Fund assets. The PPMs for the Funds stated that ABS Manager could be compensated *only after* investors received the minimum annual return promised – either 12.5% or 18%, depending on the Fund. Dean Decl. Ex. 1, at ¶ 53. The PPMs also provide that ABS Manager could charge a 0.5% management "set-up fee" to cover expenses. *Id.* As discussed above, the Funds' actual returns between 2010 and 2012 never exceeded 3%. *Id.* at ¶¶ 47. Indeed, the portfolio of bonds held by ABS Manager lost value. *Id.* Therefore, ABS Manager should never have received a management fee during that three-year period. *Id.* Nevertheless, Price and ABS Manager wrongfully misappropriated over half a million dollars from the Funds in the form of unearned fees. *Id* at ¶¶ 54-57, 63.

3. Price Acted With Scienter

Finally, Price acted with scienter. The Complaint alleged that Price made material misstatements, misrepresentations, or omissions of fact to investors regarding his management of the Funds, and that he "knew, or was reckless in not knowing that the representations made to investors. . . were false and misleading." *Id.* at ¶¶ 59-63. Price cannot deny his scienter for purposes of this proceeding.

D. Price Should Be Barred from the Securities Industry

Because Price knowingly or recklessly misled his investors and misappropriated their money, a permanent bar from the securities industry is in the public interest. Whether an administrative sanction based upon an injunction is in the public interest turns on the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, recognition of the

wrongful conduct, and the likelihood that the respondent's occupation will present future opportunities for violations. *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981); *In re Vladimir Boris Bugarski*, No. 3-14496, 2012 WL 1377357, at *4 (Commission Op. April 20, 2012). "The existence of an injunction can, in the first instance, indicate the appropriateness in the public interest of a suspension or bar from participation in the securities industry." *Michael V. Lipkin and Joshua Shainberg*, Initial Dec. Rel. No. 317 (Aug. 21, 2006), 88 S.E.C. Docket 2346, 2006 WL 2422652 *4. The Commission also considers whether the sanction will have a deterrent effect. *Id.* "[N]o one factor is dispositive." *In re Michael C. Pattison, CPA,* No. 3-14323, 2012 WL 4320146, at *8 (Commission Op. Sept. 20, 2012); *ZPR*, 2015 WL 6575683, at *27 (inquiry into the public interest is "flexible").

Here, all of these considerations weigh in favor of a permanent industry bar for Price pursuant to Section 203(f). Price owed a fiduciary duty to his investors to act in good faith and disclose all material facts. *See Transamerica Mortgage Adviser*, 444 U.S. at 17; *DiBella*, 2007 WL 2904211 at *12; *Capital Gains Research Bureau*, 375 U.S. at 194; 17 C.F.R. § 275.206(4)-8. Yet Price lied and omitted material information about his Funds' performances and his assets under management; he even misled prospective investors about his background. Price also placed the investors' savings in incredibly risky CMOs called IOs and Inverse IOs, without disclosing the true risk behind these complex products. These were all material misrepresentations and omissions, and Price made them with a high degree of scienter. His conduct was thus egregious, and took place over many years. Further, as evidenced by his Answer in this proceeding, Price has made no assurances against future violations, and continues to deny the wrongfulness of his conduct. *Steadman*, 603 F.2d at 1140. Quite simply, Price should not be in, or in any way associated with, the securities industry.

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IV. CONCLUSION

Accordingly, the Division respectfully requests that its motion for summary disposition be granted, and that Price be barred pursuant to Section 203(f) of the Advisers Act.

Dated: December 21, 2015

Respectfully submitted,

DIVISION OF ENFORCEMENT

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Securities and Exchange Commission
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Certificate of Service

I certify that on December 21, 2015, I caused the foregoing to be served on the following persons by the method of delivery indicated below.

Elizabeth M. Murphy, Secretary Securities and Exchange Commission 100 F. Street, N.E., Mail Stop 1090 Washington, D.C. 20549	(by United Parcel Service) (original and three copies)
Honorable Brenda J. Murray Administrative Law Judge 100 F Street, N.E., Mail Stop 2557 Washington, D.C. 20549-2557	(by United Parcel Service and by email to alj@sec.gov)
John E. Dolkart, Jr., Esq. 1750 Kettner Blvd, Suite 416 San Diego, CA 92101 Counsel For Respondent George Charles Cody Price	(by United Parcel Service and email)

Lynn M. Dean

ADMINISTRATIVE PROCEEDING
FILE NO. 3-16946

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of

GEORGE CHARLES CODY PRICE,

Respondent.

Hearing Officer: Hon. Brenda J. Murray

DECLARATION OF LYNN M. DEAN IN SUPPORT OF MOTION FOR SUMMARY DISPOSITION

December 21, 2015

Division of Enforcement
Lynn M. Dean
444 S. Flower Street, Suite 900
Los Angeles, California 90071
(323) 965-3998 (*telephone*)
(213) 443-1904 (*facsimile*)

DECLARATION OF LYNN M. DEAN

I, Lynn M. Dean, hereby declare, pursuant to 28 U.S.C. § 1746, as follows:

1. I am an attorney at law admitted to practice law in the State of California and before the United States District Court for the Southern District of California. I am employed as Senior Trial Counsel for the Los Angeles Regional Office of the U.S. Securities and Exchange Commission ("Commission"), 444 Fifth Street, 9th Floor, Los Angeles, California 90071, Telephone: (323) 965-3998.

2. I am the trial counsel assigned to litigate this matter on behalf of the Division of Enforcement. I have personal knowledge of the facts set forth in this Declaration, and, if called and sworn as a witness, could and would competently testify thereto.

3. A true and correct certified copy of the complaint filed by the Commission in the Southern District of California in the civil action, *SEC v. ABS Manager, LLC, et al.*, Case No. 13 CV 0319 GPC (BGS), is attached hereto as **Exhibit 1**.

4. A true and correct certified copy of the Consent to Entry of Final Judgment signed by George Charles Cody Price on April 30, 2015 is attached hereto as **Exhibit 2**.

5. A true and correct certified copy of the Final Judgment Against George Charles Cody Price dated July 16, 2015 is attached hereto as **Exhibit 3**.

I declare under penalty of perjury that the foregoing is true and correct.

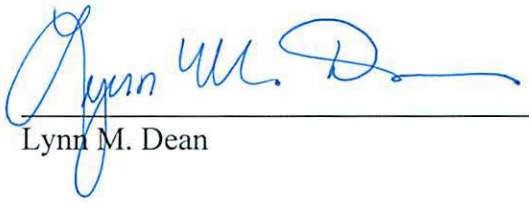
Executed on December 21, 2015 in Los Angeles, California.

Lynn M. Dean

Certificate of Service

I certify that on December 21, 2015, I caused the foregoing to be served on the following persons by the method of delivery indicated below.

Elizabeth M. Murphy, Secretary Securities and Exchange Commission 100 F. Street, N.E., Mail Stop 1090 Washington, D.C. 20549	(by United Parcel Service) (original and three copies)
Honorable Brenda J. Murray Administrative Law Judge 100 F Street, N.E., Mail Stop 2557 Washington, D.C. 20549-2557	(by United Parcel Service and by email to alj@sec.gov)
John E. Dolkart, Jr., Esq. 1750 Kettner Blvd, Suite 416 San Diego, CA 92101 Counsel For Respondent George Charles Cody Price	(by United Parcel Service and by email)



Lynn M. Dean

EXHIBIT 1

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ORIGINAL

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ABS MANAGER, LLC and GEORGE CHARLES CODY PRICE,

Defendants,

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

Relief Defendants.

Case No. '13 CV 0319 GPC JMA

COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

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

SUMMARY

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

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

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

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

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

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

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

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

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

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

JURISDICTION AND VENUE

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

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

11. Venue is proper in this district 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], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of the transactions, acts, practices and courses of conduct constituting violations of the federal securities laws occurred within this district. In addition, venue is proper in this district because ABS Manager's principal place of business is in this district and Price resides in this district.

DEFENDANTS

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

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

RELIEF DEFENDANTS

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

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

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

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

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

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

STATEMENT OF FACTS

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

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

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

B. The Three Funds and Offerings, 2009-2012

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

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

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

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

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

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

C. **The Funds' Risky Investments in IOs and Inverse IOs**

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

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

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

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

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

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

D. <u>The Solicitation of Investors in the Funds</u>

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

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

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

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

E. Defendants' Misrepresentations and Omissions

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

1. Failure to disclose the Funds' investments in risky IOs and Inverse IOs

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

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

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

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

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

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

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

2. Misrepresentations regarding the Funds' performance

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

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

45. Also, as of January 2013, the Capital Access Fund website, www.cafund.com, included a "Historic Reference" table showing consistent monthly returns of 1.04% (12.5% annualized) from January 2010 through June 2012.

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

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

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

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

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

[1] The overall performance of the underlying CMOs in all three Funds is calculated from the date of purchase to the date of sale or, if no sale, to December 31, 2012.

3. Misrepresentations about Price's prior investment experience

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

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

4. Misrepresentations about ABS Manager's assets under management

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

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

F. <u>Defendants' Misappropriation from the Funds</u>

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

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

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

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

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

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

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

G. <u>Defendants' Knowledge of the Fraudulent Conduct</u>

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

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

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

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

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

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

FIRST CLAIM FOR RELIEF

(Against All Defendants)

Fraud by an Investment Adviser

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

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

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

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

(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.

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

SECOND CLAIM FOR RELIEF

(Against All Defendants)

Fraud Involving a Pooled Investment Vehicle

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

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

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

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

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

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

THIRD CLAIM FOR RELIEF

(Against All Defendants)

Fraud in the Offer and Sale of Securities

Violations of Section 17(a) of the Securities Act

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

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

(a) with scienter, 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; or

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

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

FOURTH CLAIM FOR RELIEF

(Against All Defendants)

Fraud in Connection with the Purchase or Sale of Securities

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

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

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

(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; or

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

75. By engaging in the conduct described above, ABS Manager and Price, 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(a-c) thereunder [17 C.F.R. § 240.10b-5].

FIFTH CLAIM FOR RELIEF

(Against Price)

Control Person Liability

Violations Of Section 20(a) Of The Exchange Act

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

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

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

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

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

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

II.

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

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

III.

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

IV.

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

V.

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

VI.

Order Defendants ABS Manager and Price to pay civil penalties under 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)].

VII.

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

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VIII.

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

Dated: February 8, 2013

Respectfully submitted,

John W. Berry
Sam S. Puathasnanon
Lynn M. Dean
Attorneys for Plaintiff
Securities and Exchange Commission

EXHIBIT 2

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ABS MANAGER, LLC and GEORGE CHARLES CODY PRICE,

Defendants,

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

Relief Defendants.

Case No. 13 CV 0319 GPC (BGS)

CONSENT OF DEFENDANT GEORGE CHARLES CODY PRICE

CONSENT OF DEFENDANT GEORGE CHARLES CODY PRICE

1. Defendant George Charles Cody Price ("Defendant") acknowledges having been served with the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

a) permanently restrains and enjoins Defendant from violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

b) permanently restrains and enjoins Defendant from violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5];

c) permanently restrains and enjoins Defendant from violation of Section 206 of the Investment Adviser Act of 1940 [15 U.S.C. §§ 80b-6]; and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8];

d) orders Defendant to pay, jointly and severally with co-Defendant ABS Manager, LLC, disgorgement of $339,900, together with prejudgment interest thereon in the amount of $22,748.83; and

e) orders Defendant to pay a civil penalty in the amount of $150,000 under Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act, and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

3. Defendant acknowledges that pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2008, the civil penalty paid by Defendant may be added to and become part of a disgorgement fund or other fund established for the benefit of investors ("Fund"). The SEC may propose a plan to distribute the Fund subject to the Court's approval. Regardless of whether any the Fund is established or any distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Securities and Exchange Commission's ("SEC") counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fund, as the SEC directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he

shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the SEC or any member, officer, employee, agent, or representative of the SEC to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the SEC, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the SEC or any member, officer, employee, agent, or representative of the SEC with regard to any criminal liability that may have arisen or may arise from the facts underlying this

action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the SEC based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the SEC's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the

complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the SEC may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the SEC is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

14. Defendant agrees that the SEC may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 4-30-15

George Charles Cody Price

On Apr. 30, 2015, George Charles Cody Price, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

See Attached Acknowledgment

Notary Public
Commission expires: 12-5-18

Approved as to form:

/s/ Mark Chester
MARK CHESTER
CHESTER AND SHEIN
Attorneys for Defendants
George Charles Cody Price and
ABS Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On 4-30-15 (Date) before me, Tessa Patti, Notary Public (Here Insert Name and Title of the Officer),

personally appeared George Charles Cody Price (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

OFFICIAL SEAL
TESSA PATTI
NOTARY PUBLIC-CALIFORNIA
COMM. NO. 2092355
SAN DIEGO COUNTY
MY COMM. EXP. DEC. 5, 2018

Signature Tessa Patti
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

[X] U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071-9591
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1905.

On June 26, 2015, I caused to be served the document entitled **CONSENT OF DEFENDANT GEORGE CHARLES CODY PRICE** on all the parties to this action addressed as stated on the attached service list:

[ ] **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

[ ] **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

[ ] **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

[ ] **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

[ ] **UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

[ ] **ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

[X] **E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

[ ] **FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: June 26, 2015

/s/ Lynn M. Dean
Lynn M. Dean

SEC v. ABS Manager, LLC, et. al.
United States District Court – Southern District of California
Case No. 13 cv 00319 GPC (BGS)

SERVICE LIST

John E. Dolkart, Esq.
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Email: john@dolkartlaw.com
Attorney for Defendants

Mark Chester, Esq.
Gainey Ranch Corporate Center
8777 N. Gainey Center Drive, Suite 191
Scottsdale, Arizona 85258
Email: mchester@cslawyers.com
Attorney for Relief Defendants

I hereby attest and certify on Dec 15, 2015 that the foregoing document is a full, true and correct copy of the original on file in my office and in my legal custody.

Clerk, U.S. District Court
Southern District of California

By: s/ B. Anderson
Deputy

EXHIBIT 3

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ABS MANAGER, LLC and GEORGE CHARLES CODY PRICE,

Defendants,

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

Relief Defendants.

Case No. 13 CV 0319 GPC (BGS)

FINAL JUDGMENT AS TO DEFENDANT GEORGE CHARLES CODY PRICE

FINAL JUDGMENT AS TO DEFENDANT GEORGE CHARLES CODY PRICE

The Securities and Exchange Commission ("SEC") having filed a Complaint and Defendant George Charles Cody Price ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph VI); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

(a) to employ any device, scheme, or artifice to defraud;

(b) to make any untrue statement of a material fact or to omit 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; or

(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all

persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

(a) to employ any device, scheme, or artifice to defraud;

(b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 206 of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-6] by use of the mails or means and instrumentalities of interstate commerce:

(a) to employ devices, schemes or artifices to defraud clients or prospective clients; or

(b) engage in transactions, practices, or courses of business which operate as a fraud or deceit upon clients or prospective clients.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all

persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 [17 C.F.R. § 240.206(4)-8] promulgated thereunder by use of the mails or means and instrumentalities of interstate commerce:

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

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

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable, jointly and severally with co-Defendant ABS Manager, LLC, for disgorgement of $339,900, representing profits gained as alleged in the Complaint, together with prejudgment interest thereon in the amount of $22,748.83. Defendant is also individually liable for a civil penalty in the amount of $150,000 pursuant to Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act, and Section 209(e) of the Advisers Act. Defendant shall satisfy these obligations by paying $512,648.83 to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

Defendant may transmit payment electronically to the SEC, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm. Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; George Charles Cody Price as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the SEC's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The SEC may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The SEC shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court.

The SEC may propose a plan to distribute the Fund subject to the Court's approval. Pursuant to the provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002, the civil penalty paid by Defendant may be added to and become part of the Fund. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the SEC staff determines that the Fund will not be distributed, the SEC shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

Regardless of whether any such distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the

deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset, notify the SEC's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fund, as the SEC directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: July 16, 2015

GONZALO P. CURIEL
UNITED STATES DISTRICT JUDGE

I hereby attest and certify on Dec 15, 2015 that the foregoing document is a full, true and correct copy of the original on file in my office and in my legal custody.

Clerk, U.S. District Court
Southern District of California

By: s/ B. Anderson
Deputy