

barred by the New York Stock Exchange (“NYSE”) in 1992, operates this fraud through two primary entities that he owns and controls: KGW Capital Management, LLC (“KGW Capital”) and Revelation Forex Fund, L.P. (the “Fund”). KGW Capital purports to be “one of the world’s leading private investment firms” that “raises, invests, and manages private equity funds, hedge funds, real estate and other alternative investment vehicles for institutions and high net worth individuals worldwide.” Through White’s activities, KGW Capital solicits and raises money for the Fund, described as “a \$1 billion highly specialized currency hedge fund” that pools investor funds to trade foreign currencies. Neither White nor KGW Capital nor the Fund is registered with the Commission, the U.S. Commodity Futures Trading Commission (“CFTC”), the Financial Industry Regulatory Authority (“FINRA”), or any state securities regulator. Likewise, no offerings of securities by White, KGW Capital, or the Fund are registered with the Commission.

2. Through KGW Capital, White has solicited and raised approximately \$7.1 million for the Fund since September 2011 from more than 20 U.S. investors. White and KGW Capital have procured these funds as a result of fraudulent misrepresentations to investors. And, of these investor funds, White has misappropriated more than \$1.7 million to, among other things: (i) pay personal expenses, (ii) finance expensive trips, and (iii) fund other unrelated and undisclosed businesses and investments.

3. To solicit investments in the Fund, White and KGW Capital misrepresent to investors and prospective investors that the Fund has achieved total returns of more than 393% since its inception in January 2009 and a compound annual rate of return of more than 36%.

market is a global, decentralized marketplace that determines the relative values of different currencies. Unlike other financial markets, there is no centralized depository or exchange where transactions are conducted. Instead, these transactions are conducted by several market participants in several locations. Much of the trading is done electronically or by phone, usually through regulated brokers or retail foreign exchange dealers (“RFEDs”).

White and KGW Capital boast – in marketing materials provided to prospective investors and on the websites for KGW Capital and the Fund – that an initial investment of \$250,000 in the Fund in January 2009 would have grown to \$964,591 by April 30, 2013, and to \$983,111 by May 31, 2013. These claims – and others made by White and KGW Capital to investors and prospective investors – are false. In fact, the Fund has incurred trading losses of \$550,000, plus approximately \$1,419,600 in unrealized losses (through May 31, 2013), since it began Forex trading in 2011. And while White and KGW Capital tout the Fund’s track record since January 2009, the Fund’s bank and brokerage records reveal that the Fund neither received investor funds nor began trading until September 2011.² Defendants White, KGW Capital, the Fund, and RFF GP knew or were severely reckless in not knowing that these representations to investors were false.

4. By reason of these activities and the conduct described further below, the Defendants have offered and sold securities, and have violated and, unless enjoined, will continue to violate the antifraud provisions of the federal securities laws, specifically Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder.

5. The Commission, in the interest of protecting the public from any further fraudulent activity and harm, brings this action against the Defendants seeking preliminary and permanent injunctive relief, disgorgement of illicit profits plus accrued prejudgment interest thereon, and a civil monetary penalty, as allowed by law. The Commission also seeks a temporary restraining order against the Defendants, an asset freeze against the Defendants and

² Consistent with this timing, White created the Fund in June 2011 and registered the domain name “RevelationForex.com” in July 2011.

the Relief Defendants, the appointment of a receiver to take possession of the assets of the Defendants so that investor funds will not be further dissipated, an accounting, and other emergency and incidental relief. Lastly, the Commission seeks the disgorgement of investor funds unlawfully obtained by two Relief Defendants owned and managed by White.

JURISDICTION AND VENUE

6. By this conduct, Defendants have offered and sold limited partnership interests in the Fund to investors. These limited partnership interests are investment contracts, which are “securities” under Section 2(a)(1) of the Securities Act [15 U.S.C. §77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c]. As such, the Court has jurisdiction over this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78(aa)].

7. Venue is proper because a substantial part of the events or omissions giving rise to the claims occurred within the Eastern District of Texas, Sherman Division. Moreover, White and all Defendants and Relief Defendants reside in Plano, Texas, which is located within the Eastern District of Texas, Sherman Division.

DEFENDANTS

8. **Kevin G. White**, age 53, is a resident of Plano, Texas, which is located within the Eastern District of Texas. White created, owns, controls, and operates all of the entities named as Defendants and Relief Defendants in this Complaint,³ including KGW Capital and the Fund. White is not registered with the Commission, the CFTC, FINRA, or any state securities regulator.

³ Similarly, all Defendants and Relief Defendants list the same address in Plano, Texas as their principal place of business and as their registered address with the Texas Secretary of State.

9. **KGW Capital Management, LLC (“KGW Capital”)** is a limited liability company created under the laws of the State of Texas in July 2007 with its principal place of business in Plano, Texas. White is KGW Capital’s owner, president, chief executive officer, and otherwise controls its operations. KGW Capital purports to be “one of the world’s leading private investment firms” and “raises, invests and manages private equity funds, hedge funds, real estate and other alternative investment vehicles for institutions and high net worth individuals worldwide.” KGW Capital actively solicits investments in the Fund. Neither KGW Capital nor any its offerings of securities is registered with the Commission, the CFTC, FINRA, or any state securities regulator.

10. **Revelation Forex Fund, L.P. (the “Fund”)** is a limited partnership created under the laws of the State of Texas in June 2011 with its principal place of business in Plano, Texas. The Fund is owned, controlled, and managed by its general partner, RFF GP, LLC, which in turn is owned, controlled, and managed by White. The Fund is described as “a \$1 billion highly specialized currency hedge fund.” In marketing materials given to prospective investors, the Fund purports to use highly sophisticated and proprietary software (centered around a statistical arbitrage strategy) that it allegedly created to monitor 105 separate currency pairings 24 hours a day, five days a week. Neither the Fund nor any of its offerings of securities is registered with the Commission, the CFTC, FINRA, or any state securities regulator.

11. **RFF GP, LLC, (“RFF GP”)** is a limited liability company created under the laws of the State of Texas in July 2011 with its principal place of business in Plano, Texas. RFF GP is the Fund’s general partner, purporting to make all investment decisions for the Fund and to exert exclusive control over day-to-day operations of the Fund. White is RFF GP’s manager, director, and registered agent.

RELIEF DEFENDANTS

12. **Meridian Propane, L.P. (“Meridian Propane”)** is a limited partnership created under the laws of the State of Texas in August 2012 with its principal place of business in Plano, Texas. Meridian Propane’s general partner is Meridian Propane Partners GP, LLC (“Meridian GP”), which is owned, controlled, and managed by White. Meridian Propane has received approximately \$248,600 of investor funds from the Fund.

13. **W Corporate Real Estate, L.P. d/b/a KGW Real Estate (“KGW Real Estate”)** is a limited partnership created under the laws of the State of Texas in April 2005 with its principal place of business in Plano, Texas. White owns, controls, and manages KGW Real Estate’s general partner, W Corporate Real Estate GP, LLC. KGW Real Estate has received approximately \$97,000 of investor funds from the Fund.

STATEMENT OF FACTS

14. As discussed in more detail below, White, KGW Capital, the Fund, and RFF GP make a variety of misrepresentations and omissions to investors. As noted below, they make those misrepresentations and omissions: (i) on KGW Capital’s website, (ii) on the Fund’s website, (iii) in the Private Offering Memorandum for the Fund provided to investors, (iv) in marketing materials handed out to prospective investors, (v) during in-person solicitations to prospective investors, and (vi) in promotional materials provided to the MoneyShow to advertise and market its speakers.

Misrepresentations and Omissions about White’s Background

15. White represents to the public (for example, on the public portion of his LinkedIn profile at www.Linkedin.com) that he earned a Bachelor of Business Administration (“BBA”)

degree from Stephen F. Austin State University in Nacogdoches, Texas. While he attended the school from September 1978 to May 1981, White neither graduated nor received a degree.

16. White and KGW Capital also routinely represent to investors and prospective investors⁴ that White had a distinguished “25 year Wall Street career” with the Shearson Lehman family of companies. These representations are false. In fact, White spent only six years as a licensed securities professional in Houston, Texas before being barred by the New York Stock Exchange (“NYSE”).

17. In January 1982, White entered the securities industry as a registered representative with Shearson Lehman/American Express, Inc. (“Shearson Lehman”). In February 1987, Shearson Lehman terminated White’s employment. In March 1987, White joined E.F. Hutton. By January 1988, E.F. Hutton had merged with Shearson Lehman and terminated White’s employment for not disclosing to E.F. Hutton that at least five customer complaints had been lodged against him while employed by Shearson Lehman. As a result of his history of customer complaints and/or two terminations, several states took action against White, including:

- Mississippi: Rejected White’s application for registration in May 1987, based on past disciplinary history;
- Florida: Denied White’s application for registration in August 1987, based on his failure to disclose his disciplinary record and his unworthiness to transact the business of an associated person; and
- Illinois: Revoked White’s registration as a salesperson in October 1988.

18. In July 1992, the NYSE censured and barred White for four years from employment or association with any NYSE member or member organization for:

⁴ White and KGW make these representations: (i) on KGW Capital’s website, (ii) on the Fund’s website, (iii) in the Private Offering Memorandum for the Fund, (iv) in marketing materials handed out to prospective investors, and (v) in promotional materials provided to The MoneyShow to advertise and market its speakers.

- conducting unauthorized options trading in customer accounts;
- engaging in conduct inconsistent with just and equitable principles of trade by making material misstatements to a customer;
- causing a false and misleading document to be sent to a customer;
- entering into trades in the accounts of one or more customers without the knowledge or consent of customers, and
- making a misstatement on his Form U-4 (Uniform Application for Securities Industry Registration) which was filed with the NYSE.

Since the four-year bar, White has not been registered or associated with any NYSE member or member organization. In addition to falsely describing his background as a distinguished 25-year Wall Street career, Defendants White, KGW Capital, the Fund, and RFF GP failed to disclose White's disciplinary history to prospective investors of the Fund.

19. In June 1995, White filed for Chapter 7 Bankruptcy protection. Defendants White, KGW Capital, the Fund, and RFF GP failed to disclose White's bankruptcy history to prospective investors of the Fund.

White Creates KGW Capital and Uses it to Make Misrepresentations to Investors

20. Following his six years in the securities industry, White spent more than a decade working for a variety of non-Wall Street companies. Subsequently, White became involved in the commercial real estate business, eventually starting his own firm, W Corporate Real Estate, L.P. d/b/a KGW Real Estate, in 2005.

21. In July 2007, White created KGW Capital. That same year, White registered the domain name "KGWCapital.com." KGW Capital represents that it is "one of the world's largest private investment firms . . . [that] raises, invests and manages private equity funds, hedge funds real estate and other alternative investment vehicles for institutions and high net worth individuals." As discussed below, KGW Capital's website contains a variety of material

misrepresentations and omissions. And White and KGW Capital know or are severely reckless in not knowing that these misrepresentations and omissions are false.

22. White and KGW Capital offer and sell limited partnership interests in the Fund, which KGW Capital touts as “a \$1 billion highly specialized currency hedge fund.” KGW Capital also currently purports to offer several other investment opportunities on its website, including: (i) the State of Texas Real Estate Fund – “a \$500 million private equity real estate fund . . . run by seasoned real estate veterans who have compiled a 5-year track record that has outperformed almost every major investment index in the world,” (ii) the Meridian Propane Fund – a “\$25 million tax-advantaged investment fund” that projects a “net IRR of 41% and 3.1X cash multiple to investors” combined with “projected tax savings of \$177,000 per \$250,000 investment,” (iii) KGW Energy Notes (formerly listed as a U.S. Energy Fund) that purport to offer “guaranteed safety of principle [sic]” for 3-year notes paying 10 percent annual returns and 5-year notes paying 12 percent annual returns, and (iv) KGW Tax-Free Certificates of Deposit (“CDs”) paying interest rates ranging from 5.5 percent for a one-year CD to 8.5 percent for a five-year CD. Neither KGW Capital nor any of its offerings of securities is registered with the Commission, the CFTC, FINRA, or any state securities regulators.

White Creates the Revelation Forex Fund and Fraudulently Obtains Investments

23. In June 2011, White formed the Fund as a limited partnership under Texas law. The following month, he registered the domain name “RevelationForex.com.” During this same timeframe, White prepared, or caused to be prepared, a prospectus for the Fund, which he distributes to investors and prospective investors in the Fund.

24. To raise money for the Fund, White and KGW offer and sell limited partnership interests in the Fund, which purports to: (i) be limited to 100 accredited investors, and (ii) require

a minimum initial investments of \$250,000. More specifically, investors are told that RFF GP, as the Fund's general partner (owned and controlled solely by White), pools investor funds to trade foreign currencies in order to earn returns that will be used to pay returns to investors. Other than possessing a limited partnership interest in the Fund, investors do not play any role in earning any returns for the Fund.

25. In September 2011, White: (i) secured the Fund's first investor, an individual in Houston, Texas who invested \$100,000, (ii) opened a Forex trading account for the Fund with Forex Capital Markets, LLC ("FXCM"), and (iii) commenced Forex trading on behalf of the Fund. Since then, White and KGW Capital have solicited another \$7 million in investments in the Fund from more than 20 investors across the United States.

26. White and KGW Capital have continued to actively solicit investments in the Fund. In particular, they have provided information: (i) on KGW Capital's website, (ii) on the Fund's website, (iii) in the Private Offering Memorandum for the Fund, (iv) in marketing materials handed out to prospective investors, (v) during in-person solicitations about the Fund, and (vi) in promotional materials provided to the MoneyShow to advertise and market its speakers.

27. For example, on May 14, 2013, White and KGW Capital hosted a presentation at the MoneyShow in Las Vegas to solicit investments in the Fund. During this presentation, White distributed marketing materials to prospective investors that: (i) touted the Fund's 385 percent total return from January 2009 through April 30, 2013, and its 36 percent annual growth rate; and (ii) compared the Fund's historical performance and growth to seven indices and to gold, purporting to show that the Fund has more than doubled the next closest investment. On the websites for KGW Capital (www.KGWCapital.com) and the Fund (www.RevelationForex.com),

White recently published updated Fund performance numbers through May 31, 2013, purporting to show a total return for the Fund of 393 percent from January 2009 through May 31, 2013. These representations are false, as Defendants White, KGW Capital, the Fund, and RFF GP know or are severely reckless in not knowing.

28. White and KGW Capital also claim – on KGW Capital’s website, in marketing materials, and orally in presentations to prospective investors – that the Fund: (i) began in January 2009, (ii) is a “\$1 billion highly specialized currency hedge fund,” and (iii) “has achieved positive gains in 42 of the last 52 months (80.77% months with gains) through April 30, 2013.” In fact, all of these representations are false, as Defendants White, KGW Capital, the Fund, and RFF GP know or are severely reckless in not knowing.

29. As Defendants White, KGW Capital, the Fund, and RFF GP know or are severely reckless in not knowing: (i) neither the Fund nor its trading activities began in January 2009; (ii) White and KGW Capital have raised approximately \$7.1 million, not \$1 *billion*, in investments for the Fund; and (iii) the Fund has not achieved a compound annual growth rate of more than 36 percent and total returns of more than 393 percent. In fact, Fund’s FXCM trading records show trading losses of more than \$550,000 and, as of May 31, 2013, unrealized trading losses of approximately \$1,419,600. Moreover, the Fund has achieved a gain in only seven of the 20 months in which it has actually traded in foreign currencies (not 42 of 52 months, as claimed).

30. As of May 31, 2013, the Fund has approximately \$4.4 million invested in foreign currency positions with a market value of only approximately \$3 million.

White’s Misuse of Funds

31. Bank records reveal that White has misappropriated more than \$1.7 million in investor funds to, among other things, pay for personal expenses, finance other businesses, and

for other undisclosed purposes unrelated to the Fund's investment activities. Contrary to his claims to pool investor funds to achieve trading returns, for example, White has routed investor funds to two of his other businesses, Relief Defendants Meridian Propane (approximately \$248,600) and KGW Real Estate (\$97,000). Likewise, while Fund offering documents represent that the Fund's general partner (RFF GP) charges a management fee of two percent per year and a performance fee of 20 percent per year, the amount of investor funds expended by White greatly exceeds any management fee or performance fee that RFF GP could have charged the Fund.

FIRST CLAIM
Violation of Section 17(a) of the Securities Act

32. The Commission repeats and incorporates paragraphs 1 through 31 of this Complaint by reference.

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

34. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated, or used written offering documents, promotional materials, and oral presentations, which contained untrue statements of material fact and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances

under which they were made, not misleading, including but not limited to, those statements and omissions set forth in paragraphs 1 through 31 above.

35. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness with regard for the truth. Defendants were also negligent in their actions regarding the representations and omissions alleged herein.

36. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM
Violation of Section 10(b) of the Exchange Act and Rule 10b-5

37. The Commission repeats and incorporates paragraphs 1 through 31 of this Complaint by reference.

38. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

39. As a part of and in furtherance of their scheme, Defendants, directly and indirectly, prepared, disseminated, or used, marketing materials, offering documents, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 1 through 31 above.

40. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

41. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate the provisions of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

THIRD CLAIM
Claim against the Relief Defendants

42. The Commission repeats and incorporates paragraphs 1 through 31 of this Complaint by reference.

43. As set forth in this Complaint, the Relief Defendants have received funds from one or more of the Defendants, which are the proceeds of, or are traceable to the proceeds of, the unlawful activities of the Defendants as alleged above.

44. The Relief Defendants have obtained the funds alleged above as part of and in furtherance of the securities violations alleged in paragraphs 1 through 31 and, under the circumstances, it is not just, equitable or conscionable for them to retain the funds. As a consequence, the Relief Defendants have been unjustly enriched.

RELIEF REQUESTED

Plaintiff respectfully requests that this Court:

I.

Temporarily restrain and preliminarily enjoin the Defendants from violating the federal securities laws, including Section 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

II.

Permanently enjoin the Defendants, their agents, servants, employees, attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Temporarily restrain and preliminarily enjoin Defendant White from participating, directly or indirectly, including but not limited to, through any entity owned or controlled by Defendant White, in the issuance, purchase, offer, or sale of any security; and

Permanently enjoin Defendant White from participating, directly or indirectly, including but not limited to, through any entity owned or controlled by Defendant White, in the issuance, purchase, offer, or sale of any security, provided however, that such permanent injunction shall not prevent Defendant White from purchasing or selling securities for his own personal account.

IV.

Order the Defendants to disgorge an amount equal to the funds and benefits obtained illegally, or to which they are otherwise not entitled, as a result of the violations alleged herein, plus prejudgment interest on that amount, and order the Relief Defendants to disgorge any gains or proceeds they received that are connected to the conduct described above.

V.

Order the Defendants to pay civil monetary penalties in an amount to be determined as appropriate by the Court pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and

Section 20(d) of the Securities Act [15 U.S.C. § 78u(d)] for their violations of the federal securities laws as alleged herein.

VI.

Order such further relief as this Court may deem just and proper, including but not limited to emergency relief sought in the contemporaneously filed Motion for Temporary Restraining Order and Other Emergency Relief.

Respectfully submitted,

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