

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF FLORIDA

CASE NO.:

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

CAMBRIDGE CAPITAL GROUP ADVISORS, LLC
(f/k/a CAMBRIDGE CAPITAL ADVISORS, LLC),
PHILLIP TIMOTHY HOWARD, AND
DON WARNER REINHARD,

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

I. INTRODUCTION

1. The Commission brings this action to enjoin investment adviser firm Cambridge Capital Group Advisors, LLC (f/k/a Cambridge Capital Advisors, LLC) (“Cambridge”), its President, Phillip Timothy Howard (“Howard”), and Don Warner Reinhard (“Reinhard”), who managed Cambridge with Howard, from further violations of the anti-fraud provisions of the federal securities laws.

2. From no later than October 5, 2015 until at least March 31, 2017, the Defendants raised approximately \$4.1 million from about 20 investors through the offer and sale of securities in the form of limited partnership interests in two private investment funds for which Cambridge was the general partner and investment manager – namely, Cambridge Capital Partners LP (“Cambridge Partners”) and Cambridge Capital Group Equity Option Opportunities LP (“Cambridge Opportunities”) (collectively, the “Funds”).

3. Howard represented National Football League (“NFL”) players who suffered concussion-related brain injuries during their NFL careers in connection with a class action lawsuit against the NFL (the “NFL Concussion Lawsuit”). Howard has acknowledged that these players’ “brain function is not there, their body has been beat up from the NFL, they don’t have employment capacity, they don’t have credit, and they don’t have capital anymore.”

4. Nonetheless, Howard and Reinhard solicited these players to invest in the Funds.

5. As a result, the majority of the Funds’ investors are former NFL players. More than half of them used their retirement accounts in order to make the investments happen.

6. To lure investors, the Defendants knowingly or recklessly materially misrepresented the Funds’ investment focus, how the Funds would use investor money, and Reinhard’s background and experience in the securities industry.

7. Specifically, the Defendants told investors the Funds were invested in a diverse range of securities with a secondary focus on litigation settlement advances.

8. This was false and misleading. In truth, the Funds primarily paid settlement advances to former NFL players – including 18 of the 20 investors – in connection with the NFL Concussion Lawsuit.

9. Additionally, the Defendants misappropriated a total of more than 20 percent of investor funds, or about \$973,000, to pay themselves fees and to cover costs associated with Howard’s personal residential mortgages.

10. On top of that, in 2015 and 2016, Howard, on behalf of Cambridge, filed disclosure statements with the Commission representing that in the past ten years no affiliate of Cambridge had pled guilty to a felony or been enjoined by a domestic court in connection with any investment-related activity.

11. These statements were false. When Howard filed Cambridge's disclosures with the Commission, Reinhard was or had been an affiliate of Cambridge. In 2009, Reinhard pled guilty to a felony. In 2008, this District Court permanently enjoined Reinhard from violating the anti-fraud provisions of the federal securities laws in a civil enforcement case the Commission filed against him for securities fraud for misleading clients regarding investments (the "District Court Order"). In 2011, the Commission barred Reinhard from being affiliated with an investment adviser (the "Commission Order").

12. Cambridge made these same false representations to the Commission as recently as its March 2019 disclosure filing with the Commission.

13. The Defendants also touted Reinhard to potential investors as an adviser and consultant to Cambridge, all the while keeping investors in the dark about the true nature of his criminal and regulatory history.

14. The Cambridge securities offering continued until at least February 2017, when Reinhard was arrested for child abuse and could no longer manage Cambridge with Howard or solicit investors.

15. Through their conduct, the Defendants have violated the anti-fraud provisions of the federal securities laws, and Reinhard also violated the District Court Order as well as the Commission Order.

16. Based on the egregious nature of the Defendants' violations, and their disregard for the Commission Order and the District Court Order, the Defendants have shown they will violate the law unless the Court grants the injunctive and other relief the Commission seeks against them.

II. DEFENDANTS AND RELATED ENTITIES

A. DEFENDANTS

17. **Cambridge** is an investment adviser reporting to the Commission since July 2015. Howard formed Cambridge in March 2015, and its principal place of business was at all times relevant to this Complaint in Tallahassee, Florida. From no later than October 2015 until at least March 2019, Cambridge was the general partner and investment manager of the Funds, which were “pooled investment vehicles” within the meaning of Rule 206(4)-8(b) of the Advisers Act because they were held out as being primarily in the business of investing in securities as defined by Section 3(a)(1)(A) of the Investment Company Act of 1940. During all times relevant to this Complaint, Reinhard and Howard acted as the principal officers and co-owners of Cambridge. Howard was responsible for Cambridge’s regulatory filings with the Commission and the hiring and firing of Cambridge personnel, while Reinhard was in charge of managing Cambridge’s day-to-day operations. Howard and Reinhard evenly divided Cambridge’s profits, including fees. From no later than December 2015 until December 2016, Cambridge charged the Funds quarterly management fees of 0.5% and performance-based fees of 20%, totaling about \$97,000. During the offerings at issue, Cambridge was known as Cambridge Capital Advisors, LLC. On March 20, 2018, Cambridge filed a form with the Commission representing that it changed its name from Cambridge Capital Advisors, LLC to Cambridge Capital Group Advisors, LLC, and it is now located in Nevada.

18. **Howard** resides in Tallahassee, Florida, is an attorney licensed to practice law in Florida, and operates a law firm in Tallahassee called Howard & Associates, P.A. (“the “Law Firm”). From no later than March 2015 until at least March 2017, Howard was the owner, president, and a director of Cambridge. Howard and his Law Firm also served as legal counsel for

a number of former NFL players suing the NFL in the NFL Concussion Lawsuit alleging brain injuries due to concussions received while playing NFL football.

19. **Reinhard** is currently incarcerated at a Florida state prison in Lawtey, Florida. From no later than March 2015 until at least February 2017, Reinhard managed Cambridge and the Funds with Howard during this same time period. From September 1999 until September 2003, Reinhard was the owner and president of Magnolia Capital Advisors, Inc., an investment adviser registered with the Commission. Between June 1987 and August 2006, Reinhard was associated with various registered broker-dealer entities, as a registered representative. In October 2008, this District Court entered a Default Final Judgment against Reinhard, permanently enjoining him from violating the antifraud provisions of the federal securities laws in a civil enforcement action the Commission filed alleging he misled clients regarding investments in collateralized mortgage obligations through his investment adviser firm. *S.E.C. v. Don Warner Reinhard*, Case No. 4:07-cv-00529-RH-WCS (N.D. Fla., October 2008). On May 13, 2009, Reinhard pled guilty to mortgage, tax, and bankruptcy-related fraud charges in a criminal case and on October 5, 2009, this District Court sentenced him to 51 months in prison. *United States v. Don Warner Reinhard*, Case No. 08-cr-00049-RH-CAS (N.D. Fla. 2008), In January 2011, the Commission, by summary disposition, barred Reinhard from association with any broker, dealer or investment adviser. *In the Matter of Don Warner Reinhard*, Securities Exchange Act of 1934 Rel. No. 63720, Investment Advisers Act of 1940 Rel. No. 3139, Admin. Proc. File No. 3-13280 (January 14, 2011). On July 7, 2015, Reinhard was released from federal prison, where he was serving a sentence for violating the terms of his supervised release. He began working with Cambridge and Howard by no later than March 2015. He continued managing Cambridge and the

Funds with Howard until his arrest on February 10, 2017 for aggravated child abuse, for which he was found guilty and is currently incarcerated.

B. RELATED ENTITIES

20. **Cambridge Partners** is an inactive Massachusetts limited partnership with its principal place of business in Tallahassee, Florida. In December 2015, Howard formed it for the purpose of engaging in investment activities as an unregistered private investment fund. Cambridge Partners was purportedly in the business of primarily investing in mortgage-backed securities, asset-backed securities, private debt securities, and litigation settlements.

21. **Cambridge Opportunities** is an inactive Massachusetts limited partnership with its principal place of business in Tallahassee, Florida. In December 2015, Howard formed Cambridge Opportunities for the purpose of engaging in investment activities as an unregistered private investment fund. Cambridge Opportunities was purportedly in the business of primarily investing in domestic broad market index opportunities and purchase options on litigation settlements.

22. **Cambridge Capital Group LLC** (“Cambridge Group”) is an inactive Florida limited liability corporation and a holding company with its principal place of business in Tallahassee, Florida. In December 2015, Howard formed Cambridge Group in order to market the Funds to investors. From December 2015 until March 2017, Howard was the president of Cambridge Group. From no later than December 2015 until February 2017, Reinhard was Cambridge Group’s Executive Vice President.

III. JURISDICTION AND VENUE

23. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a);

Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d), (e) and 78aa; and Sections 209(d), 209(e), and 214 of the Investment Advisers Act of 1990 (“Advisers Act”), 15 U.S.C. §§ 80b-9(d), (e), and 80b-14.

24. This Court has personal jurisdiction over the Defendants, and venue is proper in the Northern District of Florida, because many of the Defendants’ acts and transactions constituting violations of the Securities Act and Exchange Act occurred in the Northern District of Florida. At all times relevant to the Complaint, Cambridge had its principal place of business in the Northern District of Florida and Howard and Reinhard resided in the Northern District of Florida. Howard and Reinhard managed Cambridge and the Funds from Howard’s Law Firm offices located in the Northern District of Florida. In addition, the Defendants solicited investors while located in the Northern District of Florida and investor contributions were received by Cambridge and the Funds using bank accounts located in the Northern District of Florida. Moreover, Reinhard’s fraudulent conduct violates the Court Order the U.S. District Court for the Northern District of Florida issued in the Commission’s case against him in 2008.

25. In connection with the conduct alleged in this Complaint, the Defendants, directly or indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, or of the mails.

IV. THE CAMBRIDGE SECURITIES FRAUD

A. The Offerings

26. From no later than October 2015 until at least March 2017, the Defendants offered investors the opportunity to invest in securities in the form of limited partnership interests in the Funds through Cambridge.

27. In January 2016, the Funds filed Form D Notices of Exempt Offering of Securities with the Commission for the offerings in the Funds, which Howard signed.

28. The Defendants targeted former NFL players, including those whom Howard represented as victims in a class action lawsuit against the NFL alleging brain damage due to concussions inflicted while playing NFL football.

29. From no later than about October 2015 until at least February 2017, the Defendants solicited investors by distributing offering documents, including a Cambridge Partners Private Placement Memorandum dated March 1, 2015 (“Cambridge Partners PPM”) and a Cambridge Opportunities Private Placement Memorandum dated December 1, 2015 (“Cambridge Opportunities PPM”) (collectively, the “PPM’s”), an NFL Settlement Protection Plan, and a two-page summary of Cambridge’s business ventures and the Funds (the “Cambridge Summary”).

30. Howard and Reinhard prepared the PPMs, which were provided to all investors.

31. According to the Cambridge Partners PPM, the Cambridge Partners fund would invest contributions in “mortgage backed securities, asset backed securities, private debt securities, and litigation settlements.”

32. The Cambridge Partners PPM further stated that the fund’s objective was to “generate capital gains and interest income primarily from investment and trading in mortgage backed securities and derivatives, asset backed securities and derivatives, US and International private and public debt securities and litigation settlement claims.”

33. According to the Cambridge Opportunities PPM, the Cambridge Opportunities fund would invest contributions in “domestic broad market index opportunities using various option strategies as well as purchase options on litigation settlements.”

34. The Cambridge Opportunities PPM stated that its investment objective would be to “focus on individual equity and broad market index opportunities using various option strategies with a *secondary* focus on short term private options on litigation settlement claims and short term lending opportunities” (emphasis added).

35. The PPMs stated that Cambridge was the investment manager and that Howard and another individual were the sole shareholders, executive officers and directors of Cambridge. The individual identified in the PPMs was not Reinhard.

36. The PPMs both stated that Reinhard was an adviser and consultant to Cambridge.

37. Investors contributed to the Funds offering by sending investment money to Cambridge and the Funds via wire transfer, check or 401(k) rollover.

38. From no later than October 2015 until at least March 2017, the Defendants raised approximately \$4.1 million from about 20 investors located throughout the United States.

39. Most of the Funds’ investors are former NFL players Howard represented in connection with the NFL Lawsuit.

40. About half of the investors made their investments by using funds from their NFL 401(k) retirement accounts.

B. Solicitation of Investors

41. From no later than October 2015 until at least February 2017, Howard and Reinhard solicited investors to contribute to the Funds.

42. Reinhard distributed to prospective investors the offering materials (either in person or by email) and PPMs (via email).

43. Reinhard also met with prospective investors, by phone and in person, to solicit them to invest.

44. Howard met with at least two prospective investors to discuss the investment opportunity, vouched for Reinhard's investment expertise and trustworthiness, and told investors that their money would be safe.

45. Both Howard and Reinhard prepared the offering materials for the Funds.

46. Howard and Reinhard worked together to solicit investors. For example, a former NFL football player with the initials J.H. who resides in Alpharetta, Georgia ("J.H.") first learned about the funds from Howard, who was his attorney in connection with the NFL Concussion Lawsuit. Reinhard then sent J.H. the PPMs, NFL Settlement Protection Plan, and Cambridge Summary.

47. On April 19, 2016, Reinhard and Howard followed up with J.H. concerning Reinhard's background. Specifically, Reinhard emailed J.H. a document entitled "Tim Howard, J.D., Ph.D., President Cambridge Capital Group Provides Background On Don Reinhard, Executive V.P. Cambridge Capital Group" (the "Reinhard Memo"). In the Reinhard Memo, Howard states that Reinhard was charged with "a 2001 tax deduction (not tax evasion) charge, and an incorrect bankruptcy filing charge." Howard further explains that the tax deductions were supported by documentation and the bankruptcy filing was not corrected by [Reinhard's] attorney...." Howard goes on to vouch for Reinhard, stating in the Memo that Reinhard has integrity and was not soliciting investors.

48. Later on April 19, 2016, Howard emailed J.H. to again vouch for Reinhard.

49. In January 2017, based on Howard's email message and the representations in the offering documents J.H. invested by rolling over his NFL 401(k) account of approximately \$663,000 into an IRA with Cambridge. This money was then deposited into the Funds.

50. Similarly, in early 2016, a former NFL player residing in Tallahassee, Florida with the initials C.F. and his wife, who has the same initials, met with Howard at his Law Firm in Tallahassee. Howard told C.F. and his wife that C.F.'s retirement funds would be safe with Cambridge, and then introduced them to Reinhard as his business partner and a person with a strong financial background.

51. C.F. and his wife met with Howard and Reinhard a second time in early 2016. At no time during either meeting – or at any time prior to C.F. and his wife investing – did Howard or Reinhard disclose the full extent of Reinhard's criminal record.

52. On April 8, 2016, Reinhardt sent C.F. an email message attaching an Investment Market Letter which stated that Cambridge had achieved returns of 9.92% for the first quarter of 2016.

53. Based on their meetings with Howard and Reinhard and the returns stated in the Investment Market Letter, C.F. and his wife decided to invest by rolling over C.F.'s NFL 401(k) account of approximately \$619,000 into an IRA that invested in the Funds.

54. In August 2016, C.F.'s wife invested an additional \$75,000 in the Funds, and in September 2016, C.F. invested an additional \$160,000 in the Funds.

55. C.F. and his wife understood from Howard and Reinhard that their money was being invested in the stock market.

C. Fraudulent Conduct In The Offering

56. In connection with the offering, the Defendants engaged in fraudulent conduct.

57. Howard and Reinhard managed Cambridge and the Funds, and they knew, or were reckless in not knowing, the representations made to investors about the offering and falsity of the representations.

1. Misrepresentations Concerning the Funds' Investment Focus

58. Contrary to representations in the Cambridge Opportunities PPM that it would "focus on individual equity and broad market index opportunities... with a *secondary* focus on short term private options on litigation settlement claims and short term lending opportunities" (emphasis added), Cambridge Opportunities invested almost entirely in settlement advances to former NFL players – including 18 of the 20 investors in the Funds – in connection with the NFL Concussion Lawsuit.

59. From no later than October 5, 2015 until at least March 31, 2017, the Funds spent at least \$6.4 million on NFL settlement advances, at least \$3.1 million of which went to pay investors' NFL settlement advances.

60. The settlement advances generally took the form of a single lump sum disbursement ranging as high as \$390,000, or a monthly disbursement plan with payments from the Funds to the players ranging as high as \$11,000 per month. Many players entered into both lump sum and monthly settlement advance agreements with the Funds. The agreements with the players were signed by Howard as president of Cambridge.

61. At all times relevant to this Complaint, Howard and Reinhard knew the Funds were investing almost exclusively in these settlement advances.

62. None of the Funds' offering materials disclosed that the Funds would invest in a single lawsuit with the attendant risk that failure to achieve a sufficient judgment or settlement in that case would result in losses for the investors. Nor did Howard and Reinhard disclose this fact to potential investors.

63. This is also contrary to Howard and Reinhard's oral representations to potential investors, including C.F. and his wife, that the Funds would invest their money in the stock market.

64. Investors C.F. and his wife would not have invested had they been advised that their money would be used to provide advances to former NFL players involved in the NFL Concussion Lawsuit against the NFL.

2. Misrepresentations Concerning The Use of Investors' Money

65. Contrary to the Defendants' representations to potential investors that investor money would be invested, Cambridge Partners, while managed and controlled by Howard and Reinhard, used investor money to not only pay settlement advances, but also to fund Howard's personal mortgage loans and to pay fees to the Defendants.

66. Beginning in early to mid-2016, Cambridge Partners made at least \$612,000 in mortgage loans to Howard and his company, Seascope Properties of North Florida, Inc. The mortgage loans related to properties Howard purchased in 2016 – namely, lots located on St. George Island, Florida and a condominium in Boston, Massachusetts.

67. Howard signed the St. George Island mortgage agreements on behalf of himself as mortgagor and also on behalf of Cambridge Partners as mortgagee. Reinhard was aware of Cambridge Partners' mortgage loans to Howard and discussed the loan terms with Howard.

68. The mortgage agreements for the St. George Island properties provided for interest rates ranging from 12.5% to 24% and the properties served as collateral for the loans.

69. In September 2017, Cambridge Group and Howard entered into an agreement to forgive Howard's mortgages on the St. George Island properties in exchange for dubious consideration – an unspecified “appropriate portion” of Howard's supposed investments in Cambridge Group. Howard never repaid any of the principal on the loans relating to the St. George Island or Boston properties.

70. The Defendants did not disclose that they were using investors' money to loan Howard money.

71. Although the Cambridge Partners' offering materials stated that the fund might invest in "private debt" transactions, there was no mention that these transactions could include loans to Howard himself, an affiliate of Cambridge.

72. Nor did the Defendants disclose that they were using investor money to pay themselves fees.

73. From no later than December 2015 until December 2016, the Defendants paid themselves about \$361,400 in broker fees from investors' funds. Specifically, for some of the settlement advance loans the Cambridge Funds made to Howard's NFL legal clients, the Defendants paid themselves a broker fee using investors' money.

74. This was contrary to what the Defendants represented to investors in Cambridge Partners PPM, which stated that the fund might invest in private debt transactions, but that the *borrower* would pay Cambridge a broker fee.

75. Rather than having borrowers pay the broker fees on the NFL settlement advance loans, the Defendants used investor money from the Funds to pay Cambridge these fees, which Howard and Reinhard then divided evenly between themselves.

3. Misrepresentations and Omissions Concerning Reinhard's Background

76. The offering materials made false statements and omissions to investors regarding Reinhard's prior criminal and disciplinary history.

77. The PPMs identified Reinhard as an adviser and consultant to Cambridge. However, he managed Cambridge and the Funds with Howard, and shared the profits and fees with Howard evenly.

78. The PPMs told potential investors that Reinhard was an advisor to the Funds and touted that he began “an extremely successful investment management and analysis career in 1985.”

79. The PPMs told potential investors that the Commission had sanctioned Reinhard, but that the underlying cause was a “computer error” caused by Bear Stearns.

80. The PPMs did not disclose Reinhard’s criminal history or his full regulatory history to investors.

81. In truth, Reinhard was a convicted felon. In fact, Reinhard took a sabbatical from Cambridge to serve a four-month sentence for violating the terms of his supervised release on his 2009 felony charge. When he was released from federal prison in July 2015, he resumed work at Cambridge and solicited investors in the Funds. The PPMs did not disclose this.

82. On top of that, in October 2008, this District Court, in a Commission enforcement action, enjoined Reinhard from engaging in securities fraud, and in January 2011, the Commission barred him from association with any investment adviser. The PPMs did not disclose this information to potential investors.

a. The Commission’s First Civil Enforcement Action Against Reinhard

83. On December 13, 2007, the Commission filed a civil enforcement action against Reinhard in this District Court, alleging violations of the anti-fraud provisions of the federal securities laws and seeking a permanent injunction, disgorgement of ill-gotten gains, and a civil money penalty against him. *S.E.C. v. Don Warner Reinhard*, Case No. 4:07-cv-00529-RH-WCS (N.D. Fla., October 2008).

84. Specifically, the Complaint alleged that from January 2002 until August 2003, Reinhard, through his wholly owned investment adviser firm, made false and misleading

statements to potential investors in connection with his offer and sale of collateralized mortgage obligations.

85. In October 2008 the Court entered a default judgment against Reinhard, enjoining him from further violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; 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]; and Sections 206(1), 206(2), and 207 of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-7]. The Court also enjoined Reinhard from aiding and abetting violations of Sections 204, 206(4) of the Advisers Act [15 U.S.C. §§80b-4 and 80b-6(4)] and Rules 204-2(a)(7) and 206(4)-4(a)(2) thereunder [17 C.F.R. §§ 275.204-2(a)(7) and 275.206(4)-(a)(2)].

86. The Court also ordered Reinhard to disgorge ill-gotten gains and pay a civil money penalty. In December 2008, the Court held a bench trial to determine the money amounts, and ordered Reinhard to disgorge ill-gotten gains of \$5,857,241.09 plus prejudgment interest of \$2,258,940.58, together with a civil money penalty of \$120,000. Reinhard appealed the judgment, and on December 23, 2009, the Eleventh Circuit Court of Appeals affirmed.

87. The judgment, including the permanent injunction, remains in effect. Reinhard has failed to pay the judgment.

b. The Criminal Case Against Reinhard

88. On May 13, 2009, Reinhard pled guilty to criminal charges, *United States v. Don Warner Reinhard*, Case No. 08-cr-00049-RH-CAS (N.D. Fla. 2008).

89. Specifically, Reinhard pled guilty to: making a false statement to a federally insured financial institution; making a false statement under penalty of perjury in relation to a case under bankruptcy; making or using a false document within the executive branch of the government; and

transferring or concealing property during bankruptcy; and making or subscribing a tax return that is not correct as to a material matter. The Court sentenced Reinhard to 51 months in prison.

90. Reinhard's Court-ordered supervised release began on May 23, 2014, but was revoked on January 9, 2015, when the Court found Reinhard guilty of violating the terms of his supervised release. Specifically, the Court found that Reinhard violated the terms of his release by engaging in grand theft on August 27, 2014. On January 9, 2015, the Court sentenced Reinhard to four months of prison commencing March 9, 2015, and one year of supervised release for this violation. He was released on July 9, 2015.

c. The Commission's Administrative Proceedings Against Reinhard

91. In January 2011, the Commission, by summary disposition, barred Reinhard from association with any broker, dealer or investment adviser. *In the Matter of Don Warner Reinhard*, Securities Exchange Act of 1934 Rel. No. 63720, Investment Advisers Act of 1940 Rel. No. 3139, Admin. Proc. File No. 3-13280 (January 14, 2011).

92. This bar was in effect when the Defendants solicited investors for the Funds, and it remains in effect. However, Reinhard was associated with Cambridge, an investment adviser, from no later than December 2015 until at least February 2017.

d. The Defendants' Misrepresentations and Omissions Concerning Reinhard's History

93. Notwithstanding Reinhard's history of criminal and regulatory violations, the PPMs touted Reinhard's "extremely successful investment management and analysis career."

94. Reinhard's biography in the PPMs also highlighted average annual investment returns of 25% he purportedly earned for his prior hedge fund clients, but omitted that he was not allowed to act as an investment adviser to Cambridge pursuant to the Commission's 2011 Order.

95. In a further effort to mislead investors, Reinhard's biography in the PPMs falsely describes the prior Commission enforcement action as having been caused by a "computer error" on the part of the brokerage firm that was the custodian of his accounts.

96. The PPMs did not mention the antifraud injunction and industry bars to which Reinhard remained subject, that he was sanctioned for misleading investors, or that he had pled guilty to fraud and had recently been released from prison for violations of his supervised release.

97. To further mislead investors, Howard prepared the Reinhard Memo, making representations about the 2009 criminal case against Reinhard. Specifically, in the Memo, Howard represented that the charges were a tax deduction charge and an "incorrect bankruptcy charge." He also represented that the tax deductions were supported by documentation and the bankruptcy attorney failed to correct the filings at issue in the criminal case. In the Memo, Howard goes on to vouch for Reinhard, stating that he trusts Reinhard with securities investments and that Reinhard has integrity.

98. Howard distributed the Reinhard Memo to at least one potential investor, J.H., via an email message on July 27, 2016. J.H. then invested in the Funds. Reinhard also distributed the Reinhard Memo to potential investors.

e. Misstatements in Cambridge's Commission Filings

99. In July 2015 and June 2016, Howard signed and filed two Forms ADV, Uniform Applications for Investment Adviser Registration And Report By Exempt Reporting Advisers ("Forms ADV") on behalf of Cambridge with the Commission that contained material misrepresentations.

100. As explained to Howard and Cambridge in the Forms ADV, the Commission asks for information about a filer's disciplinary history and the disciplinary history of all its advisory

affiliates, and uses this information to determine whether, among other things, to place limitations on the filer's activities as an investment adviser, and to identify potential problem areas to focus on during the Commission's on-site examinations."

101. As stated in the Form ADV, an "advisory affiliate" is defined as: any current employee; any officer, partner or director, or any person performing similar functions; or any person directly or indirectly controlling the filing entity.

102. The Forms ADV require filers to answer the following question, among others:

In the past ten years, have you or any advisory affiliate:

(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony?

103. When Howard filed the Forms ADV, he and Cambridge knew that Reinhard had previously pled guilty to felony charges.

104. Nonetheless, in the July 2015 and June 2016 Form ADV filings, Howard, on behalf of Cambridge, answered "No" to this question, under penalty of perjury.

105. His answers were false. Reinhard was an affiliate of Cambridge and had pled guilty to a felony within ten years of the filing dates.

106. As recently as March 2019, Cambridge filed a Form ADV making this same misrepresentation – specifically, claiming that no affiliate had pled guilty to a felony within the past ten years, despite Reinhard's guilty plea having been within ten years of filing.

107. In the July 2015 and June 2016 Forms ADV, Howard, on behalf of Cambridge, also made misrepresentations concerning Reinhard's having been enjoined from violating the federal securities laws.

108. Specifically, the Forms ADV ask the following question:

(1) Has any domestic or foreign court in the past ten years, enjoined you or any advisory affiliate in connection with any investment-related activity?

109. When Howard signed the Forms ADV under penalty of perjury, he knew Reinhard had been permanently enjoined from violating the antifraud provisions of the federal securities laws in a civil enforcement action the Commission filed against him in this Court.

110. Nonetheless, Howard falsely answered this question as “No.”

111. As set forth in the Forms ADV, had Cambridge answered “Yes” to these questions, it would have been required to provide further disclosures in a Criminal Action Disclosure Report and a Civil Judicial Action Disclosure Report.

f. Misappropriation of Investor Funds

112. As alleged above, from December 2015 until at least December 2016, the Defendants misappropriated approximately \$361,400 in investor money by paying themselves broker fees out of the Funds’ assets in connection with the NFL settlement advances. Howard and Reinhard each took half of these fees for themselves.

113. Additionally, as alleged above, from no later than April 2016 until at least September 2016, Howard misappropriated about \$612,000 of investor money by failing to re-pay principal on the personal mortgage loans he received from Cambridge Partners.

114. In the case of Howard’s St. George Island property, the approximately \$312,000 in outstanding principal was purportedly forgiven in an agreement dated September 2017. Howard never repaid any part of the \$300,000 in outstanding principal from mortgage loans on his Boston property.

115. The misappropriation, which totals about \$973,000 (or nearly 24% of investors’ funds), was not disclosed to potential investors or investors.

VI. CLAIMS FOR RELIEF

COUNT I

(Violations of Section 17(a)(1) of the Securities Act)

Against All Defendants

116. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

117. From no later than October 2015 until at least February 2017, the Defendants, in the offer or sale of securities, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes or artifices to defraud.

118. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II

(Violations of Section 17(a)(2) of the Securities Act)

Against All Defendants

119. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

120. From no later than October 2015 until at least February 2017, the Defendants, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or of the mails, negligently obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

121. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT III

(Violations of Section 17(a)(3) of the Securities Act)

Against All Defendants

122. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

123. From no later than October 2015 until at least February 2017, the Defendants, in the offer or sale of securities, directly or indirectly, by the use of means or instruments of transportation or communication in interstate commerce, or of the mails, negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit upon the purchasers.

124. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT IV

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) Thereunder)

Against All Defendants

125. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

126. From no later than October 2015 until at least February 2017, Defendants directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes or artifices to defraud.

127. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. § 240.10b-5(a)].

COUNT V

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder)

Against All Defendants

128. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

129. From no later than October 2015 until at least February 2017, Defendants directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in the light of the circumstances in which they were made, not misleading.

130. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

COUNT VI

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5(c) Thereunder)

Against All Defendants

131. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

132. From no later than October 2015 until at least February 2017, Defendants directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts,

practices, and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

133. By engaging in the foregoing, Defendants, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(c)].

COUNT VII

(Violations of Section 206(1) of the Advisers Act)

Against All Defendants

134. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

135. From no later than October 2015 until at least February 2017, Defendants, for compensation, engaged in the business of advising the Funds' investors as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, and were therefore "investment advisers" within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2a(11)].

136. Defendants, while acting as investment advisers, by use of the means and instrumentalities of interstate commerce, or of the mails, directly or indirectly, knowingly or recklessly employed devices, schemes, and artifices to defraud one or more clients and prospective clients.

137. By engaging in the foregoing, Defendants violated, and unless enjoined, are reasonably likely to continue to violate, Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT VIII

(Violations of Section 206(2) of the Advisers Act)

Against All Defendants

138. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

139. From no later than October 2015 until at least February 2017, the Defendants, while acting as investment advisers, by use of the means and instrumentalities of interstate commerce, or of the mails, directly or indirectly, negligently engaged in transactions, practices or courses of business which operated as a fraud or deceit upon their clients and prospective clients.

140. By engaging in the foregoing, Defendants violated, and unless enjoined, are reasonably likely to continue to violate, Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

COUNT IX

(Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(1) Thereunder)

Against All Defendants

141. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

142. From no later than October 2015 until at least February 2017, the Defendants, while acting as investment advisers to the Cambridge Funds, by use of the means and instrumentalities of interstate commerce, or of the mails, directly or indirectly negligently made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, to investors or prospective investors in the Cambridge Funds.

143. By engaging in the foregoing, Defendants violated, and unless enjoined, are reasonably likely to continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8(a)(1) thereunder [17 C.F.R. § 275.206(4)-8(a)(1)].

COUNT X

(Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(2) Thereunder)

Against All Defendants

144. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

145. From no later than October 2015 until at least February 2017, the Defendants, while acting as investment advisers to the Cambridge Funds, by use of the means and instrumentalities of interstate commerce, or of the mails, directly or indirectly, negligently engaged in acts, practices, or a course of business that were fraudulent, deceptive, or manipulative with respect to investors and/or prospective investors in the Funds.

146. By engaging in the foregoing, Defendants violated, and unless enjoined, are reasonably likely to continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8(a)(2) thereunder [17 C.F.R. § 275.206(4)-8(a)(2)].

COUNT XI

(Violation of Section 207 of the Advisers Act)

Against Cambridge and Howard

147. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

148. In July 2015 and June 2016, Cambridge and Howard, by the means and instrumentalities of interstate commerce, or of the mails, directly or indirectly, willfully made untrue statements of material fact in reports filed with the Commission.

149. By engaging in the foregoing, Cambridge and Howard violated and, unless enjoined, are reasonably likely to continue to violate Section 207 of the Advisers Act [15 U.S.C. § 80b-7].

COUNT XII

(Violation of a Commission Order and of Section 203(f) of the Advisers Act)

Against Reinhard

150. The Commission repeats and realleges paragraphs 1 through 115 of its Complaint.

151. From no later than March 2015 until at least February 2017, Reinhard willfully became, or was associated with, an investment adviser in contravention of the Commission's Order permanently barring Reinhard from affiliation with any broker, dealer, or investment adviser, in *In the Matter of Don Warner Reinhard*, Securities Exchange Act of 1934 Rel. No. 63720, Investment Advisers Act of 1940 Rel. No. 3139, Admin. Proc. File No. 3-13280 (January 14, 2011).

152. By engaging in the foregoing, Reinhard, directly or indirectly, violated and, unless enjoined, is reasonably likely to continue to violate, the Commission's Order and Section 203(f) of the Advisers Act [15 U.S.C. § 80b-3(f)].

VII. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find the Defendants committed the violations alleged and:

A.

Permanent Injunctive Relief

Issue a Permanent Injunction, enjoining the Defendants from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; 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]; and Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8]; enjoining Cambridge and Howard from violating Section 207 of the Advisers Act

[15 U.S.C. § 80b-7]; and enjoining Reinhard from violating the Commission's prior order barring him from association with any investment adviser and Section 203(f) of the Advisers Act [15 U.S.C. § 80b-3(f)].

B.

Conduct-Based Injunctive Relief

Issue a conduct-based injunction prohibiting Reinhard from, directly or indirectly, including but not limited to through any entity he owns or controls, participating in the issuance, purchase, offer, or sale of any securities; provided, however, that such injunction shall not prevent Reinhard from purchasing or selling securities for his own personal account.

C.

Disgorgement

Issue an Order directing Cambridge, Howard and Reinhard to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts and/or courses of conduct alleged herein.

D.

Civil Penalty

Issue an Order directing Cambridge, Howard and Reinhard to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and/or Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

E.

Further Relief

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

F.

Retention of Jurisdiction

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

VIII.

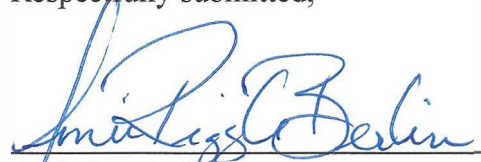
DEMAND FOR JURY TRIAL

The Securities and Exchange Commission hereby demands a jury trial in this case.

Dated: August 29, 2019

Respectfully submitted,

By:



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