

JUL 02 2012

JAMES N. HATTEN, Clerk

By:  Deputy Clerk

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff, : Civil Action No.

v. :

1:12-cv-2206

AUBREY LEE PRICE;  
PFG, LLC; PFGBI, LLC;  
MONTGOMERY ASSET  
MANAGEMENT, LLC f/k/a PFG  
ASSET MANAGEMENT, LLC, (Florida  
limited liability company); and  
MONTGOMERY ASSET  
MANAGEMENT, LLC f/k/a PFG  
ASSET MANAGEMENT, LLC,  
(Georgia limited liability company)

Defendants. :

COMPLAINT FOR INJUNCTIVE RELIEF

Plaintiff, Securities and Exchange Commission (the "Commission"), files its  
complaint and alleges that:

OVERVIEW

1. This matter involves an on-going offering and investment advisory fraud  
perpetrated against investors in two funds by Defendants Aubrey Lee Price

(“Price”); PFG, LLC (“PFG”); PFGBI, LLC (“PFGBI”); Montgomery Asset Management, LLC f/k/a PFG Asset Management, LLC (Florida) (“Montgomery Asset Investment Adviser”); and Montgomery Asset Management, LLC f/k/a PFG Asset Management, LLC (Georgia) (“Montgomery Asset Managing Member”) (collectively “Defendants”).

2. Between 2009 and the present, Price and the other defendants, which were controlled by him, raised approximately \$40 million from approximately 115 investors, located primarily in Georgia and Florida, through the sale of membership interests in PFG, LLC (“PFG”) and PFGBI, LLC (“PFGBI”), unregistered investment funds (the “Funds”). PFGBI was created as a separate investment vehicle for a subset of PFG investors to take existing PFG funds and invest those funds in a troubled local bank.

3. Although created as separate entities, there was an extreme intermingling of corporate forms, roles and statements between PFG, PFGBI, Montgomery Asset Investment Adviser and Montgomery Asset Managing Member, showing a concerted scheme all masterminded by Price.

4. PFG’s offering documents represented that investor funds would be kept in a custodial account at Goldman Sachs Execution & Clearing, L.P. (“Goldman Sachs”), and a significant portion of PFG investor funds, approximately \$36.9

million, were placed in a securities trading account at Goldman Sachs. The account suffered massive trading losses. Additionally, contrary to the representations made in the offering documents that the funds would remain in an account at Goldman Sachs, there were frequent large wires transferred out of the account, often to PFG's operating account at Bank of America, N.A.

5. The remaining approximately \$480,000 in PFG's account at Goldman Sachs was transferred to the Bank of America, N.A. PFG operating account between May 15-18, 2012, at which time the account at Goldman Sachs was closed. Throughout the time during which PFG was suffering trading losses, client account statements maintained by PFG and prepared by Price were made available to investors indicating fictitious investment returns. Neither Price nor PFG have notified investors that PFG has closed its account at Goldman Sachs. Moreover, neither Price nor PFG have notified investors of the minimal funds remaining in PFG's other accounts.

### **VIOLATIONS**

6. Defendants have engaged and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange

Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b), and (c) thereunder [17 C.F.R. § 240.10b-5 (a), (b), & (c)].

7. Additionally, Defendants Price and Montgomery Asset Investment Advisers have engaged and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1),(2) & (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

#### **JURISDICTION AND VENUE**

8. The Commission brings this action pursuant to Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] and Sections 209 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9 and 80b-14] to enjoin Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

9. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

10. Defendants, directly and indirectly, made use of the mails, and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

11. Certain of the transactions, acts, practices, and courses of business constituting violations of the Exchange Act and the Advisers Act, including the solicitation of some investors, occurred in the Northern District of Georgia.

12. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

### **THE DEFENDANTS**

13. Aubrey Lee Price, 46 years of age, is believed to be a resident of Lowndes County, Georgia, having recently moved from Manatee County, Florida. Price is an associated person of registered investment adviser Montgomery Asset Investment Adviser and holds Series 63 and 65 licenses.

14. PFG, LLC is a Georgia limited liability company, managed by Montgomery Asset Managing Member. The non-managing membership interests of PFG, LLC were sold to investors pursuant to a confidential private placement offering dated June 2009. PFG's principal place of business is McDonough, Georgia.

15. PFGBI, LLC is a Georgia limited liability company managed and controlled by Price. It appears to have operated as an unregistered investment fund.
16. Montgomery Asset Investment Adviser is a Florida limited liability company that was established in May 2010. It filed a Form ADV to register with the Commission in August 2010. Montgomery Asset Investment Adviser's principal place of business is McDonough, Georgia.
17. Montgomery Asset Managing Member, is a Georgia limited liability company that was established in May 2009. Montgomery Asset Managing Member's principal place of business is Sarasota, Florida. Montgomery Asset Managing Member purportedly is the managing member of PFG.

## **THE FRAUDULENT SCHEME**

### **The PFG Fund**

18. Price formed PFG as a Georgia limited liability company in January 2008 with Montgomery Asset Managing Member serving as the sole managing member of the entity.
19. Since PFG's formation, approximately 115 investors invested in approximately \$40 million of non-managing member interests in PFG. Those interests are securities.

20. According to PFG's private placement memorandum, the firm's objective is to achieve "positive total returns with low volatility" by investing in a variety of opportunities, including equity securities traded on the U.S. markets. The investors had no role in the management of PFG.

21. A significant portion of PFG investor funds, approximately \$36.9 million, were placed in a securities trading account at Goldman Sachs between 2009 and 2011.

22. The account suffered massive trading losses and frequent large wires were transferred out of the account, often to PFG's operating account at Bank of America, N.A. The remaining approximately \$480,000 in PFG's accounts at Goldman Sachs was transferred to the Bank of America, N.A. PFG operating account between May 15-18, 2012, at which time the account at Goldman Sachs.

23. Throughout the time during which PFG was suffering trading losses, client account statements maintained by PFG and prepared by Price were made available to investors, indicating fictitious amounts of assets and investment returns.

24. Upon information and belief, the investor funds put into PFG and not invested in PFGBI have been dissipated through bad investments, primarily in equity securities through trading at the broker-dealer, as well as real estate and certain illiquid assets, including equipment and farms in South America.

### **The PFGBI Fund**

25. During 2010, certain investors in PFG decided to invest \$10 million (using money previously invested in PFG) into non-managing member interests in PFGBI.
26. Price controlled and managed PFGBI.
27. PFGBI used the investor funds to purchase an equity ownership position in a failing South Georgia bank. The acquisition of the bank stock closed in December 2010.
28. Upon information and belief, PFGBI's investment in the bank is substantially worthless, as the bank's cash assets have been substantially depleted and substantially all of the bank's reserves (including U.S. treasuries and other liquid assets) were misappropriated by Price and lost in trading.
29. Goldman Sach's records document at least \$10 million in unexplained funds being transferred by Price from the bank to a trading account at Goldman Sachs.
30. To conceal his depletion of the bank's assets and reserves, in 2012, Price and PFG provided false Goldman Sachs account statements and representation letters to support fraudulent audit confirmations provided to the bank's regulators.



**June 2012 Letter**

31. Upon information and belief, Price prepared a letter dated “June 2012” and titled “Confidential Confession For Regulators – PFG, LLC and PFGBI, LLC Summary.” This letter was recently sent to some individuals associated with Price and PFG.

32. In the 22-page letter, Price admits that he “falsified statements with false returns” in order to conceal between \$20-23 million dollars in investor losses.

**COUNT I – FRAUD**

**Violations of Section 10(b) of the Exchange Act  
[15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b), and (c) thereunder [17 C.F.R. §  
240.10b-5 (a), (b), & (c)]**

33. Paragraphs 1 through 32 are hereby re-alleged and are incorporated herein by reference.

34. Between 2009 to 2012, Defendants, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- 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 would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

35. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

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

## **COUNT II – FRAUD**

### **Violations of Section 206(1) of the Advisers Act** **[15 U.S.C. § 80b-6(1)]**

37. Paragraphs 1 through 32 are hereby realleged and are incorporated herein by reference.

38. Between 2009 and 2012, Defendants Price and Montgomery Asset Investment Adviser, acting as investment advisers, using the mails and the means

and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud one or more advisory clients and/or prospective clients.

39. Defendants Price and Montgomery Asset Investment Adviser knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud. In engaging in such conduct, Defendants Price and Montgomery Asset Investment Adviser acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

40. By reason of the foregoing, Defendants Price and Montgomery Asset Investment Adviser, directly and indirectly, have violated, and, unless enjoined, Defendants Price and Montgomery Asset Investment Adviser will continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

### **COUNT III – FRAUD**

#### **Violations of Section 206(2) of the Advisers Act** **[15 U.S.C. § 80b-6(2)]**

41. Paragraphs 1 through 32 are hereby realleged and are incorporated herein by reference.

42. Between 2009 and 2012, Defendants Price and Montgomery Asset Investment Advisers, acting as investment advisers, by the use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly,

engaged in transactions, practices, and courses of business which would and did operate as a fraud and deceit on one or more advisory clients and/or prospective clients.

43. By reason of the foregoing, Defendants Price and Montgomery Asset Investment Advisers, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

**COUNT IV – FRAUD**  
**Violations of 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]**

44. Paragraphs 1 through 32 are hereby realleged and are incorporated herein by reference.

45. Between 2009 and 2012, Defendants Price and Montgomery Asset Investment Advisers, in connection with the purchase and sale of pooled investment vehicles described herein:

a. made untrue statements of material facts and/or omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and

b. engaged in acts, practices, and courses of business that was fraudulent, deceptive, and/or manipulative, all as more particularly described above.

46. Defendants Price and Montgomery Asset Investment Advisers knowingly, intentionally, and/or recklessly made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants Price and Montgomery Asset Investment Advisers acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

47. By reason of the foregoing, Defendants Price and Montgomery Asset Investment Advisers, directly and indirectly, have violated and, unless 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].

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff Commission respectfully prays for:

#### **I.**

Findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendants named herein committed the violations alleged herein.

## II.

A temporary restraining order, preliminary and permanent injunctions enjoining Defendants, their officers, agents, servants, employees, and attorneys from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b), and (c) thereunder [17 C.F.R. § 240.10b-5(a), (b), & (c)] and enjoining Defendants Price and Montgomery Asset Investment Adviser, their officers, agents, servants, employees, and attorneys from violating, directly or indirectly, Sections 206(1), (2) and (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].

## III.

An order requiring an accounting by Defendants of the use of proceeds of the fraudulent conduct described in this Complaint and the disgorgement by Defendants of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

## IV.

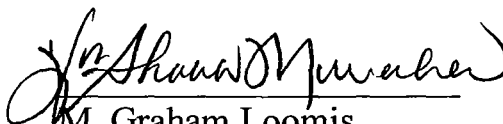
An order pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] imposing civil penalties against Defendants.

V.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

DATED: July 2, 2012<sup>1</sup>

Respectfully submitted,



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<sup>1</sup> Pursuant to Local Rule 7.1D, counsel for the Commission certifies that this Complaint has been prepared in 14 point Times New Roman font, which is approved by the Court in LR 5.1B.