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

SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	Civil Action No.: _____ (___)
v.	
PAUL T. MANNION, JR., ANDREW S. RECKLES, PEF ADVISORS LTD., and PEF ADVISORS LLC,	DEMAND FOR JURY TRIAL
Defendants,	
PALISADES MASTER FUND, L.P.,	
Relief Defendant.	

COMPLAINT

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

SUMMARY OF ALLEGATIONS

1. The Commission brings this securities fraud action against Defendants Paul T. Mannion, Jr., Andrew S. Reckles, PEF Advisors Ltd., and PEF Advisors LLC. (collectively "Defendants") for committing securities fraud by improperly overvaluing assets, misappropriating investor cash and securities, and making material misrepresentations in connection with a securities offering.

2. From August 2005 through at least October 2005, Paul T. Mannion, Jr. ("Mannion") and Andrew S. Reckles ("Reckles"), through their investment-adviser entities PEF

Advisors Ltd. and PEF Advisors LLC, knowingly or recklessly caused certain investments made by the hedge fund they advised, Palisades Master Fund, L.P. ("Fund"), to be overvalued by millions of dollars.

3. As financial problems arose with respect to certain of their investments, Mannion and Reckles placed these investments, which were a material portion of the Fund, in a "side pocket." Mannion and Reckles fraudulently valued three categories of securities they placed in the side pocket: (i) a convertible debenture, (ii) bridge loans, and (iii) restricted stock. They then communicated these fraudulent valuations to Fund investors and included the fraudulent valuations in calculating the management fees they were paid by the Fund. The overvaluations were misleading to the Fund's investors and enabled Mannion and Reckles to take improperly excessive management fees.

4. At the same time Mannion and Reckles were placing the Fund's holdings of troubled securities in the side pocket to be held indefinitely, they were putting their own interests ahead of the Fund by selling hundreds of thousands of shares of the same issuer in their personal accounts.

5. Moreover, in 2005, Mannion and Reckles engaged in a series of unauthorized and undisclosed transactions to benefit themselves to the detriment of the Fund and its investors.

6. Finally, in connection with a February 2004 securities offering, the Defendants made material misrepresentations that deceived the issuer and allowed the Defendants to unlawfully participate in the issuer's private offering.

7. By conduct detailed in this Complaint, the Defendants violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5

thereunder [17 C.F.R. § 240.10b-5] and Sections 206(1) and (2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and (2)]. Unless enjoined, the Defendants are likely to commit such violations again in the future.

8. The Commission seeks a judgment from the Court: (a) enjoining the Defendants from engaging in future violations of the antifraud provisions of the federal securities laws; (b) ordering the Defendants to disgorge, with prejudgment interest, the unlawful gains improperly obtained as a result of the conduct described herein; and (c) ordering the Defendants to pay civil money penalties 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)].

9. The Commission also seeks a judgment from the Court ordering the Fund, as a relief defendant, to disgorge, with prejudgment interest, unlawful gains improperly obtained as a result of the actions of the Defendants as described herein.

JURISDICTION AND VENUE

10. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)].

11. The Court has jurisdiction over this action under Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), 78u-1, and 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

12. The Defendants, directly or indirectly, used the means or instruments of interstate commerce, the mails, or the facilities of a national securities exchange in connection with the acts described herein.

13. Venue is proper because certain of the transactions, acts, practices, and courses of

business occurred within this judicial district. Among other things, Mannion resides in Norcross, Georgia, and Reckles resides in Milton, Georgia. The Defendants' principal place of business was located in Roswell, Georgia.

DEFENDANTS

14. **Paul T. Mannion, Jr.**, age 48, resides in Norcross, Georgia. During the relevant time period, Mannion was a principal and co-owner of PEF Advisors LLC and PEF Advisors Ltd., investment advisers to the feeder funds of Palisades Master Fund, L.P. He was also a principal and co-owner of registered broker-dealer HPC Capital Management, Inc. Mannion is currently employed as the President of Streetcapital, Inc., a successor of HPC Capital Management, Inc., located in Roswell, Georgia.

15. **Andrew S. Reckles**, age 40, resides in Milton, Georgia. During the relevant time period, Reckles was a principal and co-owner of PEF Advisors LLC and PEF Advisors Ltd., investment advisers to the feeder funds of Palisades Master Fund, L.P. He was also a principal and co-owner of registered broker-dealer HPC Capital Management, Inc. Reckles is currently employed by Moody Capital Solutions, Inc., a registered broker-dealer located in Dawsonville, Georgia.

16. **PEF Advisors Ltd.** is a British Virgin Islands international business company. PEF Advisors Ltd. is the investment adviser for the international feeder fund, Palisades Equity Holdings Ltd. During the relevant period, Mannion and Reckles were the principals and owners of PEF Advisors Ltd.

17. **PEF Advisors LLC** is a Delaware limited liability company. PEF Advisors LLC is the investment adviser for the domestic feeder fund, Palisades Equity Fund, L.P. During the

relevant period, Mannion and Reckles were the principals and owners of PEF Advisors LLC.

RELIEF DEFENDANT

18. **Palisades Master Fund, L.P.** is a British Virgin Islands limited partnership and the master fund of a master-feeder structure through which feeder funds Palisades Equity Holdings Ltd., a British Virgin Islands limited liability company and hedge fund, and Palisades Equity Fund, L.P., a Delaware limited partnership and hedge fund, made investments.

OTHER RELEVANT ENTITIES

19. **World Health Alternatives, Inc.** was a Florida corporation with its principal place of business in Pittsburgh, Pennsylvania. World Health Alternatives, Inc. securities were registered with the Commission under Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] and were quoted on the OTC Bulletin Board under the symbol WHAI. World Health Alternatives, Inc. filed for bankruptcy on February 20, 2006 and terminated the registration of its securities on March 22, 2006.

20. **Radyne Corporation f/k/a Radyne ComStream, Inc.** is a Delaware corporation with its principal place of business in Phoenix, Arizona. Radyne Corporation's securities are registered with the Commission under Section 12(b) [15 U.S.C. § 78l(b)] of the Exchange Act and are quoted on the NASDAQ under the symbol RADN.

STATEMENT OF FACTS

I. Defendants Fraudulently Overvalued the Fund's Investments in World Health Alternatives, Inc.

21. Beginning in August 2004, the Fund, at the direction of Mannion and Reckles, invested millions of dollars in World Health Alternatives, Inc. ("World

Health"), a now-bankrupt medical staffing company based in Pittsburgh, Pennsylvania. By July 2005, World Health was the Fund's largest single position and constituted at least 20% of the Fund's assets.

22. In addition to the Fund's investments in World Health, throughout the spring and the summer of 2005, Mannion and Reckles personally sold millions of shares of World Health common stock generating more than $12 million in proceeds to Mannion and Reckles.

23. On August 15, 2005, World Health's Chief Executive Officer (CEO) unexpectedly failed to attend a conference call with investors and analysts. The call was canceled.

24. On August 16, 2005, World Health filed a Form 8-K with the Commission announcing the CEO's resignation.

25. In response to the CEO's resignation, World Health's senior secured lender immediately halted lending to the company. World Health relied on loans from its senior secured lender to pay operating expenses, including payroll. In dire straits, World Health turned to the Defendants for a loan to cover these expenses. On August 17, 2005, the Fund loaned World Health $4 million in bridge financing to be repaid on August 31, 2005.

26. On August 19, 2005, World Health filed another Form 8-K announcing that it had dismissed its outside auditor and was undertaking an investigation to review possible misstatements in its financial statements related to the number of shares outstanding, recognition of certain securities it had allegedly issued, underpayment of tax

liabilities, and excessive drawdowns of funding available through World Health's lending arrangements.

27. By August 24, 2005, World Health was again in need of financing and again turned to the Defendants. On that date, the Fund loaned World Health an additional $2 million in bridge financing also to be repaid on August 31, 2005.

28. Also on August 24, 2005, Reckles sent an email titled "Help Us" to a World Health executive pleading for World Health to issue the Fund additional stock. Reckles said the Fund needed the stock because it "was going to take a MASSIVE loss this month" and acknowledged that the Fund's World Health stock position alone had suffered a $3.9 million loss. Reckles went on to say that if the Fund did not receive additional shares Mannion and Reckles "were going to show such a HUGE loss to our [investors] that we fear large scale redemptions and this could cause the end of our fund...." The Fund did not receive the additional shares.

29. On August 26, 2005, Mannion and Reckles each sold 380,048 shares of World Health unrestricted common stock – representing 70% of Mannion's holdings of World Health unrestricted common stock and 56% of Reckles' holdings – in their personal accounts at approximately $0.26 per share. From August 17, 2005 until mid-November 2005, Mannion and Reckles did not sell any of the 500,000 shares of World Health unrestricted common stock held by the Fund.

30. On August 29, 2005, World Health filed another Form 8-K announcing that its Chief Financial Officer (CFO) had resigned on August 24, 2005.

31. In addition, on August 29, 2005, World Health was considering a new

round of financing. In an email that day, Reckles wrote that this new round of financing "MUST close by [August 30 or 31] or the company will probably fail." The financing did not close by August 31.

32. By August 31, 2005, the Defendants knew that World Health would be unable to repay the bridge loans by the August 31 contractual due date.

33. The increasingly alarming disclosures about World Health caused a dramatic decline in the price of the company's unrestricted common stock. From August 15, 2005 (the day prior to the announcement of the CEO's resignation) through August 31, 2005, the price of World Health's unrestricted common stock declined more than 93%, from $3.46 per share to $0.22 per share.

34. As a result of these events, Mannion and Reckles were concerned about the value of the Fund's World Health assets. In particular, they were concerned that any report of substantial losses in the Fund from the World Health investments would cause investors to seek to cash out their investments in the Fund by redeeming their interests in the Fund. Wide-spread redemptions would cause significant damage to the Fund because the Fund was primarily invested in illiquid securities, and therefore would not have sufficient cash to redeem a large number of investors.

35. Recognizing the risk of large scale redemptions, the Defendants decided to place the World Health assets in a "side pocket." When used properly, a side pocket is a mechanism that hedge funds use to separate typically illiquid investments from the more liquid investments in the fund. In the event a fund investor wishes to redeem his or her investment in a hedge fund with a side pocket, the investor typically will not be permitted

to redeem the pro-rata portion of the investment in the fund that was allocated to the side pocket until the asset is liquidated and/or the fund advisers decide to release the assets from the side pocket.

36. On September 8, 2005, Mannion and Reckles sent some of the Fund's investors a letter requesting consent to create the side pocket. In the letter, Mannion and Reckles misleadingly described the Fund's assets in World Health as a "total investment of approximately $19.72 million." In particular, Mannion and Reckles claimed that the Fund's holdings included "$4.12 million in free trading and restricted stock." Using the market quote for the Fund's stock on September 8, 2005, the Fund's stock investment was worth, at most, $362,000. Mannion and Reckles also failed to disclose in their letter that World Health had defaulted on the $6 million in bridge financing Palisades had extended in August 2005. Mannion and Reckles further failed to disclose that on August 26, 2005 they had both sold the majority of their holdings of World Health unrestricted common stock in their personal accounts for $0.26 per share.

37. The next day – September 9, 2005 – Mannion and Reckles both sold all the remaining World Health unrestricted common stock in their personal accounts at $0.35 per share. Mannion and Reckles did not, however, sell the Fund's World Health unrestricted common stock. Instead, they waited until November 2005, when the Fund's World Health shares were sold at prices ranging from $0.10 to $0.14 per share. Moreover, Mannion and Reckles also did not sell the Fund's World Health debt securities, which were ultimately worthless when World Health declared bankruptcy in February 2006. Mannion and Reckles did not disclose to the Fund's investors that they

had sold all the World Health unrestricted common stock held in their personal accounts.

38. By creating a side pocket for the World Health assets, Mannion and Reckles prevented investors from redeeming the portion of the investors' assets in the Fund that were invested in World Health securities. The Fund, however, remained vulnerable to redemptions of the portion of an investor's interest not placed in the side pocket. The Fund advisers therefore feared "large-scale redemptions" if the Fund showed a massive loss in any position, even a side-pocketed position.

39. Palisades had adopted specific policies on how it would value different categories of securities, and communicated those policies in, among other documents, the offering memorandum and financial statements it furnished to prospective investors.

40. On a monthly basis, Mannion and Reckles determined a Net Asset Value ("NAV") for all of the assets in the portfolio. The Defendants used the NAV as the basis for, among other things, communicating Fund performance to Fund investors and for calculating the management fees due to Mannion and Reckles for their services as advisers to the Fund.

41. Palisades' valuation policies applied differing methodologies to value discrete categories of securities. As a general matter, the policy required the advisers to utilize quoted market prices where available (with adjustments as required by the valuation policy) and to determine fair value where quoted market prices were not available.

42. Palisades' valuation policy required restricted common stock to be valued by first marking the restricted common stock to the market price of the corresponding

unrestricted common stock and then reducing the valuation by 50% of the difference between the acquisition cost of the restricted common stock and the market price of the unrestricted common stock.

43. Palisades' valuation policy required convertible securities – such as convertible debentures – to be valued at cost plus accrued interest or dividends, and then increased or decreased by 50% of the amount by which the value of the unrestricted common stock exceeded or fell below the conversion price.

44. Palisades' valuation policy required loans and other non-convertible debt to be valued at cost.

45. With respect to all portfolio assets and securities, if the Fund advisers determined that the valuation was not representative of fair value, the advisers were required to inform the Fund's directors so that a value could be reasonably determined.

46. For the August 2005 NAV statement, the Defendants began the process of creating the NAV on or about September 13, 2005.

47. The valuations of the illiquid side-pocketed World Health positions in the August 2005 NAV were misleading and inconsistent with the Fund's disclosed valuation policy.

48. Under the disclosed valuation policy, the Fund's World Health restricted stock should have been valued at $0. Contrary to the valuation policy, Mannion and Reckles valued the Fund's World Health restricted common stock position at approximately $1.9 million for the August 2005 NAV.

49. Under the disclosed valuation policy, the Fund's World Health convertible

debenture should have had a maximum value of $3.4 million. Contrary to the valuation policy, Mannion and Reckles valued the Fund's World Health convertible debenture at $7.4 million for the August, September, and October 2005 NAVs.

50. Under the disclosed valuation policy, loans were to be valued at cost, unless the advisers determined that, after applying the policy, the value of the loan was not representative of its fair value, in which case the loans were to be assigned a reasonably determined value. Mannion and Reckles knew that the $6 million bridge loans were in default as of August 31, 2005, but did not discount the value of the loans in any way.

51. By September 2005, Mannion and Reckles had filed suit against World Health on behalf of the Fund seeking recovery of the $6 million in bridge loans.

52. Despite knowledge on August 31 that the loans were in default and that the loans' value was impaired and despite knowledge on September 30 that the Fund had filed suit to recover the loans, Mannion and Reckles overvalued the loans at $6 million for the August, September, and October 2005 NAVs.

53. In addition to being contrary to disclosed valuation policy, the valuations of the Fund's side-pocketed, illiquid World Health assets in the August 2005 NAV were contrary to Mannion's and Reckles' undisclosed, internal valuation performed on the World Health assets.

54. On September 13, 2005, Mannion sent an email to the Fund's administrative services provider containing an attached spreadsheet that valued the Fund's illiquid World Health assets at approximately $9.4 million.

55. The very next day – September 14, 2005 – the Defendants finalized the August 2005 NAV. In the NAV, the Defendants valued the Fund's investments in the illiquid, side-pocketed World Health assets at $15.3 million, more than 60% greater than the valuation in Mannion's spreadsheet just a day before. Mannion and Reckles knew, or were reckless in not knowing, that the August 2005 NAV valuation was improper.

56. Mannion and Reckles had no justification for the 60% increase in valuation from the internal spreadsheet on September 13, 2005 to the external valuations finalized for the August 2005 NAV on September 14, 2005.

57. The Defendants knew, or were reckless in not knowing, that the valuations in the August, September, and October 2005 NAVs were contrary to the disclosed valuation policy and improperly materially inflated.

58. The valuations in the August, September, and October 2005 NAVs were the basis for documents communicating Fund performance to investors. None of these communications disclosed that the NAV valuations were contrary to the Fund's valuation policies or that the valuations provided to investors exceeded the Defendants' internal valuations by as much as 60%.

59. The valuations in the August, September, and October 2005 NAV were the basis for calculation of management fees payable to Mannion and Reckles for their management of the Fund's portfolio. These fees were improperly inflated by Mannion's and Reckles' overvaluation of Fund assets.

60. The Defendants also provided the inflated valuations in connection with their solicitation of new investors. One new investor invested $3 million in the Fund.

The use of inflated valuations was deceptive and misleading to the solicited investors.

61. World Health declared bankruptcy in February 2006.

62. After World Health declared bankruptcy, Mannion and Reckles finally acknowledged that the World Health assets were worthless and valued the Fund's World Health holdings in the side pocket at $0.

II. Theft and Other Misuse of the Fund's Assets

63. In 2005, Mannion and Reckles repeatedly misused assets belonging to the Fund and its investors.

64. On August 7, 2005, Mannion and Reckles stole and exercised what were, at the time of the theft, extremely valuable World Health warrants that belonged to the Fund. The Fund had acquired the warrants in connection with a May 2005 financing by World Health in which the Fund participated. The warrants entitled the Fund to purchase 1.04 million shares of common stock.

65. When Mannion and Reckles exercised the warrants and received the underlying shares a few days later on Friday, August 12, 2005, the investment was worth over $1.6 million in profit.

66. Mannion and Reckles were unable to realize these improper profits because the problems at World Health began to be revealed just one trading day later, on Monday, August 15, 2005, causing a dramatic drop in World Health's share price.

67. In July 2005, Mannion and Reckles improperly borrowed $2 million from the Fund to finance a personal investment. Though the loan was repaid, the loan from the Fund to Mannion and Reckles was not authorized by the Fund's governing documents

and was never disclosed to the Fund's investors.

68. Also in July 2005, Mannion and Reckles used approximately $13,000 of the Fund's assets (i) to pay invoices for services provided to the Fund advisers, not to the Fund itself and (ii) to purchase warrants for the benefit of Mannion and Reckles instead of the Fund. Again, the money was repaid, but the transaction was not authorized by the Fund's governing documents and was never disclosed to the Fund's investors.

69. Mannion and Reckles knew, or were reckless in not knowing, that the misappropriations of the Fund's assets were improper. By misappropriating Fund assets, Mannion and Reckles breached their fiduciary duty to the Fund.

III. Material Misrepresentations in Connection with Radyne's February 2004 PIPE Transaction

70. In connection with Radyne Corporation's ("Radyne") February 2004 unregistered securities offering, the Defendants made material misrepresentations concerning their short position in Radyne securities.

71. Radyne's offering was structured as a private investment in public equity, commonly referred to as a "PIPE."

72. On or about February 5, 2004, a banker from Roth Capital Partners ("Roth") contacted Mannion about the Radyne PIPE.

73. Consistent with his practice, the banker informed Mannion that Roth was working on a PIPE transaction and that the PIPE information he had was confidential.

74. Again, consistent with his practice, the banker informed Mannion that, if he disclosed information about the PIPE to the Defendants, they would be restricted from trading in

the issuer's securities and from discussing the transaction with others until it was publicly announced.

75. Mannion agreed to keep the information confidential and not to trade on it or discuss it with others until it was publicly announced. Thereafter, the banker disclosed to Mannion that Roth was soliciting investors for a private offering involving Radyne stock.

76. The banker then described Radyne's business and the structure of the transaction. The banker's call with Mannion lasted more than eight minutes.

77. After the banker and Mannion completed their conversation, another Roth employee emailed Mannion a Radyne Investment Proposal and Investment Presentation. The email's subject is "CONFIDENTIAL – RADYNE COMSTREAM." The text of the email states: "Per the request of [Roth banker] I have attached the Investment Proposal and Investor Presentation for the above referenced company. Please note that it is intended for you only and should not be distributed to others."

78. Page one of the attached Investment Proposal contained the following language:

> This Proposal is submitted to prospective investors on a confidential basis and is for their informational use solely in connection with the offering described herein. The disclosure of any of the information contained herein or its use for any other purpose except with Radyne ComStream's prior written consent is prohibited. This Proposal may not be reproduced, in whole or in part, and it is accepted with the understanding that it will be returned on request if the recipient does not purchase the common stock offered hereby or if the recipient's subscription is not accepted or if the offering is terminated.

79. The Radyne Confidential Investment Proposal and Investor Presentation contained additional material, nonpublic information, including the total number of shares being offered in the PIPE, and an explanation that the purpose of the offering was

to enable Radyne's majority stockholders to liquidate their longstanding investment in Radyne, while increasing the float of Radyne's common stock. The confidential materials further noted that the selling shareholders expressed an interest in making a bonus payment out of a small portion of the proceeds to Radyne's CEO.

80. Despite Defendants' knowledge that the PIPE transaction was confidential and their agreement not to trade on that information, on February 5, 2004 and again on February 6, 2004, the Fund sold short a total of 60,000 shares of Radyne unrestricted common stock.

81. On February 12, 2004 and at the Defendants' direction, an authorized signatory for the Fund executed a stock purchase agreement for in order for the Fund to participate in the Radyne PIPE transaction. The Fund was required to execute the stock purchase agreement to participate in the transaction.

82. The stock purchase agreement further required the Defendants to represent that the Fund "[did] not hold a short position, directly or indirectly, in any shares of the Company's [Radyne's] stock." In fact, when the stock purchase agreement was executed, the Fund held the 60,000 share short position established on February 5 and 6, 2004.

83. On February 14, 2004, Reckles faxed the signature pages of the Radyne stock purchase agreement signed on behalf of the Fund to Roth.

84. The Defendants defrauded the Radyne seller by making a material misrepresentation concerning their short position in Radyne stock.

85. The Defendants made substantial unlawful profits from their improper and

unlawful participation in the Radyne PIPE transaction.

IV. The Relief Defendant

86. The Fund received funds that either are the proceeds of, or are traceable to the proceeds of, the unlawful activities alleged herein and to which the Fund has no legitimate claim.

87. The Fund obtained the funds as part of and in furtherance of the securities violations alleged and under circumstances in which it is not just, equitable, or conscionable for the Fund to retain the funds, and the Fund, accordingly, has been unjustly enriched by ill gotten gains.

FIRST CLAIM

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

88. The Commission realleges and reincorporates paragraphs 1 through 90 as if fully set forth herein.

89. The Defendants, with scienter, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) employed devices, schemes, or artifices to defraud; (b) made 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/or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit.

90. The Defendants knowingly or recklessly overvalued the Fund's investments in World Health in a manner inconsistent with the disclosed valuation policy. The Defendants also

knowingly or recklessly misused assets belonging to the Fund and its investors. Defendants further knowingly or recklessly made material misrepresentations with respect to short positions taken by the Fund in connection with the purchase of Radyne securities.

91. By reason of the actions alleged herein, the Defendants violated 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].

SECOND CLAIM

Violation of Section 206(1) of the Advisers Act

92. The Commission realleges and reincorporates paragraphs 1 through 94 as if fully set forth herein.

93. The Defendants, with scienter, by use of the mails or means or instrumentality of interstate commerce employed devices, schemes, or artifices to defraud current and prospective clients.

94. The Defendants knowingly or recklessly overvalued the Fund's investments in World Health in a manner inconsistent with the disclosed valuation policy. The Defendants also knowingly or recklessly misused assets belonging to the Fund and its investors.

95. By reason of the actions alleged herein, the Defendants violated Section 206(1) of the Advisers Act [15 U.S.C. §80b-6(1)].

THIRD CLAIM

Violation of Section 206(2) of the Advisers Act

96. The Commission realleges and reincorporates paragraphs 1 through 98 as if fully set forth herein.

97. The Defendants, by use of the mails or means or instrumentality of interstate

commerce engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon current and prospective clients.

98. The Defendants overvalued the Fund's investments in World Health in a manner inconsistent with the disclosed valuation policy. The Defendants also misused assets belonging to the Fund and its investors.

99. By reason of the actions alleged herein, the Defendants violated Section 206(2) of the Advisers Act [15 U.S.C. §80b-6(2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a judgment:

(i) finding that the Defendants violated the antifraud provisions of the federal securities laws as alleged herein;

(ii) permanently enjoining the Defendants from violating 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) and (2) of the Advisers Act [15 U.S.C. § 80b-6(1) and (2)];

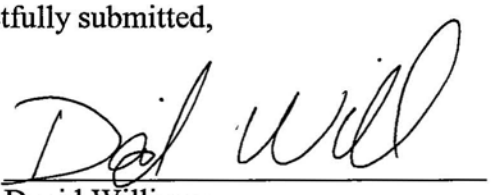
(iii) ordering the Defendants, including Relief Defendant Palisades Master Fund, L.P., to disgorge unlawfully obtained monies as a result of the actions alleged herein and to pay prejudgment interest thereon;

(iv) ordering Mannion, Reckles, PEF Advisors Ltd., and PEF Advisors LLC to pay a civil monetary penalty under Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78u-1] and Section 209(e) of the Advisers Act [15 U.S.C. §80-b(9)(e); and

(v) granting such other relief as this Court may deem just and proper.

Dated: October 19, 2010

Respectfully submitted,



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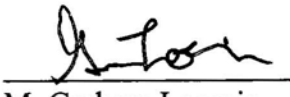

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