

<b>DISTRICT COURT, DENVER COUNTY, COLORADO</b>	
1437 Bannock Street Denver, CO 80202	DATE FILED: October 25, 2019 12:28 PM FILING ID: 123AEB4C36597 CASE NUMBER: 2019CV34118
DAVID S. CHEVAL, Acting Securities Commissioner for the State of Colorado,  Plaintiff,  v.  ROBERT J. PARFET; MEREDITH PARFET, A/K/A MEREDITH E. WILSON; CHARLES A. LINDBERG; JUMAR MANAGEMENT, LLC; PITON DEBT HOLDINGS, LLC; GREEN MOUNTAIN CAPITAL, LLC; ANTERO CAPITAL, LLC; LONGS PEAK CAPITAL PARTNERS, LLC; LONGS PEAK CAPITAL PARTNERS QP, LLC; MT. ELBERT 14,400, LLC; MT. ELBERT, 14,400 QP, LLC; SAWTOOTH CAPITAL PARTNERS, LLC; SAWTOOTH CAPITAL PARTNERS QP, LLC; ANTERO DEBT HOLDINGS, LLC; GREEN MOUNTAIN DEBT HOLDINGS, LLC; LONGS PEAK FUNDING, LLC,  Defendants.	<b>^ COURT USE ONLY ^</b>
PHILIP J. WEISER, Attorney General ROBERT W. FINKE, 40756* First Assistant Attorney General SUEANNA P. JOHNSON, 34840* Senior Assistant Attorney General JANNA K. FISCHER, 44952* Assistant Attorney General Ralph L. Carr Judicial Building 1300 Broadway, 8 <sup>th</sup> Floor Denver, CO 80203 Tel: (720) 508-6000 Fax: (720) 508-6037 Robert.Finke@coag.gov; Sueanna.Johnson@coag.gov; Janna.Fischer@coag.gov *Counsel of Record	Case No.:  Courtroom:
<b>COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF</b>	

Plaintiff David S. Cheval, Acting Securities Commissioner for the State of Colorado, by and through his counsel, the Colorado Attorney General and

undersigned counsel, hereby submits his Complaint for Injunctive and Other Relief against the Defendants, and alleges as follows:

### JURISDICTION

1. Plaintiff David S. Cheval is the Acting Securities Commissioner for the State of Colorado (the "Commissioner"). The Commissioner is authorized to administer all provisions of the Colorado Securities Act (the "Act"). § 11-51-703, C.R.S. He is also authorized to bring this action to seek temporary, preliminary, and permanent injunctive relief, along with other equitable relief against the Defendants upon sufficient evidence that the Defendants have engaged in or are about to engage in any act or practice constituting a violation of any provision of the Act. §§ 11-51-602(1) and (2), C.R.S.

2. Venue is proper in the district court for the City and County of Denver, Colorado. § 11-51-602(1), C.R.S.

### SUMMARY OF THE ACTION

3. From approximately 2014-2018, the Defendants engaged in a scheme to defraud investors by raising more than \$100 million in securities nationwide, of which there are approximately over 200 Colorado investors. The Defendants did not register the securities offerings, acted without licensure as either an investment advisor or broker-dealer, employed other unlicensed individuals to offer and sell the unregistered securities, and engaged in fraud, all in violation of the Colorado Securities Act.

4. Defendants' scheme to defraud entailed offering and selling securities in various funds managed by Jumar or its affiliates, known herein as the Jumar Funds. The Jumar Funds – denominated as Longs Peak, Mt. Elbert, Sawtooth, Green Mountain, and Antero, or a variation of those names – were established by the Defendants to create an appearance of diversification. Unknown to investors, however, was that the overwhelming majority of monies invested in the Jumar Funds were ultimately reinvested with three companies that turned out to be a Ponzi scheme. These three companies – Global Credit Recovery, LLC, Deville Asset Management, Ltd., and Centurion Capital Corporation LLC (collectively "GCR Non-Parties") – are involved in a \$390 million dollar Ponzi scheme, in which those entities and principals are subject to federal receivership in *SEC v. Merrill, et al.*, United States District Court for the District of Maryland Case No. 18-cv-02844 ("SEC Litigation"). The GCR Non-Parties represented that their companies were involved in consumer debt portfolios and investments.

5. The Defendants lured investors into the Jumar Funds by representing returns ranging from as low as 21.3% in 2015 for Longs Peak to as high as 63.4% in 2016 for Mt. Elbert. The Defendants charged performance fees – identified by

Defendants as incentive allocation fees – during 2015-2019, that approximately exceed \$21 million. These purported returns in the Jumar Funds, upon which the performance fees were based, were substantially sourced paper returns, as the underlying financial statements for these funds were never provided to investors. In fact, the Private Placement Memorandums (“PPMs”) for the Jumar Funds did not provide current or historical financial statements for Jumar or its affiliates, the Jumar Funds, or the GCR Non-Parties. The PPMs also contained material misrepresentations and omissions concerning the relationships among the principals, the compensation received by Jumar and its officers, and the credentials of some of the Jumar management.

6. Finally, the Defendants engaged in unlicensed broker-dealer activity and used unlicensed entities like Aspen Street, LLC, or unlicensed individuals like Leonard Johnson or Michael Holstead (“Aspen Non-Parties”), to offer and sell the securities. The Aspen Non-Parties raised approximately \$21 million from investors, of which a majority of those raised funds were invested into the Jumar Funds and therefore ultimately reinvested with the GCR Non-Parties. The Commissioner initiated action against and settled with the Aspen Non-Parties in *Cheval v. Aspen Street, LLC, et al*, Denver District Court Case No. 2019 CV 33036 (“Aspen Litigation”). Certain of the Aspen Non-Parties are subject to a state receivership in the Aspen Litigation. Randel Lewis is the court-appointed Receiver in that action.

## DEFENDANTS

### **Jumar Management and Related Entities**

7. Jumar Management, LLC (“Jumar” or collectively “Jumar Management Defendants”), is a limited liability company originally formed in Colorado on May 12, 2015, but then reorganized in Delaware on September 15, 2016. Despite this reorganization, at all times relevant herein, Jumar was located and operated from Boulder, Colorado at 3021 Jefferson Street or another Colorado location. Jumar is the management company for the Jumar Funds.

8. Robert “Bo” J. Parfet (“R. Parfet” or collectively “Jumar Management Defendants”) is an adult male whose last known address is the same as Jumar. At all times relevant herein, R. Parfet was the Managing Member, Principal, Chief Operating Officer, Chief Investment Officer, and a control person of Jumar.

9. Meredith Parfet, a/k/a Meredith E. Wilson (“M. Parfet” or collectively “Jumar Management Defendants”) is an adult female whose last known address is the same as Jumar and R. Parfet. M. Parfet is married to R. Parfet. At all times relevant herein, M. Parfet was the Chief Operating Officer or Chief Compliance Officer, and a control person of Jumar.

10. Charles A. Lindberg (“Lindberg” or collectively “Jumar Management Defendants”) is an adult male whose last known address is 12849 Magnolia Pointe Blvd. in Clermont, Florida. At all times relevant herein, Lindberg was a Managing Member, Chief Financial Officer, and a control person of Jumar.

11. Piton Debt Holdings, LLC (“Piton” or collectively “Jumar Management Defendants”) is a Delaware limited liability company formed August 8, 2017 with a last known address of 1941 Pearl Street, Suite 200 in Boulder, Colorado. R. Parfet, M. Parfet, and Lindberg are the ultimate owners and control persons of Piton that managed other offerings affiliated with Jumar.

12. Green Mountain Capital, LLC (“Green Mountain Capital” or collectively “Jumar Management Defendants”) is a Delaware limited liability company formed July 24, 2017 with a last known address the same as Piton. Brooks Johnson is the Managing Member and control person of Green Mountain Capital, but R. Parfet, M. Parfet, and Lindberg are the ultimate owners and control persons of Green Mountain Capital. This entity managed other offerings affiliated with Jumar.

13. Antero Capital, LLC (“Antero Capital” or collectively “Jumar Management Defendants”) is a Delaware limited liability company formed October 18, 2017 with a last known address the same as Green Mountain Capital and Piton. R. Parfet, M. Parfet, and Lindberg are the ultimate owners and control persons of Antero Capital. This entity managed other offerings affiliated with Jumar.

### **The Jumar Funds**

14. Longs Peak Capital Partners, LLC (“Longs Peak” or collectively “Jumar Funds Defendants”) is a Colorado limited liability company located at the same address as Jumar Funds or 9300 Conroy Windermere Road, in Windermere, Florida. Longs Peak was formed May 12, 2014, and is one of the Jumar Funds where investor monies were reinvested into the GCR Non-Parties under the umbrella of Jumar.

15. Longs Peak Capital Partners QP, LLC (“Longs Peak QP” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same address as the other Jumar Funds. Longs Peak QP was formed January 9, 2018, and is one of the Jumar Funds where investor monies were reinvested into the GCR Non-Parties under the umbrella of Jumar.

16. Mt. Elbert 14,400, LLC (“Mt. Elbert” or collectively “Jumar Funds Defendants”) is a Colorado limited liability company located at the same address as the other Jumar Funds. Mt. Elbert was formed February 3, 2015, and is one of the Jumar Funds where investor monies were reinvested into the GCR Non-Parties under the umbrella of Jumar.

17. Mt. Elbert 14,400 QP, LLC (“Mount Elbert QP” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same addresses as the other Jumar Funds. Mt. Elbert QP was formed March 7, 2017, and is one of the Jumar Funds where investor monies were reinvested into the GCR Non-Parties under the umbrella of Jumar.

18. Sawtooth Capital Partners, LLC (“Sawtooth” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same address as the other Jumar Funds. Sawtooth was formed October 18, 2017, and is one of the Jumar Funds managed by Jumar.

19. Sawtooth Capital Partners QP, LLC (“Sawtooth QP” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same address as the other Jumar Funds. Sawtooth QP was formed December 13, 2017, and is one of the Jumar Funds managed by Jumar.

20. Antero Debt Holdings, LLC (“Antero Debt” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same address as Piton Debt, Green Mountain Capital, and Antero Capital. Antero Debt was formed October 18, 2017, and is one of the Jumar Funds managed by Jumar.

21. Green Mountain Debt Holdings (“Green Mountain Debt” or collectively “Jumar Funds Defendants”) is a Delaware limited liability company located at the same address as Piton Debt, Green Mountain Capital, Antero Debt, and Antero Capital. Green Mountain Debt was formed July 25, 2017, and is one of the Jumar Funds managed by Jumar.

22. Longs Peak Funding, LLC (“Longs Peak Funding” or collectively “Jumar Funds Defendants”) is a Colorado limited liability company located at the same address as Jumar, R. Parfet, and M. Parfet. Longs Peak Funding was formed May 12, 2015, and is one of the Jumar Funds managed by Jumar.

### **RELATED NON-PARTIES**

#### **GCR Non-Parties**

23. Global Credit Recovery, LLC (“Global” or collectively “GCR Non-Parties”) is a Maryland limited liability company located at 108 W. Timonium Road, in Timonium, Maryland. Global is one of the funds where investor monies from the Jumar Funds were reinvested under the umbrella of Jumar.

24. DeVille Asset Management, Ltd. (“DeVille” or collectively “GCR Non-Parties”) is a limited partnership located at 1132 Glade Rd, in Coffeyville, Texas.

DeVille is an affiliate of Global, and another fund where investor monies from the Jumar Funds were reinvested under the umbrella of Jumar.

25. Centurion Capital Corporation (“Centurion” or collectively “GCR Non-Parties”) is a Texas corporation located 1132 Glade Road in Colleyville, Texas. Centurion is an affiliate of Global and DeVille, and another fund where investor monies from the Jumar Funds were reinvested under the umbrella of Jumar.

26. Kevin B. Merrill (“Merrill” or collectively “GCR Non-Parties”) is an adult male who is a resident of Baltimore, Maryland. Merrill owned and controlled Global. Merrill was indicted in *U.S. v. Merrill* in the United States District Court for the District of Maryland. Merrill pled to guilty conspiracy and wire fraud and was sentenced to 22 years in federal prison on October 10, 2019.

27. Jay B. Ledford (“Ledford” or collectively “GCR Non-Parties”) is an adult male who lives in Westlake, Texas and Las Vegas, Nevada. Ledford owned and controlled DeVille. Ledford was also indicted in *U.S. v. Ledford* in the United States District Court for the District of Maryland. Ledford pled guilty to conspiracy to commit wire fraud, aggravated identity theft, and money laundering, and is scheduled to be sentenced on October 29, 2019.

#### **Aspen Non-Parties**

28. Aspen Street, LLC (“Aspen” or collectively “Aspen Non-Parties”) is a Colorado limited liability company formed on August 28, 2016. Aspen is located at 1324 Aspen Street in Broomfield, Colorado. Aspen was a feeder fund whose monies were, in most instances, invested into the Jumar Funds and then reinvested into the GCR Non-Parties or in certain instances, directly invested with the GCR Non-Parties.

29. Leonard Johnson (“Johnson” or collectively “Aspen Non-Parties”) is an adult male whose last known address is the same as Aspen. Johnson was the control person, owner, manager, and registered agent of Aspen.

30. Michael Holstead (“Holstead” or collectively “Aspen Non-Parties”) is an adult male whose last known address is 1315 Lander Lane in Lafayette, Colorado. Holstead was an employee and successor manager of Aspen.

### **GENERAL ALLEGATIONS**

#### **Jumar and its Funds**

31. In or around April 2008, R. Parfet and Lindberg made their first private investment together.

32. From around August 2011 to August 2013, R. Parfet formed a family office that began focusing on private investments, and he conducted his first investment offering in distressed consumer debt.

33. In or around June 2014, Longs Peak was formed and that fund was initially offered to family and friends.

34. Longs Peak was originally developed to be a multiple manager, multiple strategy fund that would always be invested in 6-12 funds at a time. Longs Peak invested in consumer debt, but would have diversification in other assets. Eventually, Longs Peak became a "best ideas portfolio" in which those ideas would eventually spin new Jumar Funds.

35. The Longs Peak Fund Fact Sheet for Second Quarter 2015 ("2nd Qtr. Longs Peak Fact Sheet") represents the Fund was domiciled in Colorado, required a minimum investment of \$100,000 and compensated the managers with performance fees based on the high water mark. The 2nd Qtr. Longs Peak Fact Sheet also represented that the fund was intended to receive moderate annual income with returns of 10-15% with a portfolio of real estate, long/short equity, and consumer debt utilizing illiquid investments for a long-term balanced portfolio.

36. With the success of Longs Peak, the Jumar Management Defendants formed Jumar in May 2015 to oversee the investment funds.

37. M. Parfet, R. Parfet's wife, became a partner of Jumar and purportedly provided compliance services for Jumar.

38. The Jumar Management Defendants then began to establish new funds, such as Mt. Elbert in July 2015. The Jumar Management Defendants also began to establish new affiliated management companies, such as Piton and Antero, to establish and manage new funds, all owned and managed by the Jumar Management Defendants.

39. Part of the rationale for creating new funds was based on investors who purportedly requested that Jumar manage funds that would focus solely on consumer debt, which led the Jumar Management Defendants to establish Mt. Elbert. In 2017, the Jumar Management Defendants then established Longs Peak QP, which along with Longs Peak, were considered "best idea" portfolios.

40. Other additional funds were created, such as Green Mountain Debt, Antero Capital, and Sawtooth, which were used to employ other investment strategies. Green Mountain Debt was a fund that sought to take title to consumer debt pools with a two-year lock-out period so the securities were illiquid. Antero Capital was a special entity that purchased consumer debt from bankruptcy court

appointed trustees. And Sawtooth purportedly invested in assets involving artificial intelligence.

41. For a period of time, Longs Peak invested in Mt. Elbert to consolidate bookkeeping while Longs Peak gained exposure to the consumer debt strategy.

42. Additional funds with the moniker of QP, such as Longs Peak QP and Mt. Elbert QP, stood for "Qualified Purchaser," a term of art in the securities industry referring to an investor who has a certain net worth.

43. According to the accounting records of the Jumar Management Defendants, the Jumar Funds sold the following amount of securities to the following number of investors:

a. Longs Peak sold securities totaling at least \$36 million from approximately 140 investors. As of February 2018, a public filing submitted by the Jumar Management Defendants to the SEC represented there were 130 investors.

b. Longs Peak QP sold securities totaling at least \$10.7 million from approximately 49 investors.

c. Of the approximately \$46 million in securities sold for Longs Peak and Longs Peak QP, the Aspen Non-Parties sold over \$2 million of that amount.

d. Mt. Elbert sold securities totaling at least \$43 million to approximately 132 investors. As of February 2018, a public filing submitted by the Jumar Management Defendants to the SEC represented there were 199 investors.

e. Mt. Elbert QP sold securities totaling at least \$49 million from approximately 40 investors.

f. Of the approximately \$92 sold for Mt. Elbert or Mt. Elbert QP, the Aspen Non-Parties sold over \$8 million of that amount.

g. Antero Debt sold approximately \$1.7 million to approximately 16 investors.

h. Sawtooth sold approximately \$9 million to approximately 26 investors.



i. Upon information and belief, Green Mountain sold approximately \$10-18 million to approximately 71 investors.

44. Of the over \$100 million raised by the Jumar Management Defendants with the assistance of the Aspen Non-Parties, an overwhelmingly majority of those monies were directed to the GCR Non-Parties, and some investors believe up to 80-90% were directed to the GCR Non-Parties.

### **The Offer and Sale of Securities**

45. The securities offered and sold by the Jumar Management Defendants and its affiliates were sold through general solicitation to family, friends, and strangers.

46. Some investors were brought into the Jumar Funds through the solicitation by the Aspen Non-Parties, who were unlicensed to offer and sell securities.

47. Other investors were brought into the Jumar Funds with public presentations made by R. Parfet and M. Parfet to various groups and entities located in Boulder, Colorado. One of these entities was the Boulder Investment Group, which was an informal meeting of investors in Boulder, Colorado. The Boulder Investment Group was operated by J.C. and A.S., investors of the Jumar Funds. The Parfets eventually became members of the Boulder Investment Group.

48. In addition to public solicitation, the Jumar Management Defendants provided investors with PPMs for the Jumar Funds, although PPMs were not created or provided to investors for the 2014-2015 period.

49. Following 2016, while Jumar Fund investors were provided PPMs and other offering documents, the PPMs did not include financial statements of the Fund or the Jumar Management Defendants.

50. If an individual decided to invest, that person would complete a subscription agreement and send it to a Fund Administrator, Opus Fund Services in Naperville, Illinois. Although Opus provided administrative support for Jumar, Jumar Management Defendants made clear that Jumar oversaw the work of Opus.

51. The investors were required to complete a subscription agreement for the investment in a Jumar Fund. The subscription agreements had investors acknowledge, among other matters, the following:

a. That the Jumar Management Defendants would charge performance fees based on the high water mark of the Fund's net asset value;

b. That the interests in the Jumar Fund were not registered with the state or federal securities regulators and they were relying on exemptions in federal law;

c. That investors were an accredited investor and qualified client, as those terms are defined in federal law; and

d. That the investor acknowledged receipt of the PPM, and that the Jumar Fund was operated in accordance with the Operating Agreement for the Fund.

52. Although the Jumar Funds were incorporated in other states, subscription agreements were submitted to an administrator in Illinois, and Lindberg resided in Florida, investors understood, had interactions with, and believed that the Jumar Management Defendants, specifically R. Parfet and M. Parfet, operated Jumar and the Jumar Funds in and out of Colorado.

53. The investments in the Jumar Funds are securities as defined under § 11-51-201(17), C.R.S., as they are investment contracts.

#### **The GCR Non-Parties**

54. Global was owned and managed by Merrill. According to promotional materials, Global or its predecessor purchased \$4.5 billion in face value of charged-off credit card receivables in over 325 different asset pools.

55. Global touted that it had sophisticated data warehouse and analysis software that has assisted in proprietary decision support software tools for collection efforts.

56. Global also touted that in its seventeen years of existence, it maintained a proprietary set of portfolio valuation tools that allowed it to act more quickly than other potential debt buyers.

57. Deville was owned and managed by Ledford, who was a certified public accountant from Texas. The Jumar Management Defendants began to direct Jumar Funds to DeVille after being introduced to Ledford by Merrill.

58. Similar to Global, DeVille touted its portfolio in the area of consumer debt investments.

59. The Jumar Management Defendants also directed monies from the Jumar Funds to Centurion, which was a relatively new company launched by Sarah Ledford, the daughter of Jay Ledford. S. Ledford was licensed as a certified public

accountant in Texas like her father, and her company also focused on consumer debt investments.

60. In September 2018, the Securities and Exchange Commission initiated an enforcement action against the GCR Non-Parties and their principals, Kevin Merrill, Jay Ledford, and Cameron Jezierski, in the SEC Litigation. In the SEC Litigation, the SEC alleged that the GCR Non-Parties operated hedge funds premised on consumer debt portfolios. But the GCR Non-Parties and their entities deceived investors by operating a Ponzi scheme in which the GCR Non-Parties raised more than \$390 million from over 230 investors nationwide. The GCR Non-Parties raised new monies to pay earlier investors, but also directed significant monies to fund lavish lifestyles for the purchase of high-end cars and real estate, diamond jewelry, and a luxury fitness club.

61. Subsequent to the filing of the SEC Litigation, the SEC appointed a receiver, who is expected to return any recovered assets to the investors.

### **Securities Fraud**

62. In connection with the offer and sale of securities, the Jumar Management Defendants, directly or indirectly, misrepresented material facts to investors, including but not limited to:

a. For certain Jumar Funds, it was represented to investors that the funds were to be diversified in various debt collection investments, but in actuality, a substantial amount of the monies invested in those funds were heavily concentrated in the GCR Non-Parties.

b. For certain Jumar Funds, although it was represented to investors that interests in the funds would only be sold to accredited investors or qualified purchasers, the Jumar Management Defendants solicited and sold interests to non-accredited investors and non-qualified purchasers.

c. The PPMs for certain of the Jumar Funds represent Lindberg as currently holding the designation of certified public accountant when in fact his certificate expired in September 2015.

d. For 2016-2017, the Jumar Funds had an "outsourced chief compliance officer," when in fact that person was M. Parfet, who is married to and a partner and control person of Jumar.

e. For 2016, the PPMs represent that Jumar's independent accounting firm was Johnson Kightlinger & Co., and that the investors would receive financial statements prepared in accordance with U.S. GAAP. Not

disclosed to investors, however, was that Non-Party Johnson was offering and selling securities for the Jumar Funds, received transaction-based compensation from Jumar for his sale of the securities, was not licensed to offer and sell securities, and at least to the investors' knowledge, did not provide the accounting services as represented.

63. In connection with the offer and sale of securities, the Jumar Management Defendants, directly or indirectly, failed to disclose material facts to investors, including but not limited to:

a. That the Jumar Funds invested in the GCR Non-Parties, as the names of those companies were trade secrets, and if disclosed the investors could go directly to those companies directly to invest.

b. For 2014-2015, no PPMs for the Jumar Funds were provided to investors.

c. For all Jumar Funds, the PPMs do not provide any Income Statements, Balance Sheets, Cash Flow Statements, or other historical financial information.

d. For the 2016-2017 Longs Peak and Mt. Elbert PPMs, there is no disclosure of M. Parfet's role as a partner, manager, and compliance officer for Jumar.

e. That the Jumar Management Defendants were not licensed as a broker-dealer, even though they used the Aspen Non-Parties to offer and sell certain Jumar Funds, namely interests in Longs Peak and Mt. Elbert.

f. That the Jumar Management Defendants paid the Aspen Non-Parties transaction-based compensation based on the amount of investor monies they raised for the Longs Peak and Mt. Elbert Funds, totaling over \$1.5 million.

g. That the Jumar Management Defendants failed to register or file notices of exemption with the Colorado Division of Securities for each of the Jumar Funds.

h. That the Jumar Management Defendants were not licensed as an investment advisor with the State of Colorado.

i. That the Jumar Management Defendants were not entitled to an exemption from licensure as an investment advisor based on the private capital advisor exemption from the federal Investment Company Act of 1940.

j. That the Aspen Non-Parties received accounting compensation before Johnson retired as an accountant in November 2015, and continued to receive accounting compensation from Longs Peak after his retirement from 2016-2018. Because Johnson offered and sold interests in the Jumar Funds, his dual role was a conflict of interest that needed to be disclosed to investors.

64. **Amounts Invested.** The Defendants and Aspen Non-Parties offered and sold the Jumar Funds to investors in Colorado and nationwide, a sampling of which follows:

a. A.S., a Boulder, Colorado resident, with friend, J.C., another Boulder, Colorado resident, established Boulder Investment Group ("BIG"). BIG was initially a group of six investors, but now has 300 individuals who come together to discuss investment deals. Through J.C., A.S. learned about the Jumar Funds and met R. Parfet. Over time, A.S. eventually invested \$950,000 in Mt. Elbert and \$200,000 in Longs Peak.

b. J.C., a Boulder, Colorado resident, knew R. Parfet and considered him a friend. The two would discuss investments. J.C. eventually invested \$275,000 in Mt. Elbert.

c. J.V. an Augusta, Michigan resident, knew Casey Alger, R. Parfet's cousin. J.V. was a non-accredited investor. J.V. attended a presentation that was run by R. Parfet and Lindberg. J.V. eventually invested over \$75,000 into Longs Peak. The minimum investment was supposed to be \$100,000 but R. Parfet let J.V. invest anyway.

d. R.P., a Bay Harbor, Michigan resident, knew R. Parfet because R. Parfet is from Michigan, and R.P. knew R. Parfet's father. R.P. eventually invested \$300,000 in Longs Peak and \$100,000 in Sawtooth.

e. J.M. and M.M., Boulder, Colorado residents, learned about the "Mt. Elbert" investment and the Aspen Non-Parties through an acquaintance. After learning that the investment would be with Global, and obtaining a sales presentation from the Aspen Non-Parties, J.M. and M.M. invested \$700,000 from their IRA and personal accounts in December 2017.

f. K.D., a Lafayette, Colorado resident, knew the Aspen Non-Parties, as Johnson was his accountant at Johnson's accounting firm, and he and K.D. began doing real estate investments together. K.D. invested \$40,000 with the Aspen Non-Parties and subsequently invested \$400,000-\$450,000 directly with the Jumar Management Defendants, and another \$400,000 directly with Global.

65. **Diversification of Funds.** During the offer and sale of the Jumar Funds, the Defendants represented to A.S., and R.P. that certain Jumar Funds would be invested in debt collection investments ranging between 25% or 45-55% portfolio, so not all funds would be invested in the GCR Non-Parties, when in fact the overwhelmingly majority of investor funds were eventually invested with the GCR Non-Parties.

66. **No Financials.** During the offer and sale of the Jumar Funds, the Defendants failed to disclose to A.S., J.C., J.V., and R.F. financial statements and records that supported the investment performance represented as the historical performance of the Jumar Funds or the historical performance of the assets in which the funds were invested.

67. **Aspen Non-Parties Involvement.** During the offer and sale of the Jumar Funds, the Defendants failed to disclose to A.S., R.P., J.V., and J.C. that the Aspen Non-Parties were unlicensed but paid transaction-based compensation to bring investors into the Jumar Funds.

68. **Compensation to M. Parfet.** During the offer and sale of the Jumar Funds, the Defendants failed to disclose to R.P., J.C., and J.V. that M. Parfet was the "outsourced compliance officer" who was receiving compensation from the Jumar Management Defendants.

69. **Unlicensed Securities / Unlicensed IA Activity.** During the offer and sale of the Jumar Funds, the Defendants failed to disclose to A.S., R.P., J.V., and J.C. that the Defendants were not entitled to exemptions from registration of the securities, nor entitled to exemptions from licensure as an investment advisor.

70. **Investor Losses.** The investors who invested in the Jumar Funds have lost all or substantially all their monies, of which the following represents a sampling:

a. A.S. received some distributions on his investments with the Defendants, but has suffered approximately \$700,000 in losses as a result of his overall investments in the Jumar Funds.

b. J.C. received some distributions on his investment from the Defendants, but has suffered approximately \$125,000 in losses as a result of his overall investments in the Jumar Funds.

c. J.V. believes he suffered approximately \$45,000 in losses as a result of his overall investment in the Jumar Funds.

d. R.P. received some distributions on his investment with the Defendants, but has suffered approximately \$200,000 in losses as a result of his overall investments in the Jumar Funds.

e. T.O., an investor who invested with the Jumar Funds through the Aspen-Non Parties, eventually invested \$470,000. Because he reinvested the distributions he received, he lost his entire investment.

f. K.D. invested over \$840,000, the monies coming in from the Aspen Non-Parties, the Defendants, or directly to the GCR Non-Parties. K.D. estimates that once Jumar required investors to take distributions instead of reinvest earnings, K.D. received returns of approximately \$100,000, leaving him with a loss of approximately \$900,000.

### **Unlicensed Activity**

#### **A. Unlicensed Broker-Dealer**

71. Licensing records for securities professionals are located online as part of either the Central Registration Depository ("CRD") or the Investment Advisor Registration Database ("IARD"). The Division of Securities utilizes CRD and IARD as its official licensing records.

72. CRD is maintained by the Financial Industry Regulatory Authority and the states, and used by both state securities departments and the SEC for registration and licensing of broker-dealers and sales representatives.

73. The Jumar Management Defendants employed or utilized the services of the Aspen Non-Parties, who were not licensed as a broker-dealer or as sales representatives during any time in which they offered and sold interests in Aspen that were reinvested in the Jumar Funds, and ultimately reinvested in the GCR Parties.

74. The Jumar Management Defendants paid transaction-based compensation to the Aspen Non-Parties totaling approximately \$1.5 million for the amounts the Aspen Non-Parties raised that were reinvested directly with the Jumar Funds.

75. The Commissioner filed an action against the Aspen Non-Parties in the Aspen Litigation. The Aspen Non-Parties settled the underlying enforcement action with the Commissioner, but the Aspen Litigation is an ongoing receivership estate. The district court in the Aspen Litigation appointed a receiver, as investors with Aspen either had their membership interests invested in the Jumar Funds and then reinvested with the GCR Non-Parties or Aspen investors directly invested with

the GCR Non-Parties. Randel Lewis is the court-appointed receiver in the Aspen Litigation.

76. The purpose of the Aspen Litigation receivership is to facilitate communication and cooperation between Randel Lewis and the SEC Receiver appointed in the SEC Litigation involving the GCR Non-Parties.

#### **B. Unlicensed Investment Advisor**

77. IARD is the nationwide licensing system for investment advisers developed jointly by the North American Securities Administrators Association and the SEC and built and operated by FINRA.

78. The Jumar Management Defendants engaged in investment advisory activity by managing the Jumar Funds, and by paying themselves performance fees, which they identified as incentive allocation fees.

79. The Jumar Management Defendants are not entitled to exemption from licensure and they were not licensed in the State of Colorado as an investment advisor pursuant to § 11-51-401, C.R.S.

#### **C. Unregistered Securities**

80. The offering documents for the Jumar Funds, whether offered and sold by the Jumar Management Defendants or the Aspen Non-Parties, represent that the interests in the Jumar Funds were not registered with the SEC or State of Colorado.

81. The records of the Division of Securities do not evidence any registration statements or notices of exemption filed by the Jumar Management Defendants or any of the Jumar Fund Defendants in connection with the offer and sale of the Jumar Funds.

#### **D. No Exemption from Registration and Licensing**

82. The Jumar Management Defendants filed Notices of Exemption with the SEC in connection with offerings for the Longs Peak, Longs Peak QP, Mt. Elbert, and Mt. Elbert QP Funds. These notices are generally referred to as Form D filings.

83. Based on exemptions in federal law under the Investment Company Act of 1940, the Jumar Management Defendants claimed exemptions from registration and licensing based on the following:



a. For Longs Peak and Mt. Elbert, the Defendants claimed an exemption as a private capital advisor under Section 3(c)(1) of the Investment Company Act of 1940.

b. For Longs Peak QP and Mt. Elbert QP, the Defendants claimed an exemption as a private capital advisor under Section 3(c)(7) of the Investment Company Act of 1940.

84. For purposes of the Section 3(c)(1) Jumar Funds, the Defendants are not entitled to this exemption on the basis that at least:

a. Defendants engaged in general solicitation and a public offering by utilizing, at minimum, the Aspen Non-Parties to offer and sell interests in the Jumar Funds, and conducted seminars and presentations in Boulder, Colorado.

b. Longs Peak and Mt. Elbert had more than 100 investors, and this does not even account for the possible stacking of funds when Longs Peak invested in Mt. Elbert.

c. Upon information and belief, Longs Peak and Mt. Elbert offered and sold the investments to non-accredited investors.

d. Upon information and belief, the Jumar Management Defendants charged performance fees based on the high water mark of the net asset value of Longs Peak and Mt. Elbert, but not all investors were qualified clients. A qualified client is a term of art defined in the federal securities laws based on an investor's net worth.

85. For purposes of the Section 3(c)(7) Jumar Fund, the Defendants are not entitled to this exemption on the basis that they, at least:

a. Engaged in general solicitation and a public offering by using, at minimum, the Aspen Non-Parties to offer and sell interests in the Jumar Funds, and by conducting seminars and presentations in Boulder, Colorado.

b. Upon information and belief, did not limit the purchase of interests in Longs Peak QP and Mt. Elbert QP to qualified purchasers. A qualified purchaser is a term of art defined in the federal securities laws based on an investor's net worth.

**FIRST CLAIM FOR RELIEF  
(Securities Fraud)**

**All Defendants**

86. Paragraphs 1 through 85 are incorporated herein by reference.

87. In connection with offer, sale, or purchase of securities in Colorado, the Defendants, directly or indirectly:

- a. employed a device, scheme or artifice to defraud;
- b. made written and oral untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices or courses of business which operated and would operate as a fraud and deceit on investors;

all in violation of § 11-51-501(1), C.R.S.

88. The Defendants offered or sold securities in a scheme to defraud, with untrue statements of material fact or omissions to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not misleading (the buyers not knowing of the untruths or omissions), or engaged in acts, practices, or courses of business that operated as a fraud on the investors, and therefore the Defendants are liable to the Commissioner for damages under §§ 11-51-604(3), 604(4), and 604(5)(a), C.R.S., by operation of § 11-51-602(2), C.R.S., based on violations of § 11-51-501(1), C.R.S.

89. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2) and 604(3), 604(4), and 604(5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, his officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of §§ 11-51-501(1), C.R.S., by virtue of § 11-51-602, C.R.S.

**SECOND CLAIM FOR RELIEF  
(Investment Advisor Fraud)**

**All Defendants**

90. Paragraphs 1 through 89 are incorporated herein by reference.

91. It is unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or of any purchase or sale thereof, whether through the issuance of analyses or reports or otherwise to:

a. Employ any device, scheme, or artifice to defraud any client or prospective client;

b. Make an untrue statement of a material fact to any client or prospective client or to omit to state to any client or prospective client any material fact necessary to make the statements made, in light of the circumstances under which they are made, not misleading, in the disclosure statement delivered to any client or prospective client pursuant to section 11-51-409.5 or a similar document under the federal "Investment Advisers Act of 1940" or during the solicitation of any such client or otherwise in connection with providing investment advisory services; or

c. Engage in any transaction, act, practice, or course of business that operates or would operate as a fraud or deceit upon any client or prospective client or that is fraudulent, deceptive, or manipulative.

all in violation of § 11-51-501(5), C.R.S.

92. The Defendants offered or sold securities in a scheme to defraud, with untrue statements of material fact or omissions to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not misleading (the buyers not knowing of the untruths or omissions), or engaged in acts, practices, or courses of business that operated as a fraud on the investors, and therefore the Defendants are liable to the Commissioner for damages under §§ 11-51-604(3), 604(4), and 604(5)(a), C.R.S., by operation of § 11-51-602(2), C.R.S., based on violations of § 11-51-501(5), C.R.S.

93. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2) and 604(3), 604(4), and 604(5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, his officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be;

any person, who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of §§ 11-51-501(5), C.R.S., by virtue of § 11-51-602, C.R.S.

**THIRD CLAIM FOR RELIEF  
(Unlicensed Activity – Broker-Dealer)**

**All Defendants**

94. Paragraphs 1 through 93 are incorporated herein by reference.

95. At no time relevant herein were the Defendants licensed, or exempt from licensure, as a “broker-dealer” or registered in any capacity with the Commissioner, as required by §§ 11-51-401 and 402, C.R.S.

96. At no time relevant herein were the agents of the Defendants licensed, or exempt from licensure as a “sales representative” or registered in any capacity with the Commissioner, as required by §§ 11-51-401 and 402, C.R.S. Accordingly, the Defendants employed an unlicensed sales representatives, and acted as an unlicensed broker-dealer.

97. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2), 604(2)(a) and (5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, their officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of §§ 11-51-401 and 402, C.R.S., by virtue of § 11-51-602, C.R.S.

**FOURTH CLAIM FOR RELIEF  
(Unlicensed Activity – Investment Advisor)**

**All Defendants**

98. Paragraphs 1 through 97 are incorporated herein by reference.

99. At no time relevant herein were the Defendants licensed, or exempt from licensure, as an investment advisor pursuant to §§ 11-51-401 and 402, C.R.S.

100. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of

persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2), 604(2.5) and (5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, their officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of §§ 11-51-401 and 402, C.R.S., by virtue of § 11-51-602, C.R.S.

**FIFTH CLAIM FOR RELIEF  
(Unregistered Securities)**

**All Defendants**

101. Paragraphs 1 through 100 are incorporated herein by reference.

102. At no relevant time herein did the Defendants register, or file notices of exemption from registration for the securities that they offered and sold to investors with the Division of Securities, as required by § 11-51-301, C.R.S.

103. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2), 604(1) and (5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, their officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of § 11-51-301, C.R.S., by virtue of § 11-51-602, C.R.S.

WHEREFORE, the Commissioner requests relief as follows:

1. For preliminary and permanent injunctive relief against all Defendants, their agents, servants, employees, and successors; any person who, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with; and all those in active concert or participation with the Defendants, enjoining the violations of all the Defendants of the Colorado Securities Act or successor statute.

2. For judgment in an amount to be determined at trial against all the Defendants for restitution, disgorgement and other equitable relief pursuant to § 11-51-602(2), C.R.S. For damages, rescission, interest, costs, reasonable attorneys fees, and such other legal and equitable relief, pursuant to §§ 11-51-604(1), (2)(a), (2.5), (3), (4), and (5)(a), C.R.S. as the Court deems appropriate. All of the preceding

relief is sought on behalf of the persons injured by the acts and practices of all Defendants that constitute violations of the Act.

3. For an Order imposing a constructive trust on the fraudulently obtained funds held by each Defendant, or any entity controlled by them, and to order the Defendants to account for and disgorge all funds fraudulently obtained by them from the investors and transferred to them.

4. For such other and further relief as the court deems proper.

Respectfully submitted this 25th day of October, 2019.

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*/s/ Sueanna P. Johnson*

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