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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

PAT HUDDLESTON, II, as Receiver for  
COADUM ADVISORS, INC., MANSELL  
CAPITAL PARTNERS III, LLC,  
COADUM CAPITAL FUND 1, LLC,  
COADUM CAPITAL FUND II, LP,  
COADUM CAPITAL FUND III, LP,  
and MANSELL ACQUISITION  
COMPANY LP,

Plaintiff,

v.

MELANIE R. MAYER, MELANIE R.  
MAYER, P.C., MAYER & ASSOCIATES,  
P.C., STEPHAN J. LOVETT, and  
HARTSFIELD CAPITAL GROUP, INC.,

Defendants.

Civil Action File

No. 1 08-cv-3594

**COMPLAINT**

PAT HUDDLESTON, II ("Receiver"), the court-appointed Receiver for COADUM ADVISORS, INC. ("Coadum"), MANSELL CAPITAL PARTNERS III, LLC ("Mansell"), COADUM CAPITAL FUND 1, LLC ("Coadum 1"), COADUM CAPITAL FUND II, LP ("Coadum II"), COADUM CAPITAL FUND III, LP ("Coadum III"), and MANSELL ACQUISITION COMPANY LP ("MAC"), files this Complaint against each of MELANIE R. MAYER ("Ms.

Mayer”), MELANIE R. MAYER, P.C. (“Mayer PC”), MAYER & ASSOCIATES, P.C. (“Mayer & Associates”), STEPHAN J. LOVETT (“Mr. Lovett”), and HARTSFIELD CAPITAL GROUP, INC. (“Hartsfield”).

### **Parties**

1.

Ms. Mayer is an attorney, a member of the State Bar of Georgia, and has, for several years, conducted business in her profession under the name of Melanie R. Mayer, P.C. and/or Mayer & Associates, P.C. Ms. Mayer’s physical office location was, until recently, located at 3775 Mansell Road, Alpharetta, Georgia 30022. Ms. Mayer’s physical office is now located at 11535 Park Woods Circle, Suite E, Alpharetta, Georgia 30005. Ms. Mayer, Mayer PC and Mayer & Associates shall hereinafter be referred to as the “Mayer Defendants.”

2.

Mr. Lovett has been sole shareholder of Hartsfield since 1993 and has held the position of managing director of planning and development and director. Mr. Lovett resides at 9295 Old Southwick Pass, Alpharetta, Fulton County, Georgia, and the principal place of business of Hartsfield is 2533 N. Carson Street, Suite 3349, Carson City, Nevada 89706-0147 and may be served through its agent for service of process, Steven Klorefein, located at 400 Perimeter Center Terrace

#720, Atlanta, Georgia 30346. Mr. Lovett and Hartsfield will hereinafter collectively be referred to as the “Lovett Entities.” In support of his Complaint, the Receiver shows this Court the following.

**Background and Overview**

3.

The following individuals, corporations, limited liability companies, and other entities identified in this paragraph have been generally referred to in this Complaint as the “Defrauding Entities:”

(a) Coadum Advisors, Inc., is a Delaware limited liability company. Coadum is the general partner of Coadum II.

(b) Mansell Capital Partners III, LLC, is a Georgia company organized on February 12, 2005 and serves as the General Partner of the MAC Income Opportunity Fund. Mansell is not currently and has never been a Delaware company as claimed in MAC’s PPM.

(c) James A. Jeffery, of Belleville, Ontario, Canada, is the president and a director of Coadum and Mansell. Mr. Jeffery is also currently employed with Puritan Securities, Inc.

(d) Thomas E. Repke, of Holladay, Utah, is the secretary, treasurer and a director of Coadum and Mansell. Mr. Repke attended C.W. Post College of Long Island University.

(e) Coadum Capital Fund II, LP, is a Delaware limited partnership. Coadum is the general partner of Coadum II.

(f) Coadum Capital Fund III, LP is a Delaware limited partnership. Its PPM lists Coadum Advisors I, LLC as the general partner. Coadum Advisors I, LLC is described as a Delaware limited liability company. No such LLC is registered in Delaware.

(g) Mansell Acquisition Company, LP, is a Delaware limited partnership. Mansell is the general partner of MAC.

(h) Coadum Capital Fund 1, LLC is a Delaware limited liability company. Mr. Jeffery has been its president.

4.

From at least early 2006 through the present, Coadum and Mansell have fraudulently raised approximately \$30 million from investors who purchased interests in Coadum 1 and three limited partnerships: Coadum II, Coadum III and MAC. James A. Jeffery (“Mr. Jeffery”) and Thomas E. Repke (“Mr. Repke”) controlled Coadum and Mansell and directed the offerings.

5.

The Defrauding Entities made the misrepresentations detailed in this Complaint in reliance upon misrepresentations made to them by a man named Keith Roberts Sampson Bristol (who goes by the name “Kip”), the principal of Exodus Platinum Ltd. and Soleil Group Holdings. Kip defrauded the Defrauding Entities into raising money for use in Kip’s supposed investment platforms.

6.

The Receiver is seeking repatriation of \$4.5 million in investor funds currently frozen in Credit Suisse accounts in Geneva, Switzerland, over which Kip has signatory authority.

7.

The Defrauding Entities represented to investors that the investors would receive a return of from three (3) to six (6) percent per month (or 2.5 to 8 percent for Coadum I) on all funds invested with them. In addition, the Defrauding Entities have misrepresented to investors that their principal would be protected and would never leave escrow accounts (described below), in which investors’ funds were supposed to have been placed, or secured by collateral. A Coadum sales brochure makes similar representations to investors.

8.

The Defrauding Entities have invested the majority of the funds through Exodus Platinum, Ltd. (“Exodus”), a Malta-based “investment platform” which claims to have in turn invested the funds in the Exodus Platinum Genesis Fund, Ltd. (“Exodus Platinum Fund”), a Bermuda hedge fund which has yet to begin operation, and in “Pre-REIT convertible bonds” which have yet to provide any return.

9.

The alleged “investment platform” constitutes a scheme commonly referred to as a “Ponzi Scheme” in which the Defrauding Entities made no real investments with the hopes of obtaining any profit or return on investment, but instead used funds received from investors to make returns to investors and pay unnecessary fees to the Defendants, among other things.

10.

At the same time, the Defrauding Entities falsely represented in monthly account statements to investors that they have been earning approximately four (4) percent per month and that all or most of their principal is in escrow accounts.

11.

Without disclosure to investors, Defrauding Entities have also “borrowed” in excess of \$3 million of, or against, the investors’ funds and have disbursed approximately an additional \$5 million to related parties, including Defendants.

12.

The Defrauding Entities, by virtue of their conduct, directly or indirectly, have engaged in violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], and 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 Coadum, Mansell, Mr. Repke and Mr. Jeffery have violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6 (1) and (2)] rendering the action and conduct of all parties engaged in the scheme - including the Mayer Entities, Mr. Lovett and Hartsfield - in violation of federal law.

13.

On January 3, 2008, the United States Securities and Exchange Commission (“SEC”) filed an enforcement action in this Court styled *SEC v. COADUM ADVISORS, INC., MANSELL CAPITAL PARTNERS III, LLC, JAMES A. JEFFERY, THOMAS E. REPKE, COADUM CAPITAL FUND 1, LLC, COADUM*

*CAPITAL FUND II, LP, COADUM CAPITAL FUND III, LP, and MANSELL ACQUISITION COMPANY LP*, Civil Action No. 1:08-CV-00011-ODE (“SEC Litigation”). On that same date, this Court entered an order (“Receivership Order”) appointing the Receiver as receiver for Coadum Advisors, Inc., Mansell Capital Partners III, LLC, Coadum Capital Fund 1, LLC, Coadum Capital Fund II, LP, Coadum Capital Fund III, LP, and Mansell Acquisition Company LP. In orders entered on or about January 25, 2008 and July 7, 2008, this Court expanded the receivership.

#### **Jurisdiction and Venue**

14.

This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

15.

This Court has original subject matter jurisdiction over all claims at issue in this proceeding pursuant to 28 U.S.C. § 1331.

16.

Additionally, this Court has original subject matter jurisdiction over all claims at issue in this action pursuant to 15 U.S.C. § 78aa.

17.

Further, this Court has ancillary and/or supplemental jurisdiction over all claims at issue in this action pursuant to 28 U.S.C. § 1367.

18.

This Court has personal jurisdiction over the Mayer Defendants, Mr. Lovett and Hartsfield pursuant to 28 U.S.C. §§ 754 and 1692.

19.

On January 3, 2008, this Court entered an order appointing Mr. Huddleston as Receiver for Coadum Advisors, Inc., Mansell Capital Partners, III, LLC, Coadum Capital Fund I, LLC, Coadum Capital Fund II, LP, Coadum Capital Fund III, LP, and Mansell Acquisition Company LP (*SEC v. Coadum Advisors, Inc., et al.*, Civil Action File No. 1:08-CV-00011-ODE)

20.

On July 27, 2008, the Receiver filed in this Court a Motion to Reappoint Receiver (the “Motion for Reappointment”). By the Motion for Reappointment, the Receiver sought an order of reappointment from this Court which the Receiver could then file in every United States judicial district in which receivership property might be found. Such reappointment and filing would give this Court the power to issue service of process in each such district pursuant to 28 U.S.C.

§ 1692. (*SEC v. Coadum Advisors, Inc., et al.*, Civil Action File No. 1:08-CV-00011-ODE)

21.

On August 15, 2008, this Court entered an Order granting the Motion for Reappointment (*SEC v. Coadum Advisors, Inc., et al.*, Civil Action File No. 1:08-CV-00011-ODE).

22.

On August 21, 2008, the Receiver filed a copy of the Order of Reappointment in the United States District Court for the District of Nevada, Las Vegas Division, in compliance with 28 U.S.C. § 754 (*SEC v. Coadum Advisors, Inc., et al.*, Civil Action File No. 2:08-MS-00058-NA).

23.

The Receiver brings this action to recover funds wrongly and unjustly received by Defendants in connection with the fraudulent and illegal schemes and actions of the Defrauding Entities and to recover damages arising from acts of negligence and intentional wrongdoing in relation to the Defendants' duties as agents, fiduciaries and escrow agents for the investors of the Defendants and the Defrauding Entities.

24.

The Defendants and the Defrauding Entities, directly and indirectly, have made use of the mails and the means and instruments of transportation and communication in interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

25.

Defendants have either knowingly and intentionally or unknowingly and inadvertently aided and abetted or engaged in a scheme to aid and abet the Defrauding Entities in fraudulently inducing innocent investors to deliver funds to the Defrauding Entities for the purpose of wrongfully depriving and defrauding those investors out of their funds. Defendant Mayer negligently performed her duties as an escrow agent by failing to investigate and take proper care to determine whether instructions to disburse funds entrusted to her by investors complied with her fiduciary obligations and duties to companies and the investors.

26.

Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 209 of the Advisers Act [15 U.S.C. § 80b-9] because certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act,

the Exchange Act and the Advisers Act have occurred within the Northern District of Georgia. Among other things, investors' funds in excess of \$20 million were wire transferred to an escrow account created and controlled by Defendants within the Northern District. At the instruction of and through the efforts of the Defrauding Entities, Defendants were transferring the investors' funds from the escrow account in the Northern District to various offshore accounts. Further, Defendants Mayer & Associates, P.C., is a Georgia company with its principal place of business located within the Northern District of Georgia and Defendant Mayer and Defendant Lovett, individually, are domiciled and are citizens and residents of 9295 Old Southwick Pass, Alpharetta, Fulton County, Georgia within the Northern District of Georgia.

27.

This action is ancillary to the receivership. Accordingly, this Court has jurisdiction over the parties and the subject matter of this action. *In re Alpha Telecom, Inc., et al.*, No. CV-01-1283-PA, 2004 U.S. Dist. LEXIS 2002 (D. Or. Aug. 18, 2004); *Quilling v. Grand Street Trust, et al.*, No. 3:04-CV-251, 2005 WL 1983879 (W.D.N.C. Aug. 12, 2005).

28.

In addition, this action arises from and is directly related to the SEC Litigation, which provides for nationwide service of process under federal securities laws. 15 U.S.C. § 77v(a), 15 U.S.C. § 78aa.

**Facts**

**A. The Fraudulent Securities Offering**

29.

Between January and May 2006, Coadum solicited residents of Canada and the United States to invest in Coadum 1.

30.

Sales representatives promised investors a “perfect blend” of secure principal and earnings of 2.5-8% per month.

31.

In May 2006, the Alberta Securities Commission brought an administrative proceeding against Coadum, Coadum 1, Mr. Jeffery, Mr. Repke and others, alleging fraud and other violations.

32.

Shortly thereafter, Coadum ceased promoting Coadum I, moved the investors' funds into Coadum II, and began an offering in the United States and Canada of limited partnership interests in Coadum II.

33.

The Coadum II offering took place between July 2006 and July 2007.

34.

In April 2007, Coadum began selling limited partnership interests in Coadum III.

35.

On August 31, 2007, Mansell began selling interests in MAC.

36.

In excess of 150 investors, located throughout the United States and Canada, bought interests in Coadum I, Coadum II, Coadum III and MAC.

37.

Coadum and Mansell have raised approximately \$30 million from investors who purchased limited partnership interest in the three offerings.

38.

Coadum is general partner and investment adviser to Coadum II and Coadum III, while Mansell is general partner and investment adviser to MAC.

39.

An entity denoted Coadum Advisors I, LLC is listed as the general partner of Coadum III. Coadum Advisors I, LLC is described as a Delaware limited liability company. Mr. Jeffery and Mr. Repke are described as the co-managing members. However, no such entity is registered in Delaware. An entity denoted Coadum Advisors LLC is registered in Delaware and may be the actual general partner. Regardless, Coadum is functionally conducting the offering and receiving the proceeds.

40.

The limited partnerships of Coadum have offered and sold their securities to the public through Mr. Jeffery, Mr. Repke, Coadum's vice president of marketing, and certain registered representatives associated with a registered broker-dealer.

41.

The Defrauding Entities prepared Private Placement Memoranda ("PPMs") for the limited partnerships which contained false and misleading information

concerning the investment objectives involving the general partner or its team of investment.

42.

According to the PPMs, investor funds would be invested in a fixed-income, riskless arbitrage strategy that would purchase AA or better-rated securities at one price and simultaneously sell the securities at a higher price, thus locking in a profit. The strategy was to be effected through an “accredited Asset Management Firm.”

43.

Investors’ funds that were raised through each offering were to be held by a licensed escrow agent in an escrow account, and the investors’ funds were purportedly never at risk because they were held in the escrow account.

44.

Exodus Platinum Ltd. is a Maltese company run by Kip and his cohorts. Approximately \$21.8 million in investors’ funds were sent to Exodus for investment in supposed investments offered by Kip and his companies. None of the supposed investment platforms promoted by Kip was legitimate. They were, rather, ruses designed to convince the Defrauding Entities to raise money for Kip’s fraudulent enterprises.

45.

Exodus Platinum Fund never launched, never actively traded, and never paid any earnings.

46.

Soleil Group Holdings, Limited (“Soleil”), is an entity controlled by Exodus.

47.

Like Exodus, Soleil had no active investment program and has had no earnings.

48.

Soleil was purportedly in the “pre-REIT process” of collecting funds to establish a REIT in the Netherlands.

49.

Investors in Soleil were told that, once the REIT was established, Soleil planned to issue convertible bonds for shares in the trust.

50.

The remainder of the investors’ funds that were not sent to Exodus were transferred to Coadum, and appear to have been distributed to various entities affiliated with the Defendants.

51.

The Defrauding Entities provided investors with monthly statements reflecting returns of four percent (4%) per month.

52.

Based apparently on those statements, most investors periodically rolled over their “profits” or “earnings,” or adding new investments.

53.

Some investors have withdrawn money.

54.

Approximately \$1.7 million has been paid out to investors.

55.

In addition, Coadum Advisors, Inc. has borrowed \$1 million from Coadum 1, \$1 million from Coadum II, and \$1.355 million from investors’ funds held by Mayer PC.

56.

Mr. Repke and Mr. Jeffery, acting as the board of directors of the respective partnerships or LLCs, passed resolutions authorizing the “loans.”

57.

All funds paid out to investors by the Defrauding Entities were represented to be payments of revenues or returns on investments, when in fact the payments constituted a return of investors' principal.

**B. Material Misrepresentations and Omissions**

**Fictitious Returns**

58.

Coadum and Mansell have falsely represented in monthly account statements to investors that all or most of their principal is in escrow and that they have been earning approximately four percent (4%) per month.

59.

The investors generally rolled over their "profits" or invest additional funds.

60.

As noted above, there have been no earnings on the funds invested with Exodus.

## Undisclosed Loans

61.

During 2007, Mr. Jeffery and Mr. Repke, despite their fiduciary duties to the investors, failed to disclose to investors that they borrowed a total of approximately \$3.4 million for three loans to Coadum Advisors, Inc.

62.

On October 30, 2006, Mr. Repke and Mr. Jeffery executed a Resolution of the Board of Directors for Coadum 1 to authorize Exodus Platinum to transfer \$1 million to Coadum as a bridge loan against funds held by Exodus Platinum Fund for “the purpose of liquidity for our projects.”

63.

On November 2, 2006, bank records show that Exodus deposited by wire transfer \$1 million into Coadum’s bank account.

64.

On March 26, 2007, Mr. Repke and Mr. Jeffery, acting as the board of Coadum II, executed another resolution for a \$1 million bridge loan against Coadum II’s funds held by Exodus for “the purpose of liquidity for our projects.”

65.

Coadum's bank account shows this \$1 million loan from Exodus Platinum Fund deposited by wire transfer on March 30, 2007.

66.

Another undisclosed loan of investors' funds occurred on October 10, 2007, upon Mr. Jeffery's direction to the escrow agent to transfer \$1.355 million from the Escrow Account to Coadum's bank account.

67.

Those funds have been used to fund the operations of Coadum and Mansell, and have also been used to make distributions to related entities and the Mayer Defendants, Hartsfield and the Lovett Entities.

68.

The PPMs make no mention that the general partners might loan partnership funds to themselves.

### **Principal Preservation**

69.

The Defendants and their agents misrepresented to investors that the investors' principal would be protected. The Defendants have orally misrepresented to investors that their principal was protected and would never

leave the Escrow Account. A Coadum sales brochure and other written materials make similar statements.

70.

One document stated that "Principal Preservation" would be achieved by leaving client funds on deposit at an escrow company, pledging those funds to an asset manager which would provide a U.S. Treasury security equal to the principal amount. The asset manager would also establish a line of credit against the principal which would be used for trading purposes. The providers of the line of credit purportedly were to have no recourse against the Treasury security. According to the representations, this procedure would guarantee that an investor's funds were never at risk.

71.

Similar representations are reflected in Coadum II's client account statements. The account statements are entitled, "PRINCIPAL PRESERVED ALTERNATIVE INVESTMENTS FOR GROWTH-ORIENTED CLIENTS" and report the client's total amount of investment funds as "Ending Principal Balance in Escrow Account."

72.

The statements also include a Capital Enhancement Program (“CEP”) earnings activity report that shows the earnings rolled over (assuming the purported earnings have been rolled over).

73.

Accordingly, “the ending principal balance in the escrow account” amounts to the investment funds and purported cumulative earnings.

74.

Another document provided to investors is entitled “A Summary of Codium [sic] Capital Fund 1, LLC Capital Enhancement Program.” That document represents that the investor’s money will be locked into an escrow account in the investor’s name on a “non-recourse” basis and that no one but the investor will have the ability to remove the principal amount. The promoters then claim that they will obtain a “non-recourse leveraged margin account” which will be used for trading, at no risk to the investor.

75.

In fact, no such risk-free investment exists. Investors’ funds have not been held in escrow as represented, but have been borrowed by the Defrauding Entities,

disbursed to related entities and the Defendants, and invested in various overseas investments.

76.

At various times from at least January 2006 through the present, the Defrauding Entities Coadum, Mansell, Mr. Jeffery, Mr. Repke, Coadum 1, Coadum II, Coadum III and MAC, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

77.

The Defrauding Entities knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

78.

In engaging in such conduct, the Defrauding Entities acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

79.

By reason of the foregoing, the Defrauding Entities, directly and indirectly, have violated Section 17(a)(1) of the Securities Act (15 U.S.C. § 77q(a)(1)).

80.

At various times from at least July 2006 through the present, the Defrauding Entities, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

(a) obtained money and property by means of untrue statements of material fact and failure 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

(b) engaged in transactions, 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 below.

81.

By reason of the foregoing, the Defrauding Entities, directly and indirectly, have violated Sections 17(a)(2) and 17(a)(3) of the Securities Act (15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)).

82.

At various times from at least July 2006 through the present, the Defrauding Entities, in connection with the purchase and sale of the securities described herein, by the use of 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 failed 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.

83.

The Defrauding Entities 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, the Defrauding Entities acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

84.

Coadum, Mansell, Mr. Jeffery and Mr. Repke were at all relevant times “investment advisers” within the meaning of Section 202(a)(11) of the Advisers Act (15 U.S.C. § 80b-2(a)(11)).

85.

Coadum, Mansell, Mr. Jeffery and Mr. Repke, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce: (a) have acted knowingly or recklessly, have employed devices, schemes, or artifices to defraud; or (b) have engaged in transactions, practices, or courses of business which operated as fraud or deceit upon a client or prospective client.

86.

By reason of the transactions, acts, omissions, practices and courses of business set forth herein, the Defrauding Entities have violated Sections 206(1) and 206(2) of the Advisers Act (15 U.S.C. §§ 80b-6(1), (2)).

C. **The Mayer Defendants and the Lovett Defendants Received Fees from Investors’ Funds in Connection with the Defrauding Entities’ Illegal and Fraudulent Schemes**

87.

Various members of the Defrauding Entities entered into agreements with the Mayer Defendants to hold funds received from investors in Coadum 1, Coadum

II, Mansell and MAC in escrow to secure those funds and avoid any risk of loss of those funds on behalf of the investors (generally referred to as the “Escrow Agreements”).

88.

The Mayer Defendants entered into numerous specific Escrow Agreements with the Defrauding Entities, including the escrow agreement between investor Cottonwood 1000, Coadum II and Mayer Associates dated August 9, 2006 (the “Coadum II Sample Escrow Agreement”), a true and accurate copy of which is attached hereto as Exhibit “A.”

89.

The Mayer Defendants entered into numerous Escrow Agreements to hold funds in escrow for investors in Coadum II in the form of the Coadum II Sample Escrow Agreement in an amount in excess of \$12,588,477.10.

90.

The Mayer Defendants entered into numerous specific Escrow Agreements, including the escrow agreement with Blair Meruim, investor, and Mansell, dated August 8, 2007, a true and accurate copy of which is attached here as Exhibit “B” (hereinafter “Mansell Sample Escrow Agreement”).

91.

The Mayer Defendants entered into numerous Escrow Agreements to hold funds in escrow for investors in a form similar to the Mansell Sample Escrow Agreement.

92.

In July 2006, Stephan J. Lovett (“Mr. Lovett”) of Hartsfield Capital Group, Inc., then located in the same building as Ms. Mayer’s law practice, asked Ms. Mayer to operate as an “escrow agent” in connection with the schemes of the Defrauding Entities, and Mr. Lovett introduced Ms. Mayer to Mr. Jeffery, as president, and Mr. Repke, as officer of Coadum. Mr. Jeffery and Mr. Repke are the principals behind the Defrauding Entities.

93.

Ms. Mayer met with Mr. Jeffery and Mr. Repke in the Atlanta metropolitan area within the State of Georgia and the Northern District of Georgia.

94.

Mr. Jeffery and Mr. Repke identified themselves to Ms. Mayer as the principals of Coadum and Mr. Lovett asked Ms. Mayer to operate as the “escrow agent” for Coadum.

95.

Mr. Lovett acted as an agent and representative of Mr. Repke and Mr. Jeffery and the Defrauding Entities in dealing with Ms. Mayer and the Mayer Defendants.

96.

Mr. Lovett, on behalf of Mr. Repke and Mr. Jeffery, explained to Ms. Mayer that her duties as an escrow agent for the company included: (a) opening an escrow account with a local bank; (b) receiving wire transfers and checks from “cash depositors” or investors in an offering by Coadum, and (c) taking direction from Mr. Jeffery and Mr. Repke regarding when to wire, to what account to wire, and the amount of each wire transfer to be made from the escrow account under her control to various other accounts.

97.

Mr. Lovett and Hartsfield aided and assisted the Defrauding Entities in locating and communicating with Exodus and other alleged Investment Platforms. In fact, Mr. Lovett and Hartsfield acted as a “go between” between the Defrauding Entities and Kip’s supposed Investment Platforms.

98.

Mr. Lovett and Hartsfield charged fees to the Defrauding Entities that were supposed to be paid out of profits or earnings generated by the Investment Platforms in relation to the investor funds.

99.

The Investment Platforms never utilized investor funds to invest in or otherwise obtain an interest in any sort of revenue generating enterprise.

100.

All funds returned to investors from the Investment Platforms constituted return of the investors' original investment and not profits or earnings from any investment made by the Investment Platforms.

101.

In spite of the fact that the funds returned to the investors constituted the return of principal from the original funds delivered by the investors to the Defrauding Entities, Mr. Lovett and Hartsfield took fees in the form of a percentage of the investor funds (hereinafter "Unauthorized Fees").

102.

Mr. Lovett and Hartsfield received \$1,286,299 in Unauthorized Fees from the return of investor funds from December 28, 2005 to November 12, 2007.

103.

According to the terms of the typical Escrow Agreement, the sole purpose of the escrow was to “aggregate deposited escrow funds through the escrow agent [“Mayer Entities”] to comply with entry requirements” for the fraudulent schemes in which the Defrauding Entities were supposedly investing investor funds.

104.

Under the typical Escrow Agreement, the Mayer Entities agreed, among other things, the following:

“. . . Escrow Agent shall hold and administer the Escrow Property and Escrow Agent will also provide to Cash Depositor verification that the aggregate of the Cash Depositor’s funds through credit to the SPE in the Escrow Account has been entered into the CCF2 Capital Enhancement Program and confirm the proprietary interest to the Cash Depositor as mandated for its Cash Deposit by this Agreement and the Limited Partnership Agreement;

E. . . .Escrow Agent undertakes that the Cash Deposit of Cash Depositor and/or the aggregated Depositor’s amount credited to the SPE will remain in the care, custody and control of Escrow Agent until deposited in the approved and accredited CEP;

F. . . . it is a further condition, in accordance with the terms and conditions of this Escrow Agreement that CCF2 shall provide verification to Escrow Agent that the Bank Managed Capital Enhancement Program has been successfully contracted, and the proceeds of the aggregate amount of the escrowed funds, has been further credited to the SPE for and on behalf of the Depositors.”

105.

Mr. Lovett told Ms. Mayer that she would be allowed to debit the escrow account periodically to obtain her fee for serving as “escrow agent.”

106.

Thereafter, the instructions Ms. Mayer received on when and how much she was allowed to debit the escrow account for her escrow agent fee came to Ms. Mayer from Mr. Jeffery and Mr. Repke, through Mr. Lovett.

107.

In July 2006, after agreeing with Mr. Lovett that Ms. Mayer would serve as the “escrow agent,” Ms. Mayer opened an escrow account at RBC Centura Bank at a branch located in Forsyth County, Georgia. The account number for the RBC Centura escrow account Ms. Mayer opened is #XXXXXXXX-1401 (the “Escrow Account”). The initial name on the Escrow Account was “Mayer & Associates,

P.C., Escrow Account for the Benefit of Kanti P. Ball.” The account name was changed in approximately January 2007 to “Mayer & Associates, P.C. for the Benefit of Coadum Capital.” The account name was changed again in approximately October 2007 to “Mayer & Associates, P.C. for the benefit of Mansell Acquisitions Company.” Ms. Mayer was the sole signatory on the Escrow Account since July 2006.

108.

From July 2006 through October 2007, the Escrow Account received funds from investors/cash depositors in the Defrauding Entities in no less than two (2) offerings.

109.

Ms. Mayer executed Escrow Agreements in conjunction with the Coadum II offering, which were typically signed by the investor, by Mr. Jeffery on behalf of Coadum II, and by Ms. Mayer as attorney escrow agent. Attached hereto as Exhibit “A” and incorporated herein by reference is a true and accurate copy of the typical Escrow Agreement executed in conjunction with the Coadum II offering.

110.

Ms. Mayer has executed Escrow Agreements in conjunction with the Mansell MAC Income Opportunity Fund (“MAC3”) offering, which were typically

signed by the investor, by Mr. Jeffery on behalf of MAC3, and by Ms. Mayer as attorney escrow agent. Attached hereto as Exhibit "B" and incorporated herein by reference is a true and accurate copy of the typical Escrow Agreement executing in conjunction with the MAC3 offering.

111.

The MAC3 offering began in approximately August 2007, and since that time approximately \$3 million has been deposited into the Escrow Account related to that offering.

112.

The Escrow Account that Ms. Mayer operated for the Defrauding Entities since July 2006 is one account and was not segregated in any way by investor or by offering.

113.

Since July 2006, investors deposited approximately \$24 million into the Escrow Account for some or all of the Defrauding Entities.

114.

In administering this account, Ms. Mayer disbursed monies as Ms. Mayer claims she was directed to by the instructions received from Mr. Jeffery and/or Mr. Repke, through communication with Mr. Jeffery's or Mr. Repke's agent, Mr.

Lovett. Ms. Mayer made no attempt to comply with or interpret the obligations of the escrow agent under the typical Escrow Agreement or her fiduciary duties under Georgia law in connection with the disbursement of funds from the Escrow Account.

115.

Of the \$24 million deposited by investors into the Escrow Account since July 2006, Ms. Mayer has caused the substantial majority of that amount to be wire transferred to offshore accounts at the Bank of Valetta on the island of Malta located in the Mediterranean Sea, in either the name of Exodus Platinum, Ltd., or to offshore accounts at Credit Suisse located in Geneva, Switzerland, in either the name of Soleil Group Holdings, Limited or in the name of Exodus Platinum Genesis Fund.

116.

Ms. Mayer also transferred funds from the Escrow Account to an account in the name of Hartsfield Capital Group, Inc. (under the control of Mr. Lovett) at the Wells Fargo Bank in San Francisco, California, and to a domestic “Mansell Account” at the Bank of America.

117.

Ms. Mayer transferred the majority of funds in the Escrow Account to the European locations by wire transfer and to the other locations without taking any steps to verify or confirm that the funds were even transferred to appropriate investment vehicles authorized by the investors.

118.

Ms. Mayer never received bank statements from the Malta bank or the Geneva bank to which she wire transferred funds from the Escrow Account and never took any steps to verify the proper receipt of the funds.

119.

Ms. Mayer withdrew funds belonging to the investors from the Escrow Account allegedly to pay her fees for operating as an escrow agent. Ms. Mayer removed the funds for her fees based on receipt of authorization from Mr. Lovett without performing any service or benefit to the investors or to the Defrauding Entities.

120.

From July 2006 through October 2007, Ms. Mayer took approximately \$130,000 in escrow fees, at the times and in the amounts she alleges were authorized by Mr. Lovett. Ms. Mayer's escrow agent fees varied in amounts from

approximately \$12,000 to approximately \$37,000. Attached hereto as Exhibit “C” and incorporated herein by reference is a true and accurate copy of an October 4, 2007 letter to Ms. Mayer from Mr. Lovett, which essentially confirmed Mr. Lovett’s earlier authorization for Ms. Mayer to debit various amounts at various times in 2007 for her escrow agent fees.

121.

From December 28, 2005 to November 12, 2007, Mr. Lovett acted as an agent and go-between for the Defrauding Entities and Keith Roberts Sampson in connection with the transfer and delivery of investor funds from the Escrow Account to various international parties, including Exodus.

122.

Mr. Lovett acted on behalf of the Defrauding Entities from time to time to instruct the Mayer Defendants to transfer investor funds from the Escrow Account to Keith Roberts Sampson and to take fees from the investor funds.

123.

Mr. Lovett knew and understood that he was not entitled to take fees or expenses from the investor funds, and that all fees and compensations were supposed to be received by him from profits and earnings generated from the investments of the investor funds.

124.

From time to time, Mr. Lovett took fees from investor funds which were not earning or profits. In fact, none of the funds received by Mr. Lovett in relation to the Defrauding Entities' investments constituted earnings or profits.

125.

From December 28, 2005 to November 12, 2007 Mr. Lovett received investor funds in excess of \$1,286,299 (the "Lovett Funds").

126.

The Lovett Funds received by Mr. Lovett from the investor funds were paid to Mr. Lovett on behalf of the Defrauding Entities without good and valuable consideration.

127.

Mr. Lovett knew or should have known that the Lovett Funds constituted investor funds and not earnings or profits from investments of the investor funds, and that the payment of the Lovett Funds was therefore illegal and improper without valuable consideration.

128.

Mr. Lovett received an amount in excess of \$1,286,299 in improper fees and commissions from the investor funds.

129.

After removing investor funds from the Escrow Account allegedly for her fees, Ms. Mayer caused those fees to be transferred to her personal account.

130.

During the entire time period that Ms. Mayer operated the Escrow Account, Ms. Mayer's primary contact and direct report has been Mr. Jeffery through Mr. Jeffery's agent, Mr. Lovett.

131.

While Ms. Mayer acted as escrow agent, the Escrow Account also received deposits from an account at Wells Fargo Bank in Salt Lake City, Utah, which allegedly was controlled by Mr. Repke.

132.

All fees received by the Mayer Entities and the Lovett Entities were paid out of the funds originally invested by investors, and not out of any profits or earnings generated by the alleged investments which the Defrauding Entities had represented to Investors would be made.

133.

The interests sold in the Defrauding Entities were securities and, for a variety of reasons, the sales were made in violation of federal securities laws.

Among other things, the Defendants were being paid fees as part of the scheme to give investors the false impression that the investments were in the custody and control of the Defendants and not at risk.

134.

Without the active involvement of Mr. Lovett, the Lovett Entities, Ms. Mayer and the Mayer Entities in setting up the escrow and transferring investors funds from the escrow to the Defrauding Entities fraudulent investment, the Ponzi scheme, which defrauded investors out of over \$30 million, would not have occurred.

135.

The cumulative amount of fees paid to the Mayer Defendants exceeds \$130,000.

136.

The cumulative amount of fees paid to the Lovett Entities exceeds \$1,286,299.

137.

The Mayer Entities and the Lovett Entities knew, or should have known, that the Defrauding Entities functioned as an illegal Ponzi scheme to the direct detriment and adverse interests of the investors.

138.

The money used to pay the commissions and fees to the Defendants constitutes ill-gotten gains from the fraudulent sales of securities to unsuspecting investors. Defendants have no legitimate claim to the fees or commissions, as the fees and commissions were paid to them specifically for their role in helping to promote and perpetuate the illegal sales of the securities as described herein.

**COUNT I**  
**ACCOUNTING**

139.

The allegations of Paragraphs 1 through 136 are incorporated into this Count as if fully set forth herein.

140.

As of the date of the filing of this Complaint, the Receiver has performed and continues to perform an investigation and analysis of the use of the proceeds of the fraudulent investment offering, including the payment of and fees to the Defendants.

141.

As a part of his investigation and analysis, the Receiver endeavored to determine how much money was actually paid to each of the Defendants. Based

upon the information currently available to him, the Receiver has made an initial calculation and allocation of the amounts paid to each Defendant.

142.

The Receiver understands that the information available to him may be incomplete. Accordingly, on or about March 3, 2008, counsel for the Receiver sent a letter to each of the Defendants (and others), asking for an accounting of the amounts received as a result of sales of the Defrauding Entities' alleged investments and demanding the return of those monies.

143.

Defendants have provided some information concerning fees received by them in connection with the Defrauding Entities' fraudulent scheme.

144.

The Receiver is entitled to an accounting from each of the Defendants, including the return of all monies received, directly or indirectly, from the Defrauding Entities.

145.

The Receiver is entitled to recover prejudgment interest from each Defendant, from the date of each Defendant's receipt of each respective payment

of commissions or fees in connection with the Defrauding Entities' fraudulent scheme.

## COUNT II

### UNJUST ENRICHMENT/CONSTRUCTIVE TRUST

146.

The allegations of Paragraphs 1 through 143 are incorporated into this Count as if fully set forth herein.

147.

The agreements upon which Defendants and the Defrauding Entities operated in order to siphon off commissions, fees and other funds belonging to investors are void and unenforceable because they were formed for an illegal purpose.

148.

The commissions, fees and other funds paid to each of the Defendants are proceeds that were unlawfully obtained from investors by means of artifice and fraud. Accordingly, those proceeds, including the commissions and fees received by each of the Defendants, are impressed with a constructive trust.

149.

The Defendants have been unjustly enriched.

150.

The Receiver is entitled to recover the commissions, fees and other funds paid to each Defendant in connection with funds originating from investors in connection with the Defrauding Entities' fraudulent schemes.

151.

The Receiver is entitled to recover prejudgment interest from each Defendant from the date of the receipt of each payment of commissions or fees.

### **COUNT III**

#### **FRAUDULENT CONVEYANCE**

152.

The allegations of Paragraphs 1 through 149 are incorporated into this Count as if fully set forth herein.

153.

The payments of commissions, fees, bonuses and other funds to each of the Defendants are fraudulent conveyances.

154.

The Receiver is entitled to recover the commissions, fees, bonuses and other funds paid to each Defendant

155.

The Receiver is entitled to recover prejudgment interest from each Defendant from the date of the receipt of each payment of commission or fee.

**COUNT IV**

**NEGLIGENCE**

156.

The allegations of Paragraphs 1 through 153 are incorporated into this Count as if fully set forth herein.

157.

The Mayer Defendants had a duty to the Defrauding Entities and the investors to exercise their obligations of an escrow agent with reasonable care and in a non-negligent manner.

158.

The Mayer Defendants failed to exercise a reasonable degree of care in disbursing funds delivered and placed in the escrow account entrusted to the Mayer Defendants' care and supervision.

159.

The Mayer Defendants negligently handled and disbursed the funds delivered to the Mayer Defendants for placement and maintenance in the escrow account over which the Mayer Defendants supervised and controlled.

160.

As a direct and proximate cause of the Mayer Defendants' negligent supervision and control of the escrow accounts, the Defrauding Entities and investors were damaged in an amount equal to the total funds placed into the escrow account and lost upon delivery out of the escrow account to third parties by the Mayer Defendants.

161.

Plaintiff is entitled to recover damages in an amount equal to the funds delivered to the Mayer Defendants and negligently distributed to third parties by the Mayer Defendants in breach of their duty of care.

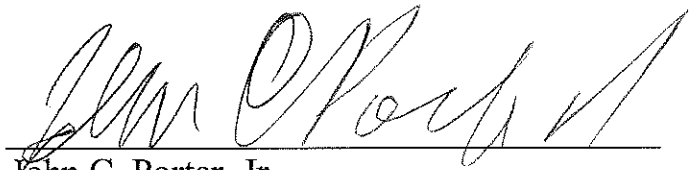
WHEREFORE, Pat Huddleston, II, Receiver, requests and demands the entry of a Judgment in his favor as follows:

1. On Count I, that each of the Defendants be required by this Court to provide an accounting of all commissions and fees received in

connection with all funds received in and transferred from the Escrow Account and, further, requiring that such amounts be disgorged and turned over to the Receiver, along with prejudgment interest.

2. On Count II, that damages be awarded to the Receiver against each Defendant in an amount equal to all commissions, fees, bonuses and other funds received, plus prejudgment interest
3. On Count III, that damages be awarded to the Receiver against each Defendant in an amount equal to all commissions, fees, bonuses and other funds received, plus prejudgment interest.
4. On Count IV, that damages be awarded to the Receiver against the Mayer Defendants equal to all funds negligently disbursed and lost from the escrow account maintained by the Mayer Defendants.
5. That the Court awards such other and further relief as is deemed just, equitable and proper.

Dated: this \_\_\_ day of November, 2008



John C. Porter, Jr.

Georgia Bar No. 584800

[jporter@sbpllp.com](mailto:jporter@sbpllp.com)

J. Michael Bishop

Georgia Bar No. 058610

[mbishop@sbpllp.com](mailto:mbishop@sbpllp.com)

**SMILEY BISHOP & PORTER LLP**

1050 Crown Pointe Plaza

Suite 1250

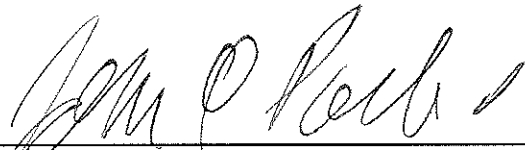
Atlanta, GA 30338-7707

Telephone: (770) 829-3850

Facsimile: (770) 673-0270

RULE 5.1 CERTIFICATION

I certify that the foregoing has been prepared in Times New Roman 14 font and is in compliance with United States District Court, Northern District of Georgia Local Rule 5.1.

  
\_\_\_\_\_  
John C. Porter, Jr.  
Georgia Bar No. 584800  
[jporter@sbpllpaw.com](mailto:jporter@sbpllpaw.com)