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**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF IDAHO**

SECURITIES AND EXCHANGE )  
COMMISSION, ) Case No.:  
 )  
Plaintiff, ) **COMPLAINT**  
 )  
vs. )  
 )  
STEVEN E. TENNIES and PRICE GELD & )  
COMPANY, INC., )  
 )  
Defendants. )

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Plaintiff Securities and Exchange Commission (the "Commission") alleges:

### **SUMMARY OF THE ACTION**

1. This lawsuit concerns a Ponzi scheme carried out by former Kooskia, Idaho resident Steven E. Tennes and his company, Price Geld & Company, Inc. ("Price Geld") (collectively, "Defendants"). From 2003 to 2008, Defendants obtained more than \$2.3 million from at least 34 investors across the United States, purportedly to be invested in the Adeona Fund, L.P. ("Adeona Fund" or the "Fund"), an investment fund formed by Tennes in 2003.

2. Defendants represented to investors that the Fund was to achieve "absolute positive return during all market cycles" through investment in liquid securities such as stocks. In monthly performance reports and other communications with investors, Defendants led investors to believe that their money was invested in the Adeona Fund and that the Fund was posting consistent, positive returns.

3. Defendants' representations to investors were false. In fact, by 2007, the Adeona Fund became a classic Ponzi scheme, as Defendants were using investment funds from new investors to pay returns to other investors and to pay Tennes' personal expenses. Defendants also created false monthly account statements and other documents to cover up the fraud. These documents reported fictitious, positive returns that Tennes later admitted he "made up" out of "thin air."

4. Defendants' fraud came to light in February 2009, when investors became concerned and confronted Tennes about their investments. Tennes sent each investor a letter, informing them that he could not pay any monthly distributions or honor redemption requests. Tennes also stated in the letter that he was "ready to accept the personal consequences of my actions."

5. Tennes subsequently turned himself in to Idaho criminal authorities and confessed to the fraud.

6. Defendants violated the antifraud provisions of the federal securities laws by misappropriating investor assets and making materially false and misleading statements in connection with the purchase or sale of securities. The Commission seeks an order enjoining Defendants from further conduct that violates the securities laws and requiring Tennes to disgorge his ill-gotten gains, with prejudgment interest.

#### **JURISDICTION AND VENUE**

7. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b) and 77t(d)]; Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d) and 78u(e)]; and Sections 209 and 214 of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-9 and 80b-14].

8. This Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)]; Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]; and Sections 209 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9 and 80b-14]. The Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, practices and courses of business alleged in this complaint.

9. Venue is proper in this District pursuant to Section 22(a) 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]. During much of the period described in this complaint, Tennes resided in the District, and acts or transactions constituting violations occurred in this District.

## DEFENDANTS

10. **Steven E. Tennies**, age 51, of Kooskia, Idaho, is the President and Fund Manager of Price Geld and founder of the Adeona Fund, a Georgia limited partnership and investment fund. At all times, Tennies managed the Adeona Fund and had sole custody of the investments in the Fund. Tennies has never been registered with the Commission in any capacity.

11. **Price Geld & Company, Inc.** is a Delaware corporation headquartered in Seattle, Washington. Price Geld is a single-purpose entity that acted as the General Partner and investment manager of the Adeona Fund. Tennies controlled Price Geld at all relevant times. Price Geld has never been registered with the Commission in any capacity.

## FACTUAL ALLEGATIONS

### A. **Tennies Fraudulently Solicited Investors for the Adeona Fund**

12. In 2003, Tennies formed the Adeona Fund, an investment fund named after the Roman goddess of safety and comfort. Price Geld was the General Partner of the Fund responsible for the day-to-day investment decisions, and in exchange it received a 20 percent performance fee on the profits of the Fund. Tennies, as President and Fund Manager of Price Geld, had sole responsibility for managing the Fund and for making the investments.

13. From 2003 to late 2008, investors purchased securities in the form of limited partnership interests in the Fund. Neither Price Geld nor Tennies registered these securities transactions with the Commission. Tennies raised more than \$2.3 million over the life of the Fund from at least 34 individuals in several states, many of whom resided in or near Kooskia, Idaho.

14. Defendants made a series of misrepresentations to induce investment in the Adeona Fund. Private placement memoranda drafted by Tennies and distributed by Price Geld represented that the Fund was to achieve “absolute positive return” during all market cycles

through a proprietary trading strategy in liquid and exchange-traded securities. Tennies also claimed that his trading strategy was “market neutral” and a “conservative approach.”

15. In fact, by at least 2007, Tennies was using investor funds to pay personal expenses and to pay fabricated returns to other investors. By November 2008, Tennies had stopped trading entirely and had liquidated his securities positions in the market.

16. To further persuade individuals to invest in the Fund, Tennies represented that he would match their investment with his own personal funds. In fact, Tennies never actually matched any investment in the Fund as he had claimed.

17. Defendants also defrauded investors through a “Deed of Guarantee” that Price Geld issued to virtually every investor in the Fund. This document – signed by Tennies on behalf of Price Geld – purported to guarantee each investor’s principal and subsequent earnings up to \$50,000 per account. Tennies advised investors to protect themselves against loss on investments over \$50,000 by opening additional accounts. On the basis of that representation, many investors opened multiple accounts of up to \$50,000 each, with one investor opening six accounts for a total of \$300,000. Many investors believed their accounts were safe because of the guarantee.

18. In fact, the guarantee was a sham. None of the funds represented to be guaranteed have been paid to investors since Tennies declared in February 2009 that he would not be able to honor any redemption requests.

19. In making materially false and misleading representations to investors to solicit their funds, including in the private placement memoranda and the so-called “Deed of Guarantee,” and by omitting to state material facts that were necessary to make representations not misleading, Defendants acted knowingly and recklessly. Because Tennies controlled Price Geld, his knowledge and actions are attributable to the company.

**B. Tennies Misappropriates Investor Funds**

20. Although Tennies initially invested money he raised in securities and distributed some returns to investors, he also commingled investor funds with his own personal accounts, and by at least 2007 he misappropriated the assets of the Fund for his personal use.

21. In February 2007, Tennies used at least \$400,000 from the Adeona Fund to satisfy a divorce settlement. Tennies also used investor funds to pay the mortgage on his lavish, custom-built home in Kooskia; to purchase first-edition books and artwork; to pay the wages of his personal assistants and employees; to finance his hobby car business; and for his day-to-day living expenses. Tennies spent thousands of dollars each at a Massachusetts rare photography bookstore, a Seattle jewelry store, a movie membership club, and on Apple's iTunes, among other purchases. Tennies also used investor funds to pay returns to other investors in Ponzi-like fashion.

22. Tennies used the entire amount of 2008 contributions received from Adeona Fund investors (at least \$714,000) to pay for personal expenses and purported investor "returns." None of the 2008 contributions were invested in any form of security.

23. Tennies knew or was reckless in not knowing that his false representations and omissions regarding his misuse of investor funds were material. Price Geld also acted knowingly or recklessly in making material misrepresentations and omissions of material fact designed to lead Adeona Fund investors to believe that their investments were safe.

**C. Tennies Falsifies Documents To Cover Up the Fraud**

24. Tennies created false documentation to cover up his fraud. First, from at least mid-2007 until December 2008, Defendants issued monthly statements to investors reporting fictitious, positive returns when in fact the Fund had suffered losses and Tennies had misappropriated investor funds. Tennies knew the statements issued to investors were false and

later admitted to SEC investigators that he “made up” the positive returns reflected on the account statements out of “thin air.”

25. Tennies also created false Schedule K-1 tax documents that purported to show each investor’s share in the profits of the Fund. The income amounts stated on the K-1 statements were fabricated as they did not reflect the result of Tennies’ investment activities.

**D. After Further Lies, Tennies Admits His Wrongdoing**

26. In early 2009, investors became suspicious upon learning that Tennies’ hobby car business had failed and that Tennies was rumored to be leaving Kooskia. One investor visited Tennies at his home in February 2009 and asked to redeem his entire investment.

27. To reassure the investor, Tennies showed him a spreadsheet reflecting how much had been invested in the Fund. Tennies then falsely told the investor that \$1.3 million remained in the Fund. In fact, all assets in the Fund had been completely dissipated.

28. Tennies sent a letter dated February 16, 2009 to each limited partner in the Fund. The letter informed the investors that neither Tennies nor the Fund would be able to declare or pay a monthly distribution, or honor any redemption request.

29. Tennies closed the letter by acknowledging his obligation to the investors and that he was “ready to accept the personal consequences of my actions.” Tennies subsequently turned himself in to Idaho criminal authorities and confessed to the scheme.

**FIRST CLAIM FOR RELIEF**

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

30. The Commission hereby incorporates paragraphs 1 through 29 by reference.

31. Defendants, by engaging in the conduct set forth above, directly or indirectly, by use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national security exchange, with scienter: (a) employed devices, schemes, or artifices to defraud;

(b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, in connection with the purchase or sale of securities.

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

### **SECOND CLAIM FOR RELIEF**

#### **Violations of Section 17(a) of the Securities Act**

33. The Commission hereby incorporates paragraphs 1 through 29 by reference.

34. Defendants have, by engaging in the conduct set forth above, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or of the mails: (a) with scienter, employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

35. By reason of the foregoing, Defendants directly or indirectly violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

### **THIRD CLAIM FOR RELIEF**

#### **Violations of Sections 5(a) and 5(c) of the Securities Act**

36. The Commission hereby incorporates paragraphs 1 through 29 by reference.

37. Defendants have, by engaging in the conduct set forth above, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer and to sell securities through the use or medium of a prospectus or otherwise when no registration statement had been filed or was in effect as to such securities and no exemption from registration was available.

38. By reason of the foregoing, Defendants directly or indirectly violated, and unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**FOURTH CLAIM FOR RELIEF**

**Violations of Sections 206(1) and (2) of the Advisers Act**

39. The Commission hereby incorporates paragraphs 1 through 29 by reference.

40. At all relevant times, Defendants each acted as investment advisers, as defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], to the Adeona Fund and investors in the Adeona Fund.

41. Defendants, by engaging in the acts and conduct alleged above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or of the mails, and while engaged in the business of advising others for compensation as to the advisability of investing in, purchasing, or selling securities: (a) with scienter, employed devices, schemes, and artifices to defraud; and (b) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients.

42. By reason of the foregoing, Defendants violated, and unless enjoined will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

**FIFTH CLAIM FOR RELIEF**

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

43. The Commission hereby incorporates paragraphs 1 through 29 by reference.

44. At all relevant times, Defendants each acted as investment advisers, as defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], to the Adeona Fund and investors in the Adeona Fund.

45. At all relevant times, the Adeona Fund operated as a pooled investment vehicle, as defined by Rule 206(4)-8(b) promulgated under the Advisers Act [17 C.F.R. § 275.206(4)-8(b)].

46. Defendants, by engaging in the acts and conduct alleged above, while acting as investment advisers to a pooled investment vehicle, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, engaged in transactions, practices, and courses of business which operate as a fraud or deceit upon investors in the Adeona Fund. Defendants made untrue statements of a material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the Adeona Fund, and otherwise engaged in acts, practices or courses of business that were fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the Adeona Fund.

47. By reason of the foregoing, Defendants violated, and unless enjoined will continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. §275.206(4)-8].

**RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enjoin Defendants temporarily, preliminarily, and permanently from directly or indirectly violating Section 10(b) of the Exchange act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. 77e(a), 77e(c), and 77q(a)].

II.

Enjoin Defendants temporarily, preliminarily, and permanently from directly or indirectly violating Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

III.

Order Tennes to disgorge his ill-gotten gains according to proof, plus prejudgment interest thereon.

IV.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

V.

Grant such other and further relief as this Court may determine to be just, equitable, and necessary.

Dated: July 30, 2009

Respectfully submitted,

/s/  
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