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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

Reign Capital Management, LLC;  
Reign Capital, L.P.;  
Cambrea Lee Ezell,

Respondents.

Order Number S-13-1171-14-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENT TO ISSUE AN  
ORDER TO CEASE AND DESIST, DENY  
FUTURE REGISTRATIONS, IMPOSE  
FINES, AND CHARGE COSTS

9 THE STATE OF WASHINGTON TO:

Reign Capital Management, LLC  
Reign Capital, L.P.  
Cambrea Lee Ezell

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents Reign Capital Management, LLC, Reign Capital, L.P., and Cambrea Lee Ezell have each violated the Securities Act of Washington and that their violations justify the entry of an order against each to cease and desist from such violations pursuant to RCW 21.20.390, to deny future securities registration applications pursuant to RCW 21.20.110(1), to impose a fine pursuant to RCW 21.20.395, and to recover costs under RCW 21.20.390.

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**TENTATIVE FINDINGS OF FACT**

Respondents

1. Reign Capital Management, LLC ("RCM") (IARD No. 131514) is an active Washington limited liability company formed on March 12, 2004. RCM was formerly known as E. Capital Management,

1 LLC until May 2007. RCM previously had a principal place of business at 600 Stewart St., Seattle,  
2 Washington and a mailing address of 1122 E. Pike St., Seattle, Washington.

3 2. Reign Capital, L.P. (“RCLP”) is an inactive limited partnership formed in Delaware on October  
4 24, 2006. RCLP previously had a principal place of business at 600 Stewart St., Seattle, Washington  
5 and a mailing address of 1122 E. Pike St., Seattle, Washington. According to the website of the  
6 Washington Secretary of State, RCLP became inactive on March 8, 2012. RCM was the General Partner  
7 of RCLP.

8 3. Cambrea Lee Ezell (“Ezell”) (CRD No. 3045380) is a resident of Seattle, Washington. Between  
9 May 1999 and January 2003, Ezell was registered with the Washington Securities Division as a  
10 securities salesperson. Ezell was employed with Prudential Securities Incorporated from approximately  
11 March 1998 to September 2000 and Goldman, Sachs & Co. from October 2000 to January 2003. Most  
12 recently, Ezell was employed with RCM, an investment adviser that she co-founded, from approximately  
13 2004 until 2012. Ezell was the Managing Director of RCM.

14 Other Related Parties

15 4. Reign Capital Portfolio, Ltd. (hereinafter “Reign Capital Portfolio” or “Master Fund”) is a  
16 company formed in the Cayman Islands. Reign Capital Portfolio was established as a “Master Fund”  
17 into which RCLP and an offshore Cayman Islands fund would feed in order to pool their investment  
18 capital. RCM was the Investment Manager of Reign Capital Portfolio.

19 5. Reign Equity Market Neutral, L.P. (“REMN”) is an inactive limited partnership formed in  
20 Delaware on November 6, 2009.

1 Nature of the Conduct

2 *Overview*

3 6. From approximately 2007 through 2011, RCM and Ezell provided unregistered investment  
4 advisory services by managing two funds from an office in Seattle. The RCLP hedge fund, a private  
5 investment fund established by Ezell, was the primary fund managed by RCM. In addition, from  
6 approximately 2007 to 2010, Ezell raised a total of approximately \$8.5 million dollars by selling  
7 unregistered investments in RCM and RCLP to a total of ten investors, including nine Washington  
8 residents.

9 7. In 2010, investors in RCM and RCLP began requesting redemption of their funds. By 2011, all  
10 of the RCM investors had received their funds back. However, not all of the RCLP investors received  
11 their funds back. Ezell claimed she was unable to distribute \$3.4 million dollars owed to seven RCLP  
12 investors because the funds were impacted by the MF Global bankruptcy. However, Ezell failed to  
13 cooperate with the Securities Division's investigation, including failing to comply with a subpoena that  
14 required her to produce documents relating to the use of investor funds. Thus, the Securities Division  
15 has been unable to substantiate Ezell's claims regarding the missing RCLP funds.

16 *Unregistered Investment Advisory Services*

17 8. In 2004, Ezell co-founded RCM and served as its Managing Director. From approximately 2004  
18 until 2012, RCM maintained an office in downtown Seattle. During its initial years in operation, RCM  
19 developed trading systems and trading algorithms for funds and private wealth management firms.

20 9. In June 2004, Ezell filed a Form ADV Part I, on behalf of RCM, for registration as an investment  
21 adviser. In approximately August 2004, Ezell filed a Form ADV Part II with the Securities Division as  
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1 part of RCM's application for registration. In the Schedule F of this document, Ezell provided a  
2 description of her business background that contained materially false or misleading information.

3 10. In the Schedule F, Ezell claimed that while at Goldman, Sachs & Co., she was part of the team  
4 that built an e-based wealth management platform for the firm. In fact, Ezell did not build the platform,  
5 nor was she hired to do so. Ezell was hired to guide customers through the platform, which was a newly  
6 developed online suite of information and product offerings. When the platform did not launch, Ezell  
7 was assigned a private wealth advisor position. Ezell further claimed that while at Goldman, Sachs &  
8 Co., she "led the formation of a business and territory for the firm in Seattle, WA." Although Ezell was  
9 one of the first employees to be placed in the Seattle office, she did not lead the formation of business  
10 and territory in Seattle and was not hired to do so. Finally, Ezell represented that she managed portfolios  
11 for institutions and individuals at Goldman, Sachs & Co. In fact, Ezell worked on a team that managed  
12 accounts for individuals and families and did not manage portfolios for institutions.

13 11. Ezell failed to respond to a request in August 2004 for additional information needed to complete  
14 RCM's registration application. As a result, RCM's application for registration was deemed abandoned.  
15 Subsequently, in approximately February 2007, Ezell contacted the Securities Division and indicated she  
16 wanted to complete RCM's registration application. The Division again requested additional  
17 information from Ezell but received nothing further. RCM's application was never completed.

18 12. In approximately 2007, RCM began providing asset management services from its Seattle office.  
19 RCLP, a hedge fund formed by Ezell, was the first and primary fund managed by RCM. The fund used  
20 a trading system developed by RCM. When RCLP was launched, RCM had approximately \$1.2 million  
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1 dollars in assets under management, which grew to approximately \$4.5 million in 2008 and to  
2 approximately \$6.8 million in 2009.

3 13. According to offering materials, RCM served as the General Partner of RCLP and made trading  
4 decisions for the fund. As the General Partner, RCM received a monthly management fee of  
5 approximately 1.5% to 2% of the net asset value of the fund. RCM could also earn an incentive fee if  
6 RCLP earned a profit. As the Managing Director of RCM, Ezell supervised the RCLP portfolio,  
7 monitored the positions held by the fund, and communicated with fund investors. Although offering  
8 materials provided to at least one RCM investor projected that Ezell would earn \$100,000 beginning in  
9 2008, Ezell purportedly did not receive any compensation for her services.

10 14. In approximately January 2010, RCM began managing a second fund, REMN, which also used a  
11 trading system developed by RCM. REMN had approximately \$5 million dollars in assets that was  
12 managed by RCM. According to offering materials, RCM was the General Partner of REMN. RCM  
13 was to receive a monthly management fee of 2% of the net asset value of the fund. RCM could also earn  
14 an incentive fee if REMN earned a profit.

15 15. By 2010, RCM had a total of approximately \$12 million dollars in assets under management  
16 from managing RCLP and REMN. However, REMN was dissolved in December 2010, due to poor  
17 performance, and the remaining funds were distributed to investors. Due to its limited operation, REMN  
18 did not pay RCM any management fees. After REMN closed, RCM continued to manage RCLP until  
19 approximately the end of 2011.

*Sale of RCM Investments*

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2 16. In approximately June 2007, Ezell began offering and selling “Preferred Unit” limited liability  
3 company interests in RCM. Ezell solicited an acquaintance that invested and subsequently referred other  
4 persons, who also invested. Four of the five RCM investors were Washington residents. Ezell met with  
5 investors and told them that she developed a trading system. Ezell explained that RCM would manage  
6 the RCLP hedge fund.

7 17. Ezell provided investors with an Amended and Restated Limited Liability Company Agreement  
8 for RCM. According to this document, investment proceeds were to be used for the working capital  
9 needs of RCM and other general corporate purposes to grow the business of RCM.

10 18. Between approximately June 2007 and August 2009, five investors invested a total of  
11 approximately \$725,000 in RCM. Investors either wrote a check or wired funds to a bank account in the  
12 name of RCM. At least two investors received a purchase agreement that was signed by Ezell as the  
13 Managing Member of RCM.

14 19. While investment funds were to be used for the general operating expenses of RCM, Ezell  
15 caused part of those funds to be invested in RCLP. Ezell failed to disclose, either orally or in offering  
16 materials, that investor funds could be used for this purpose.

17 20. In May 2010, an RCM investor redeemed his investment in full. By late 2010, the remaining  
18 RCM investors became concerned about the declining performance of RCLP, the primary fund that  
19 RCM managed. Investors requested that Ezell close RCM and return the remaining funds to investors.  
20 In December 2010, Ezell represented to investors that she was negotiating an agreement with a private  
21 wealth management firm. Earlier that year, in January 2010, Ezell entered into a Letter of Intent with the  
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1 private wealth management firm for the purchase of RCM for \$4 million dollars. Ezell represented that  
2 as part of the agreement, the private wealth management firm would loan RCM funds to use to repay  
3 investors.

4 21. In April 2011, Ezell provided the four remaining RCM investors with a Preferred Units Sale and  
5 Transfer Agreement. The Agreement stated that RCM would re-purchase their Preferred Units at  
6 closing and pay an additional 10% return on December 30, 2011. To receive the interest payment, the  
7 four investors, who had also invested in RCLP, had to maintain their subscription in RCLP until  
8 December 30, 2011. This would purportedly provide income to RCM and make it easier to sell RCM to  
9 the private wealth management firm. Investors could immediately cash out their investment if the fund  
10 value declined more than 5%.

11 22. In approximately April and May 2011, the four RCM investors received payments totaling  
12 approximately \$625,000 in exchange for the transfer of their Preferred Units back to RCM. However,  
13 Ezell misrepresented the source of the funds that were used to purchase back their limited liability  
14 company interests. Ezell led investors to believe that the source of these funds was from the sale of  
15 RCM to the private wealth management firm. In fact, the purchase of RCM by the private wealth  
16 management firm never transpired. Instead, Ezell used RCLP investor funds to pay back the four RCM  
17 investors.

#### 18 *Sale of RCLP Investments*

19 23. RCLP was a hedge fund established by Ezell in approximately 2007. RCLP was one of two  
20 feeder funds into the Reign Capital Portfolio Master Fund located in the Cayman Islands. According to  
21 offering materials, all or part of the RCLP fund assets would be invested in a broad range of financial  
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1 instruments and futures through the Master Fund. The minimum investment in RCLP was \$1 million  
2 dollars, although RCM (the General Partner) had discretion to accept smaller investment amounts.

3 24. In approximately 2006, Ezell began soliciting limited partnership investments in RCLP. Ezell  
4 solicited four of the RCM investors to invest in RCLP. She also solicited five additional investors,  
5 including at least one contact that she knew from her previous employment at Goldman, Sachs & Co. In  
6 addition, an investor introduced Ezell to the CEO of a wealth management firm that also invested.

7 25. Ezell made various claims about the potential returns to investors and the risks of investing in her  
8 fund. Ezell told one investor that she developed a proprietary trading system over a number of years that  
9 minimized risks. Ezell told another investor that the fund was a low volatility opportunity to get returns  
10 in the “low to mid-teens.” Ezell also prepared PowerPoint presentations that she showed to at least one  
11 investor. One PowerPoint presentation, dated July 13, 2006, stated that the Master Fund aimed to  
12 provide consistent annual net returns greater than 15%, low volatility of less than 12%, a short-term time  
13 horizon, and highly liquid assets. Another PowerPoint presentation, dated February 20, 2007, projected  
14 that the Master Fund would have a one year return of 19.98%, a three year return of 16.87%, and a five  
15 year return of 15.63%. RCLP and Ezell failed to provide a reasonable basis for these profit projections.

16 26. Ezell provided investors with various versions of a Private Placement Memorandum (“PPM”) for  
17 RCLP, which were dated in 2007 and 2008. In the PPM, Ezell represented that she “is” an Adjunct  
18 Professor of Law at Seattle University. Ezell failed to disclose that she was not currently teaching and  
19 she only taught one seminar at the Seattle University School of Law in or about the spring of 2006. In  
20 the PPM, Ezell also represented that she served as the CIO of a hedge fund-of-funds, but failed to  
21 disclose that she held this position for only approximately five months and that the fund did not launch

1 due to litigation against the majority owner. In the PPM, Ezell also represented that she “retired” from  
2 Goldman, Sachs & Co. in 2003. Ezell failed to disclose that she was terminated after working at  
3 Goldman, Sachs & Co. for just over two years, due to the fact that she failed to generate sufficient new  
4 business as a private wealth advisor.

5 27. From approximately June 2007 to September 2010, nine investors invested a total of  
6 approximately \$7.8 million dollars in the RCLP hedge fund. Early investors sent Subscription  
7 Agreements to the fund administrator and wired their funds to an account at the Bank of New York in  
8 the name of Butterfield Bank (Cayman) Limited.

9 28. According to statements prepared by the fund administrator, in 2008 RCLP had a positive return  
10 of 12.79%, but in 2009 it plummeted to -11.02%. The Reign Capital Portfolio Master Fund was shut  
11 down in approximately December 2009 because there were no investors in the offshore feeder fund, and  
12 all trading was resumed by RCLP. In 2010, RCLP had a return of only 0.86%. From April 2010  
13 through April 2011, RCLP received full redemption requests from two investors. The first investor  
14 received the balance of their funds in April 2010 and the second investor received approximately 90% of  
15 their funds in November 2011.

16 29. In November 2011, investors received an email from RCLP’s third-party fund administrator  
17 giving notice of its resignation. When an investor asked Ezell for an explanation regarding the  
18 resignation, she falsely stated that the administrator was terminated in order to reduce costs as the fund  
19 winds down. In fact, the administrator resigned because RCM failed to provide adequate supporting  
20 documentation for one of RCLP’s underlying investments.

1 30. By December 31, 2011, RCLP received redemption requests that purportedly represented over  
2 95% of the fund's assets. Ezell failed to satisfy the general redemption procedure disclosed to investors  
3 in the PPM, which stated that a limited partner requesting a full redemption would receive  
4 approximately 90% of their funds within 30 days. On January 12, 2012, Ezell notified investors via  
5 email that RCM was suspending withdrawals as allowed by the RCLP Limited Partnership Agreement.  
6 In the email, Ezell also stated that nearly 65% of the fund's estimated value (approximately \$3.4 million  
7 dollars) was not available to distribute to investors.

8 31. Ezell claimed that RCLP investor funds were not available due to the bankruptcy of MF Global.  
9 In February 2012, Ezell sent an email to investors stating that investor funds had been invested in a  
10 purported "Momentum Partnership" and these funds could not be released due to the MF Global  
11 bankruptcy. For over a year, Ezell sent emails to investors with updates and news reports regarding the  
12 MF Global bankruptcy. Although investors requested documentation from Ezell in order to substantiate  
13 this claim, she failed to provide any supporting evidence.

14 32. From January to April 2012, Ezell repaid investors approximately \$1.8 million dollars  
15 (approximately 35% of the fund's value). In January 2012, Ezell made a pro-rata distribution totaling  
16 approximately \$1.5 million to five investors. In April 2012, Ezell made a second pro-rata distribution  
17 totaling approximately \$160,000 to six investors. In April 2012, Ezell also paid \$156,730 (the  
18 remaining 10%) to an investor who had received a partial redemption in November 2011.

19 33. In approximately May 2012, Ezell informed investors that she was seeking to obtain a loan to pay  
20 the outstanding \$3.4 million dollars to RCLP investors. The loan was purportedly against the assets of a  
21 trust that Ezell was the beneficiary of. By January 2013, Ezell claimed that the unnamed trustee  
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1 withdrew all rights to the loan, due to potential legal action by RCLP investors. To date, a total of  
2 approximately \$3.4 million dollars is currently outstanding to approximately seven RCLP investors.

3 Failure to Comply with Securities Division Subpoenas

4 34. In February 2013, after receipt of investor complaints, the Securities Division initiated an  
5 investigation into Ezell, RCM and RCLP. As part of its investigation, the Securities Division  
6 subpoenaed documents from Ezell. Ezell failed to cooperate with the Securities Division investigation  
7 and failed to provide documents relating to the use of investor funds.

8 35. On May 23, 2013, Subpoena Duces Tecum S-13-1171-13-SB01 was issued to Ezell, requiring  
9 her to produce bank records for business bank accounts that received deposits from investors in RCLP  
10 and RCM. Ezell provided an incomplete response to the subpoena and provided limited and heavily  
11 redacted bank records relating to a small number of investors who invested in both RCM and RCLP --  
12 Ezell did not provide any bank records relating to investors who invested in only one of those  
13 investments.

14 36. On October 10, 2013, a second subpoena for documents, Subpoena Duces Tecum S-13-1171-13-  
15 SB02 was issued to Ezell, requiring her to provide documents sufficient to identify all business bank  
16 accounts in the name of RCM and RCLP, and to produce documents, including bank records, relating to  
17 the receipt and use of funds from RCM and RCLP investors.

18 37. Ezell failed to produce any documents in response to this subpoena. On October 31, 2013, the  
19 Securities Division sent a letter to Ezell, directing her to provide a written response to the Division by  
20 November 14, 2013. Ezell failed to respond to the Securities Division's letter.

Registration Status

38. Reign Capital Management, LLC is not currently registered as an investment adviser in the State of Washington and has not previously been so registered.

39. Cambrea Lee Ezell is not currently registered as an investment adviser or an investment adviser representative in the State of Washington and has not previously been so registered.

40. Reign Capital Management, LLC was not registered to sell limited liability company interests in the State of Washington during the relevant period.

41. Reign Capital, L.P. was not registered to sell limited partnership interests in the State of Washington during the relevant period.

42. Cambrea Lee Ezell is not currently registered as a securities salesperson or broker-dealer in the State of Washington and was not registered during the relevant period.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

1. Respondents Reign Capital Management, LLC and Cambrea Lee Ezell acted as an investment adviser and an investment adviser representative, respectively, as defined in RCW 21.20.005(6) and (14) by providing asset management services.

2. Respondents Reign Capital Management, LLC and Cambrea Lee Ezell violated RCW 21.20.040(3) by transacting business as an investment adviser and investment adviser representative, respectively, while not registered in the State of Washington.

1 3. The offer and sale of the RCM limited liability company interests and the RCLP limited  
2 partnership interests, as described above, constitutes the offer and sale of a security as defined in RCW  
3 21.20.005(14) and (17).

4 4. The offer and sale of said securities violated RCW 21.20.140 because no registration for such  
5 offer and sale is on file with the Securities Administrator.

6 5. The offer and sale of said securities were in violation of RCW 21.20.040(1) because Cambrea  
7 Lee Ezell offered and sold said securities while not registered as a securities salesperson or broker-dealer  
8 in the State of Washington.

9 6. The offer and sale of said securities were made in violation of RCW 21.20.010 because, as set  
10 forth in the Tentative Findings of Fact, Reign Capital Management, LLC, Reign Capital, L.P., and  
11 Cambrea Lee Ezell each made untrue statements of material facts or omitted to state material facts  
12 necessary in order to make the statements made, in light of the circumstances under which they were  
13 made, not misleading.

14 7. The Form ADV Part II, filed by Cambrea Lee Ezell with the Securities Division in approximately  
15 August 2004, on behalf of RCM, constitutes a filing with the director for purposes of RCW 21.20.350.

16 8. Cambrea Lee Ezell willfully violated RCW 21.20.350 by filing a Form ADV Part II that  
17 contained materially false or misleading statements regarding her business background, as described  
18 above in the Tentative Findings of Fact. Such conduct is also grounds for the denial of her future  
19 securities registration applications pursuant to RCW 21.20.110(1)(a).



1 Securities Division the costs, fees and other expenses incurred in the conduct of the investigation of this  
2 matter in an amount not less than \$10,000.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW  
5 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written  
6 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
7 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

8 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above  
9 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist order as to  
10 that Respondent, enter a permanent order to deny future securities registration applications, and impose  
11 the fines and costs sought.

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13 DATED AND ENTERED this 20th day of October, 2014.

14 By:

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17 William M. Beatty  
18 Securities Administrator

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Approved by:

Presented by:



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Suzanne Sarason  
Chief of Enforcement

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Bridgett Fisher  
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Reviewed by:



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Robert Kondrat  
Financial Legal Examiner Supervisor