

BEFORE THE SECURITIES COMMISSIONER  
STATE OF COLORADO

Order No. 08 - L - 17

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**AMENDED ORDER OF EXEMPTION FROM INVESTMENT ADVISER LICENSING**

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IN THE MATTER OF CONSOLIDATED INVESTMENT GROUP LLC

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WHEREAS, **Consolidated Investment Group LLC** ("CIG"), Plaza Tower One, 6400 S. Fiddler's Green Circle, Suite 2000, Englewood, Colorado 80111, has requested that the Securities Commissioner issue an Order of Exemption pursuant to the terms of which CIG shall be exempt from the Colorado investment adviser licensing requirement set forth in §11-51-401(1.5), C.R.S.;

WHEREAS, on January 14, 2008, the Securities Commissioner issued an Order of Exemption;

WHEREAS, on March 17, 2008, CIG requested that the definition of "family" as contained in the January 14th Order be amended so as to include Andre and Katherine Merage, who are the parents of David Merage. By amending the Order in this manner, the definition of "family" will include Andre and Katherine Merage, their children and their spouses, their grandchildren and their spouses, as described herein;

THEREFORE, the Order issued on January 14, 2008 is amended to read as follows:

WHEREAS, pursuant to §11-51-402(5)(b), C.R.S., CIG has requested that the Securities Commissioner issue an Order of Exemption pursuant to the terms of which CIG shall be exempt from the Colorado investment adviser licensing requirement set forth in §11-51-401(1.5), C.R.S.;

WHEREAS, in connection with said request, CIG has represented as follows:

1. CIG is a Colorado limited liability company, 99% of which is owned jointly by a family trust for the sole benefit of one family unit of the extended family it serves, with the remaining 1% owned by the mother/wife of this family ("Family"). For purposes of this Order, "Family" means Andre and Katherine Merage, their children and their spouses, their grandchildren and their spouses, their foundations, charitable organizations, family trusts and limited liability companies of which they are the exclusive members as described herein or that may be formed in the same manner, and the Senior Executive and Executives as described herein. CIG's sole clients are, and will continue to be, the Family.

2. CIG is subject to no statutory disqualification from registration as an investment adviser under the Investment Advisers Act of 1940 or from investment adviser licensing under the Colorado Securities Act;

3. CIG employs approximately 35 people, all but one in Colorado (one employee works in California to provide management oversight to certain California real properties, and to provide occasional administrative assistance to Mr. Merage). None of the people employed by CIG is subject to any statutory disqualification from licensing in Colorado as an investment adviser representative or otherwise. The principals of CIG and their principal responsibilities are as follows:

a. David Merage, Chief Executive Officer—provides leadership and oversight of all CIG operations;

b. Charlie Garing, Chief Operating Officer—provides oversight to asset management, investment group and business service operations; member of Investment Committee;

c. Tim Bertoch, Vice President, Real Estate—responsible for real estate investment portfolio, including identification and analysis of real estate acquisitions and dispositions;

d. Chris Cincera, Senior Controller—provides accounting and tax oversight to all CIG operations; member of the Investment Committee; and

e. Ken Mokray, Investment Manager—responsible for debt and equity investment portfolio, including public and private securities and hedge funds;

f. the investment group, including Mr. Mokray and two investment analysts report to Charlie Garing;

4. CIG provides property management, investment management and business services such as accounting, human resources and other administrative services to the Family and the entities the Family has formed. The Family has formed up to 23 family trusts, some formed in Colorado, some formed in California. These trusts have 14 Family member beneficiaries of all ages. All but six current trust beneficiaries reside in Colorado. The six non-Colorado beneficiaries live in California. The checking accounts for those trusts that have them are sited in Colorado;

5. For purposes of investments, the Family has formed three for-profit Colorado limited liability companies: Cambridge Capital LLC (“Cambridge”) invests in traditional securities through various broker-dealers; Cambridge Capital II, LLC (“Cambridge II”) invests strictly in hedge funds and private equity funds; and Cambridge Capital Real Estate Investments LLC (“CCREI”) purchases interests in limited partnerships owning real estate or holds real estate in direct partnership with another, independent company;

6. Cambridge, Cambridge II and CCREI each has a formal Operating Agreement (“Operating Agreement”) in place in which the relationship between the entity and CIG is confirmed in writing. With one exception, the beneficial owners of the three LLCs are Family members. The one exception is that one senior executive (“Senior Executive”) of CIG has been permitted to invest as a member alongside Family members in CCREI, as a form of employee benefit. Upon termination of the employment of this Senior Executive, such Senior Executive will be permitted to retain his interest in CCREI, but his interest will be limited to his investment at the time of termination plus any accretion or distribution on their investment. Finally, the Family has created Cambridge Capital III Foundations, LLC (“Cambridge III”). The members of Cambridge III are the non-profit entities founded by the Family members. While CIG provides management services to Cambridge III, it does so free of charge at this time, although it retains the right to charge a reasonable fee if agreed to by the parties;

7. Per the terms of each of the Operating Agreements, CIG is paid a reasonable fee for managing and performing its obligations to Cambridge I, Cambridge II and CCREI (but is not required to collect a fee for managing Cambridge III). CIG works for the Family exclusively. CIG does not advertise in any way, shape or form, does not hold itself out as providing investment advice to any person other than the Family and its related entities, does not attend investment-related conferences as vendors, and does not conduct any marketing activities. CIG is not listed in any directory as an investment adviser. The only persons to which CIG provides investment advice are Cambridge, Cambridge II, Cambridge Capital III, and CCREI, and the only beneficiaries of these clients are the Family members themselves, entities of which Family members are beneficiaries, and the one Senior Executive; and

8. As a potential employee benefit, the Family has expressed its willingness to allow key executives (“Executives”) of CIG at their option to participate as owners of membership interests in Cambridge I, Cambridge II and/or CCREI. Thus, if any Executives choose to so participate, CIG would be advising funds in which both Family members, entities and interested Executives invest and for which management CIG is or may be paid an advisory fee. CIG has reserved the right to exempt Executives who participate in Cambridge I, Cambridge II and CCREI from being charged a share of the advisory fee. Although the Senior Executive and other Executives who participate in the LLCs described herein will have voting interests therein, their votes, separately and cumulatively, will never amount to a voting share that would enable them to influence any LLC decisions as to how the LLCs conduct their business and manage their property, including LLC funds or securities. Upon termination of employment of any of the Executives, each such Executive may be permitted to retain his or her interest in CCREI, but his or her interest will be limited to his or her investment at the time of termination plus any accretion or distribution on their investment, and he or she may be charged a reasonable management fee.

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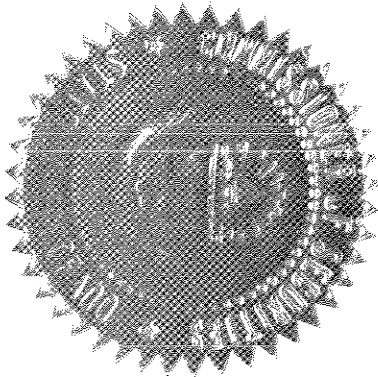
WHEREAS, pursuant to §11-51-704(2), C.R.S., the Securities Commissioner finds that the issuance of this Order is appropriate in the public interest and is consistent with the purposes and provisions of the Colorado Securities Act;

NOW THEREFORE, IT IS HEREBY ORDERED as follows:

1. Pursuant to §11-51-402(5)(b), C.R.S., CIG shall be exempt from the investment adviser licensing provisions set forth at §11-51-401(1.5), C.R.S., and by operation of §11-51-402(6), C.R.S., the individuals employed by or otherwise associated with CIG in providing investment advice shall be exempt from licensing in Colorado as investment adviser representatives.

2. The Order issued here is done so based on the facts and representations as stated above. Any change in those facts or circumstances described might require a different response. The fact that an exemption from licensure has been issued does not constitute a finding by the Colorado Securities Commissioner that he has passed in any way upon the merits or qualifications of or has recommended or given approval to any person. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client, any representation inconsistent with the foregoing.

DATED at Denver, Colorado this 24<sup>th</sup> of March, 2008.



  
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Fred J. Joseph  
Securities Commissioner