IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,	)
	)
Plaintiff,	) Civil Action No. 3:25-cv-1653
	)
v.	)
	)
RAJESH MARKAN,	) JURY TRIAL DEMANDED)
	)
Defendant.	
	)

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "SEC" or "Commission") for its Complaint against Defendant Rajesh Markan ("Markan" or "Defendant") alleges as follows:

NATURE OF THE ACTION

1. From at least 2015 through July 2024, Markan, while working as a registered representative of two dually-registered broker-dealers and investment advisers, solicited approximately ten of his brokerage customers to invest, collectively, approximately $2.9 million in a purported private equity fund. Markan told the investors that a well-known New York private equity firm ("PE Firm") advised the fund. Markan called the fund "Intrinsic Value Portfolio" and circulated a prospectus to describe the offering. Because it was a private equity investment, Markan told investors that their money would be tied up for six to twelve years, but he assured them that, ultimately, they could expect to make above-market returns.

2. None of these representations were true. The fund was fake and never existed, there was no association with the PE Firm, and Markan misappropriated most of the investors'

money for himself. Markan also lulled investors by sending fabricated statements of their purported account balances and created a fake domain name so he could send emails as a purported PE Firm representative. Only in 2024, when certain investors reached out to the PE Firm, did most of the investors discover Markan's scheme. By that point, Markan had already spent most of the investors' funds on personal expenses.

3. By engaging in the foregoing activities, Defendant violated the antifraud provisions of the federal securities laws, namely 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 Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)].

4. To protect the public from further fraudulent activity, the SEC brings this action against Defendant and seeks: (i) permanent injunctive relief; (ii) disgorgement of ill-gotten gains; and (iii) civil penalties.

DEFENDANT

5. **Rajesh Markan,** age 48, resides in Mansfield, Texas and is a former registered representative of two dually-registered broker-dealers and investment advisers.

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to authority conferred upon it by Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

7. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), (e), and 78aa].

8. Defendant offered and sold investments in the fake fund pursuant to investment agreements. These investments were securities because they fall within the description of investment contracts under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

9. In connection with the conduct described in this Complaint, Defendant, directly or indirectly, made use of the mails or the means or instruments of transportation or communication in interstate commerce by, among other means, soliciting and accepting investments via the internet, transmitting investor contracts and account statements via email, and accepting investor deposits via mail, wire, or other electronic-funds transfer.

10. Venue is proper in this District pursuant to Section 20 of the Securities Act [15 U.S.C. § 77t] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Defendant transacted business in this District, and certain of the acts, practices, transactions, and courses of business constituting violations of the securities laws alleged in this Complaint occurred within this District. Specifically, Defendant resided in and solicited investors within this District and executed investor agreements with investors within this District when he engaged in at least some of the conduct alleged herein.

FACTUAL ALLEGATIONS

A. Markan solicited investors in a fake private equity fund.

11. Beginning in 2006, Markan worked as a registered representative and investment-adviser representative of several registered broker-dealers and investment advisers. In this role, he solicited new investors and advised existing brokerage customers on the merits of investments. Beginning in 2009, Markan worked as a registered representative and investment-

adviser representative for a well-known registered broker-dealer and investment adviser ("B-D Firm").

12. Around 2015, Markan approached one of his B-D Firm brokerage customers to invest in the purported private-equity fund. Over the next few years, Markan engaged in this same general pattern with other brokerage customers. Some of the early investors told close friends about the private equity investment opportunity, and those friends also became Markan's customers at the B-D Firm and invested in Markan's fake fund. In July 2024, an investor made the last investment of $200,000 in the fake fund. Markan returned that investor's funds the next day.

13. When Markan presented his brokerage customers with the opportunity to invest in the fake fund, he falsely told them that the PE Firm managed the fund and the fund would provide better-than-market returns. In at least one instance, Markan showed an investor a spreadsheet illustrating projected returns while presenting the opportunity. In his pitch, Markan advised that, because the investment was in a private equity fund, the investors' funds would be tied up for six to twelve years. Accordingly, investors did not anticipate any interim distributions, which allowed Markan to misappropriate and spend their money freely. All of these representations were part of Markan's calculated scheme. The fund was fake, did not exist and was not managed by the PE Firm. Markan similarly did not anticipate better-than-market returns because, when he solicited the customers, he had no intentions to invest the money at all.

14. Around 2022, Markan began providing investors with a bogus prospectus that he created for the fake fund, called "Intrinsic Value Portfolio." The prospectus falsely represented that (1) Intrinsic Value Portfolio was a registered investment company organized in 2014 as a New York statutory trust; (2) the fund was offering up to $500 million in shares to accredited

investors, and that, by investing, investors could "gain exposure to private equity investments"; (3) the PE Firm would serve as Intrinsic Value Portfolio's investment adviser; (4) Intrinsic Value Portfolio's financial statements had been audited by a reputable accounting firm; and (5) Intrinsic Value Portfolio had filed periodic reports with the SEC.

15. Again, none of these representations were true, but Markan made them in order to mislead investors about the legitimacy of the purported fund.

16. Markan directed investors to wire their funds to his own personal bank account. In some instances, Markan whitewashed this red flag by sending the wire instructions to investors on PE Firm letterhead, advising that the bank account was a "sweep account." The wire instructions further explained, "Once all funds have been collected the account will be swept and closed. Your advisor [i.e., Markan] will not be provided access to the aforementioned account." In total, 10 investors, located in three separate states, wired approximately $2.9 million to Markan that they believed would be invested in a lucrative private equity fund managed by the PE Firm. Of this amount, Markan repaid approximately $640,000 to two investors. Markan spent the remaining approximately $2.3 million to live above his means by making expenditures for such things as a luxury sports car; paying all living expenses for himself and a former spouse after they had separated; dining; shopping; entertainment; in vitro fertilization treatments; elective surgery; credit card expenses; and cash withdrawals.

B. Markan used fake documents and deception to avoid exposing his scheme.

17. Markan periodically mailed the investors fake account statements showing steady investment growth. For example, Markan sent account statements to a married couple (who had invested a total of $300,000 between 2015 and 2019) purporting to show that their investments had grown to over $1.9 million by 2022. Relying on the false belief that their investment was

profitable, several investors decided to invest more money in the fake fund.

18. To further conceal his fraud, Markan registered a PE Firm lookalike domain name, so that he could send investors emails from what appeared to be a PE Firm email address. Sometimes, Markan pretended to be "Fernando Cuellar," a purported PE Firm employee, when emailing investors from the bogus PE Firm email address.

19. In August 2022, after one investor learned from a PE Firm representative that her Intrinsic Value Portfolio accounts were not associated with the PE Firm, Markan told the investor that the PE Firm no longer wanted her as an investor. He then wired her $440,000—$140,000 more than her initial investment—presumably in the hopes that she would not raise concerns to authorities or other investors.

20. After another of Markan's brokerage customers complained about conduct unrelated to Intrinsic Value Portfolio, Markan resigned from the B-D Firm. He obtained employment as a registered representative at another registered broker-dealer ("Second B-D Firm"). Several investors, some of whom he knew for more than a decade, followed Markan and moved their accounts from the B-D Firm to the Second B-D Firm. Markan received approximately $820,000 for the fake fund after he moved to the Second B-D Firm, of which he repaid approximately $200,000 to an investor in the fake fund. Markan violated FINRA rules and firm policy by offering the fake fund investment opportunity to his customers outside the scope of his employment with the registered B-D firms, and he made false certifications to his employers in order to avoid detection.

21. Markan obtained the final fraudulent investment in his fake fund of $200,000 from an investor in July 2024 while still employed at the Second B-D Firm. Markan returned that investor's funds the next day.

C. During the summer of 2024, Markan's scheme fell apart.

22. Around July 2024, Markan ran out of money to sustain his scheme. He repeatedly encouraged an investor couple ("Couple 1") to use the proceeds from the sale of their home to invest more money in the fake fund. Couple 1 thought that Markan's intense interest in their home sale was out of character and began to worry about their investment in the fake fund for the first time. Couple 1 discussed their concerns with friends ("Couple 2") who had also invested in Markan's fake fund. These and other investors began to investigate the claims and documents provided by Markan and soon discovered that the PE Firm email domain that Markan used was not owned by the real PE Firm. Couple 2 then spread word of the fraud to Couple 1 and to other Markan investors that they knew, leading to several investors demanding that Markan return their money. Markan subsequently stopped responding to all investors' attempts to contact him. With his scheme uncovered, Markan resigned from the Second B-D Firm.

FIRST CLAIM FOR RELIEF

Violations of 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]

23. Plaintiff re-alleges and incorporates paragraphs 1 through 22 of this Complaint by reference as if set forth verbatim in this Claim.

24. By engaging in the acts and conduct alleged herein, Defendant, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or with severe recklessness:

a. employed a device, scheme, or artifice to defraud; and/or

b. made an untrue statement of a material fact, or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

c. engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person.

25. By reason of the foregoing, Defendant has 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 [15 U.S.C. § 77q(a)]

26. Plaintiff re-alleges and incorporates paragraphs 1 through 22 of this Complaint by reference as if set forth verbatim in this Claim.

27. By engaging in the acts and conduct alleged herein, Defendant, directly or indirectly, in the offer or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, has:

a. knowingly or with severe recklessness employed a device, scheme, or artifice to defraud; and/or

b. knowingly, recklessly, or negligently obtained money or property by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

c. knowingly, recklessly, or negligently engaged in a transaction, practice, or course of business which operated or would operate as a fraud or deceit upon the purchaser.

28. By reason of the foregoing, Defendant has violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a judgment:

1. Permanently restraining and enjoining Markan from violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
2. Permanently restraining and enjoining Markan from, directly or indirectly, including, but not limited to, through any entity he owns or controls, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent Markan from purchasing or selling securities for his own personal account;
3. Ordering Markan to disgorge all ill-gotten gains obtained as a result of the conduct alleged herein, pursuant to Exchange Act Sections 21(d)(3), 21(d)(5), and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)];
4. Ordering Markan to pay a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] for violations of the federal securities laws as alleged herein; and
5. Imposing such other and further relief as the Court may deem just and proper.

Dated: June 27, 2025

Respectfully submitted,

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION

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