



Rutledge Financial Services, Inc. (“Weston Rutledge”), Zamindari Capital, LLC (“Zamindari”); Lexington International Fund, LLC a/k/a Lexington International Fund, Inc. (“Lexington”); and Oxford Adams Capital, LLC (“Oxford Adams”).

2. Zahra Ghods (“Ghods”) and a company that she owns and controls, RUSA Cap., Inc. (“RUSA”) participated in part of this fraudulent offering.

3. Between February 2004 and May 2006, Gish and, since December 2004, Weston Rutledge, fraudulently sold approximately \$29.6 million of securities to more than 300 investors located throughout the United States.

4. Gish offered and sold investments in three fraudulent investment programs: Zamindari, Lexington, and Oxford, to investors and provided them with offering materials falsely suggesting that each of these programs have historically generated extraordinary returns, ranging between 44% to over 100% per year.

5. During the course of this scheme, Gish transferred approximately \$9 million of investor funds to Ghods or RUSA, for supposed trading of medium term bank notes and as commission payments to Ghods for arranging these investments.

6. To obtain these investor funds, Ghods told Gish and several investors that RUSA guaranteed all investments with a \$100 million certificate of deposit

("CD") that RUSA held at Canadian Imperial Bank of Commerce ("CIBC"), a Canadian financial institution. In truth, no CD existed.

7. Ghods also told Gish that all investor funds transferred to RUSA would remain in a blocked account, from which no withdrawals could be made. In truth, Ghods transferred around \$830,000 of investor funds to another company that she controlled, Unisource, and used those funds to pay her miscellaneous personal expenses. Ghods also reportedly used \$2.2 million of the funds for the development of an iron ore mine in Mexico that Unisource purportedly owns. Ghods transferred approximately \$5 million of the remaining funds to an offshore bank account, which was never blocked, with the result that the funds, according to Ghods, have been misappropriated and lost.

8. On May 17, 2006, the Commission filed an emergency action against Gish, Weston Rutledge, Zamindari, Lexington and Oxford Adams, styled SEC v. Geoffrey Gish, et al., Case No. 1:06-cv-1171-CC (N.D. Ga.) and obtained a preliminary injunction, an asset freeze and an order appointing a receiver for Weston Rutledge, Zamindari, Lexington and Oxford Adams.

## **VIOLATIONS**

9. Defendants Ghods and RUSA have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77q(a)], 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].

10. By virtue of its conduct, Relief Defendant Unisource, directly or indirectly, obtained funds or other assets to which it has no legitimate claim, and has been unjustly enriched thereby.

## **JURISDICTION AND VENUE**

11. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. 78u(d) and 78u(e)] to enjoin the defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

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

13. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

14. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act and Exchange Act and Advisers Act occurred in the Northern District of Georgia.

15. Defendants Ghods and RUSA, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

#### **THE DEFENDANTS AND RELIEF DEFENDANT**

16. Ghods, age 55, is a native of Iran, but a U.S citizen who resided in California during the relevant time. Ghods is the sole owner and employee of RUSA, and is a signatory on all of the domestic RUSA bank accounts that

received investor funds. Around the time that the SEC filed suit against Gish in May 2006, Ghods moved to Hong Kong, where she currently resides.

17. RUSA is a Delaware corporation with its principal place of business in Newport Beach, California. RUSA purportedly has additional offices in London, England and Zurich, Switzerland and maintains several off-shore bank accounts.

18. Unisource is a California limited liability company that has the same California address as RUSA Cap. Of the \$9 million that RUSA received from Gish's investors, approximately \$830,000 went to Unisource. Unisource provided nothing of value in return for these proceeds. Ghods used the funds diverted to Unisource to pay miscellaneous personal expenses.

### **THE FRAUDULENT SCHEME**

19. From February 2004 through May 2006, Gish offered "prime bank" type investments and raised approximately \$29.6 million from around 300 investors who lived throughout the United States. Gish has returned approximately \$11.6 million to investors.

20. The bulk of investor funds, around \$25 million, were invested in the Zamindari program.

21. Gish created the Zamindari program after Ghods told him that she could invest funds that Gish raised in a high-yield, bank note trading program to which she had access.

22. In September 2004, Gish, on behalf of Zamindari, and Ghods, on behalf of RUSA, executed a “Joint Venture Agreement” for the investment of Zamindari funds. The agreement specified that RUSA would deposit Zamindari investor funds in a “blocked account,” from which no withdrawal could be made.

23. The agreement further provided that RUSA would generate profits for Zamindari by trading intermediate term bank notes on various foreign markets.

24. The offering materials that Gish prepared and provided to Zamindari investors represented that Zamindari would supposedly generate lucrative profits by purchasing these bank notes at a discount and then quickly reselling them at face value.

25. The offering materials represented that the Zamindari program would generate returns of around 30% *per quarter*. The Zamindari offering documents represented that investors’ principal was protected against any loss, because investor funds would be deposited in a “blocked” account at a major bank, where the funds could not be withdrawn.

26. Ghods reviewed these offering materials and knew that Zamindari investors were being provided these offering materials and that they were being told that their investments were safe and would generate substantial returns. She was aware that these representations would be made in order to induce the investors to place funds with Zamindari that would, in turn, be transferred to RUSA.

27. Between September 2004 and May 2006, Gish transferred approximately \$9.0 million of Zamindari investor funds to RUSA for the supposed bank note trading program. To obtain these funds, Ghods made several material misrepresentations to Gish and, occasionally, to several investors directly, and knowingly permitted offering materials to be used that misrepresented the use and treatment that would be made of investors' funds, the investment programs in which investors could participate through RUSA and the returns that could be achieved.

**The Misrepresentations Regarding the "Blocked" Account**

28. Although Ghods and RUSA represented that Zamindari funds invested with RUSA would remain in a "blocked account," she made no effort to ensure that this protection was ever in place.

29. According to Ghods, she gave a person named Antonio Ruspoli a power of attorney to open an account for RUSA at a bank in the Republic of San Marino (“the San Marino Bank”),

30. According to Ghods, the account at the San Marino Bank was to serve as the “blocked account” for the Zamindari program.

31. Ghods had never previously done any business with Ruspoli and never signed anything from the San Marino Bank, such as account opening documents, that would have blocked this account. Nor did she ever receive anything from the San Marino Bank confirming that the account was blocked.

32. Nevertheless, Ghods transferred approximately \$5 million of investor funds from domestic RUSA bank accounts to the account at the San Marino Bank.

33. In truth, the RUSA account at the San Marino Bank was never “blocked.”

34. Moreover, although the San Marino account was in RUSA’s name, Ghods was not even a signatory on that account and had no control over the account. This violated the Joint Venture Agreement between RUSA and Zamindari, which required Ghods to be the “sole” signatory on the “blocked

account” and it rendered the statements in Zamindari’s offering materials false and misleading.

35. The \$5 million of Zamindari investor funds that Ghods transferred to the San Marino Bank was subsequently transferred to Ruspoli’s personal bank account at the same bank. Ruspoli subsequently transferred these funds to an unidentified account at a bank in Austria.

36. By August 2005, Ghods knew that Ruspoli had depleted the funds in RUSA account at the San Marino Bank.

37. In the following months, several Zamindari investors began demanding redemption of their investments, and Gish relayed these demands to Ghods.

38. Even though Ghods knew that the San Marino account had been depleted, she repeatedly assured these investors that their funds were safe and would be returned in the near future.

39. On one occasion, Ghods sent Gish an e-mail, to be forwarded to the investors, explaining that the funds were outside the U.S. and falsely stating that the Patriot Act and the July 2005 terrorist attack in London were preventing her from transferring funds to the U.S.

### **The Fictitious \$100 Million Certificate of Deposit**

40. Ghods told Gish that she would back all investments made through RUSA with a \$100 million CD that RUSA maintained at CIBC. Gish conveyed this message to Zamindari investors and, in some instances, Ghods conveyed the same message directly to investors to assuage their concerns about the safety of their Zamindari investments.

41. To corroborate her claims, Ghods provided Gish with purported CIBC documents, including an account statement for a RUSA account, which showed a \$100 million account balance. She also gave Gish a letter, purportedly signed by the chief executive officer and senior executive vice president of CIBC World Markets, which confirmed that RUSA had been a depositor at CIBC since September 2001 and, as of September 2005, had an account balance in the “high ten figures.”

42. In truth, RUSA had no CD with CIBC and the documents that Ghods gave Gish were fake. Neither RUSA nor Ghods ever had an account with CIBC and the account number on the fake CIBC documents that Ghods provided belongs to an account held by a Canadian company that has no connection with Ghods or RUSA.

43. Moreover, the actual CIBC account never had a balance anywhere close to \$100 million. In fact, the December 31, 2005 statement shows only a \$17.43 balance (in Canadian dollars).

44. Ghods drafted the fake CIBC documents that she gave to Gish. A few days before the letter was supposedly written, Ghods e-mailed Gish with a draft of the letter, asking whether it was satisfactory to Gish.

#### **Misappropriation of Funds by Ghods**

45. Ghods and RUSA misappropriated substantially all of the \$4 million of the Zamindari funds that were not transferred to the San Marino Bank, by using those funds in a manner that was not disclosed to investors.

46. Ghods transferred \$830,000 of Zamindari funds from domestic RUSA accounts to an account held by Unisource. Unisource provided nothing of value in return for these transfers. Ghods then used substantially all of those funds to pay a variety of personal expenses.

47. Ghods transferred another \$975,000 of investor funds to several individuals or entities, supposedly to “lease” the \$100 million CD at CIBC.

48. She transferred the remaining \$2.2 million of investor funds to other third parties, supposedly to fund the development and sale of iron ore from the mine that she claims to own through Unisource in Mexico.

**COUNT I—FRAUD**

**Violations of Section 17(a)(1) of the Securities Act  
[15 U.S.C. § 77q(a)(1)]**

49. Paragraphs 1 through 48 are hereby realleged and are incorporated herein by reference.

50. From in or around September 2004 through May 2006, defendants Ghods and RUSA participated 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.

51. Defendants Ghods and RUSA knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

52. While engaging in the course of conduct described above, the defendants Ghods and RUSA acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

53. By reason of the foregoing, the defendants Ghods and RUSA, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

### **COUNT II—FRAUD**

#### **Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

54. Paragraphs 1 through 48 are hereby realleged and are incorporated herein by reference.

55. From in or about September 2004 through May 2006, defendants Ghods and RUSA, in the offer and sale of the securities described herein, by 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 omissions 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 above.

56. By reason of the foregoing, the defendants Ghods and RUSA, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

### **COUNT III—FRAUD**

#### **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]**

57. Paragraphs 1 through 48 are hereby realleged and are incorporated herein by reference.

58. From in or about September 2004 through the present, defendants Ghods and RUSA, in connection with the purchase and sale of securities described herein, by the use of the 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 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, 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.

59. The defendants Ghods and RUSA 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 defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

60. By reason of the foregoing, the defendants Ghods and RUSA, directly and indirectly, have 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].

## **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff Commission respectfully prays for:

### I.

Findings of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the defendants Ghods and RUSA named herein committed the violations alleged herein.

### II.

Permanent injunctions enjoining the defendants Ghods and RUSA, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

### III.

An order requiring the disgorgement by defendants and relief defendant of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

IV.

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. 78u(d)(3)] and Section 209(e) of the Advisers Act [15 U.S.C. 80b-9(e)] imposing civil penalties against defendants.

V.

An Order appointing a Receiver for the assets of defendant RUSA

VI.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated this 8<sup>th</sup> day of May, 2007.

Respectfully submitted,



William P. Hicks  
Regional Trial Counsel  
Georgia Bar No. 351649  
E-mail: hicksw@sec.gov

M. Graham Loomis  
Assistant Regional Director  
Georgia Bar No. 457868  
E-mail: loomism@sec.gov