

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant Rockford Funding Group, LLC (“Rockford Group”), and against Relief Defendants Genadi Yagodavev (“Yagodavev”), Bookmann Agency, LLP (“Bookmann”), Houseberg Impex Inc. (“Houseberg Impex”), Infinita Plus Trading, Ltd. (“Infinita”), Intercity Transit, Ltd. (“Intercity Transit”), Madisa Ltd. (“Madisa”), Milton Benefits, LLP (“Milton Benefits”), Pacific Gain Technologies Ltd. (“Pacific Gain”), Partner Asia Distribution Ltd. (“Partner Asia”), Rockford Industry, Ltd. (“Rockford Industry”), Star Trading, Inc. (“Star Trading”), Sunrise Import & Export Inc. (“Sunrise”), and Traseks, Ltd. (“Traseks”) alleges as follows:

SUMMARY

1. This emergency action arises from an ongoing, early-stage Ponzi scheme orchestrated by defendant Rockford Group, involving at least 200 investors who have invested at least \$11 million with Rockford Group.

2. Touting itself to potential investors as “a leading private equity firm equipped with an \$800 million pipeline of investments,” Rockford Group purports to offer investors securities that it calls “Fixed Dividend Contracts.” It represents to investors that these contracts generate fixed returns of 15% per year or more. Rockford Group claims that investments in these contracts are secured by rights to future recoveries that it has purchased from plaintiffs in personal injury lawsuits.

3. From at least March 2009 through November 2009, Rockford Group has knowingly or recklessly made a number of material false or misleading statements to lure potential investors, through both written materials and telephone calls, including

(1) falsely or misleadingly claiming that Rockford Group has been in existence since 1999, when it actually was not incorporated until December 2008; (2) falsely claiming that from August 1999 through June 30, 2009, the firm's "portfolio has increased 251% compared to a 12.8% increase in the Dow Jones Index," when – in fact – Rockford Group did not exist until December 2008 and does not appear to engage in any investment activity that would generate returns for investors, much less its claimed returns; (3) falsely claiming that Rockford Group is a member of the Securities Investor Protection Corp. ("SIPC") when, in fact, Rockford Group is not a SIPC member or otherwise associated with SIPC; (4) falsely identifying 20 Fortune 500 corporations as Rockford Group "major industrial pension plan clients" when in fact at least several, and apparently all, of those corporations have no connection to Rockford Group; (5) falsely suggesting that Rockford Group is invested or associated with a particular asset management company; and (6) falsely indicating to at least one investor that Rockford Group is "going public" and indicating that large investors in Fixed Dividend Contracts will receive special access to shares sold in its claimed initial public offering.

4. In addition, Rockford Group appears to have misled investors concerning the nature of its business operations and has failed to use investor funds as promised. Rockford Group has not used investor funds to purchase interests in personal injury cases. Instead, Rockford Group has sent over \$10.4 million of investor funds to bank accounts located in Latvia and Hong Kong, much of it purportedly to be used to pay for "cooling systems," "construction equipment," "electronic systems," and other equipment unrelated to Rockford Group's claimed investment business. The balance of any

remaining investor funds is on deposit in certain Rockford Group bank accounts in the United States.

5. Rockford Group began seeking investor funds in or about March 2009, using a web site and making unsolicited telephone calls to contact potential investors. As of the end of November 2009, it has collected over \$11 million from at least 200 investors. Those investors live in at least 41 different states and Canada.

6. By virtue of the conduct alleged herein, defendant Rockford Group, directly or indirectly, has engaged and is engaging in acts, practices, and courses of business, that constitute violations of Sections 5(a), 5(c) 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)] and violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78j(b) and 780(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

7. In recent weeks, Rockford Group has solicited large sums of money from United States investors and promptly transferred them out of the country. Unless Rockford Group is preliminarily and permanently restrained and enjoined, it will continue to engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

8. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], seeking to restrain and enjoin permanently Rockford Group from engaging in the acts, practices and courses of business alleged herein.

9. The Commission seeks, as immediate relief, a temporary restraining order and preliminary injunction against Rockford Group prohibiting violations of the federal securities laws, freezing the assets of Rockford Group, and the Relief Defendants ordering Rockford Group to produce a verified accounting, ordering Rockford Group and the Relief Defendants to repatriate investors' funds to the United States, granting expedited discovery, and prohibiting Rockford Group and the Relief Defendants from destroying or altering documents.

10. Finally, the Commission seeks a judgment permanently enjoining Rockford Group from future violations of the federal securities laws, ordering Rockford Group and the Relief Defendants to disgorge ill-gotten gains with prejudgment interest thereon, and ordering Rockford Group to pay civil money penalties 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)].

JURISDICTION AND VENUE

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

12. Venue is proper in the Southern District of New York pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of businesses constituting the violations alleged in this Complaint occurred within this district. For example, Rockford Group lists its business address as 80 Broad Street in Manhattan and receives mail at that address.

13. Rockford Group, directly or indirectly, singly or in concert, has made use of the means or instrumentalities of transportation or communication in, or the instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

THE DEFENDANTS

14. **Rockford Funding Group, LLC**, a/k/a Rockford Group LLC, is a New York limited liability company incorporated on December 22, 2008. Rockford Group receives mail at 80 Broad Street, 5th Floor, New York, New York 10004, and represents in its marketing materials that its offices are located at that address. Rockford Group is not registered with the Commission in any capacity. No Rockford Group securities offering has ever been registered with the Commission.

THE RELIEF DEFENDANTS

15. **Genadi Yagodavey**, age 32, is believed to reside in Queens, New York. Yagodavey is the president and sole member of Rockford Group and is the sole signatory on at least three Rockford Group bank accounts in the United States, at least one of which is held in the names of Rockford Group and Yagodavey (collectively, the "Rockford Bank Accounts"). Rockford Group's \$11 million in investor funds were deposited into the Rockford Bank Accounts. Yagodavey is not registered with the Commission in any capacity.

16. **Bookmann Agency, LLP** received \$105,300 in November 2009, wired from Rockford's JP Morgan Account to an account in its name at Rietumu Banka in Riga, Latvia.

17. **Houseberg Impex Inc.** received \$64,510 in September, wired from Rockford's JP Morgan Account to an account in its name at Regional Investment Bank JSC in Riga, Latvia.

18. **Infinita Plus Trading, Ltd.**, is a corporation incorporated under the laws of Belize on September 23, 2008, with its principal place of business located at 1 Mapp Street, Belize City, Belize. Infinita Plus Trading received \$30,000, wired in July 2009 from Rockford's Bank of America Account to an account in its name at Regional Investment Bank in Riga, Latvia.

19. **Intercity Transit, Ltd.**, is a private limited company incorporated in the United Kingdom on June 11, 2008, with its principal place of business located at 48 Queen Anne Street, London, W1G9JJ, United Kingdom. Intercity Transit, Ltd. received \$500,002, wired during July and August 2009 from Rockford's Bank of America Account and Banco Popular Account to an account in its name at Trasta Komerbanka in Riga, Latvia.

20. **Madisa Ltd.** received \$500,608, wired during October and November 2009 from Rockford's JP Morgan Bank Account to an account in its name at HSBC Bank in Hong Kong.

21. **Milton Benefits, LLP**, is a limited liability partnership incorporated in England on March 9, 2006, with its principal place of business located at 39 Wetherby Mansions, Earls Court Square, London SW5 9BH. Milton Benefits LLP received \$1,743,243, wired from June through October 2009 from Rockford's Bank Accounts to an account in its name at Rietumu Banka in Riga, Latvia.

22. **Pacific Gain Technologies Ltd.** received \$311,007, wired in October and November 2009 from Rockford's JP Morgan Bank Account to an account in its name at HSBC in Hong Kong.

23. **Partner Asia Distribution Ltd.** received \$583,411, wired in August and September 2009 from Rockford's JP Morgan Bank Account to an account in its name at HSBC in Hong Kong.

24. **Rockford Industry, Ltd.**, is a corporation incorporated under the laws of the British Virgin Islands on November 18, 2005, with its principal place of business located at Commonwealth Trust Limited, Drake Chambers, Tortola, British Virgin Islands. Rockford Industry Ltd. received \$325,388, wired in April, May and June 2009 from Rockford's Bank of America and Banco Popular Accounts to an account in its name at Rietumu Banka in Riga, Latvia.

25. **Star Trading, Inc.**, is a corporation incorporated under the laws of Brunei on June 16, 2009, with its principal place of business located at Room 606, Fook Cheong Building, 63 Hoi Yuen Road, Kwun Tong, Hong Kong. Star Trading, Inc. is an import and export company dealing in textiles, spandex, industrial equipment, electronics, building materials and food. Star Trading, Inc. received \$3,328,077, wired in September, October and November 2009 from Rockford's JP Morgan and Banco Popular Bank Accounts to an account in its name at HSBC Bank in Hong Kong.

26. **Sunrise Import & Export Inc.** received \$2,031,721, wired in September, October and November 2009 from Rockford's JP Morgan Bank Account to an account in its name at HSBC in Hong Kong.

27. **Traseks, Ltd.**, is a corporation incorporated under the laws of Panama on February 9, 2009, with its principal place of business located at 69 Ridge Road, Albany, Auckland, New Zealand. Traseks, Ltd. received \$976,302, wired during April through July 2009 from Rockford's Bank of America and Banco Popular Bank Accounts to an account in its name at JSC Multibanka in Riga, Latvia.

FACTS

28. Using the Internet and unsolicited phone calls to reach out to potential investors, Rockford Group has fraudulently sold millions of dollars of unregistered securities in less than eight months.

29. As noted in paragraph 2 above, Rockford Group purports to offer the public what it terms "Fixed Dividend Contracts," purportedly renewable securities with a one-year duration that, Rockford Group claims, provide investors a fixed rate of return on invested funds. Rockford Group further purports to use the invested funds to purchase plaintiffs' rights to future recoveries in personal injury lawsuits.

30. In materials it provides to prospective Rockford Group investors, Rockford Group represents that:

- Investors who invest \$1,000 to \$250,000 in Fixed Dividend Contracts will be paid a fixed monthly distribution of 1.25% of their principal, or 15% per year.
- Investors who invest \$250,000 to \$500,000 will be paid a fixed monthly distribution of 1.50% of their principal, or 18% per year.
- Investors who invest \$500,000 or more will be paid a fixed monthly distribution of 1.75% of their principal, or 21% per year.

31. In November 2008, Rockford Group directly or indirectly reserved the domain name now used for the Rockford Group web site, *i.e.*, ww.rockfordgroupllc.com. The Rockford Group web site was not operational and available to the public until, at the earliest, January 2009. A Rockford Group checking account is used to pay fees related to

the maintenance of the site, and Yagodayev is the only authorized signatory for that account.

32. Beginning at least in March 2009, and continuing to date, Rockford Group has used its web site to publicly solicit money from investors and also has distributed by mail written sales materials (*e.g.*, a sales brochure) to prospective and existing Rockford Group investors.

33. The web site and sales brochure have included a number of false statements, including at least the following:

- Although Rockford Group was not incorporated until December 2008, the sales brochure claims that Rockford Group has been in existence since 1999.
- A June 30, 2009 Rockford Group media release falsely identifies 20 Fortune 500 corporations as Rockford Group's major institutional pension plan clients. In fact, at least a number, and apparently all, of those identified companies have no relationship with Rockford Group.
- Rockford Group's website and other written materials falsely claim that since August 1999, the firm's "portfolio has increased 251% compared to a 12.8% increase in the Dow Jones Index," even though Rockford did not exist until December 22, 2008, and even though Rockford does not appear to engage in any investment activity that would generate returns for investors, much less its claimed returns.
- The brochure falsely suggests that Rockford Group is invested or otherwise associated with a particular asset management company. In fact, that company has never had a relationship with Rockford Group.

34. In addition to the above false statements, from no later than March 23, 2009 to April 21, 2009, the Rockford Group web site further falsely represented that Rockford Group was a member of SIPC and that its investors were protected by SIPC insurance. Rockford Group has made the same false representation in sales brochures it prepared and distributed to prospective and existing Rockford Group investors by mail and in its unsolicited telephone calls to investors. In particular, Rockford Group falsely represented on its web site and in those brochures that SIPC "funds are available to meet

customer claims up to a maximum of \$4,000,000 in cash or Fixed Dividend Contract”

and further falsely represented the following:

“[Rockford Group] holds Excess SIPC Insurance of \$200,000,000 in the aggregate, overall customer accounts, subject to a maximum limit of \$900,000 per Customer in respect to cash. This ‘Excess SIPC’ protection is in addition to the protection provided by the Securities and Investors Protection Act, which is administered by SIPC and is subject to certain conditions and limitations, details of which are available upon request. Note SIPC and Excess SIPC provide coverage against loss of securities and cash, not against market depreciation or fluctuation in market value.”

In fact, investments with Rockford Group are not insured by SIPC, and Rockford Group is not a member of, or in any way affiliated with, SIPC.

35. In telephone conversations with prospective and existing Rockford Group investors, representatives of Rockford Group have further falsely stated that investments in the company’s Fixed Dividend Contracts are very safe because, they claim, Rockford Group pools those funds and carefully invests them in plaintiffs’ receivables.

36. In telephone conversations with at least one existing investor, a Rockford Group representative has falsely indicated that large Rockford Group investors will receive special access to shares sold when a particular bank takes the company public. In fact, that bank has not participated in any efforts related to an initial public offering of Rockford Group stock.

37. Rockford Group has deposited the funds raised from investors into the Rockford Bank Accounts, at least one of which is held in the names of Rockford Group and Yagoddayev. Yagoddayev opened all of the Rockford Bank Accounts and has sole signatory authority over each Bank Account.

38. In addition to the false and misleading statements described above, Rockford Group appears not to have used the invested funds as it promised investors it would, *i.e.*, to purchase securities, make investments, or buy interests in plaintiff litigation recoveries. Instead, by the end of November 2009, Rockford had wired at least \$10.4 million to bank accounts in the names of the twelve Relief Defendants, located in Latvia and Hong Kong. The balance of the funds invested by Rockford Group investors remains on deposit in the Rockford Bank Accounts.

39. Excerpted below, Yagodayev's wire transfer requests indicate that he sent Rockford Group funds to the Relief Defendants for purposes completely unrelated to Rockford Group's purported investment strategies:

- 11 wires for over \$430,000 purportedly were made to Milton Benefits LLP for "construction equipment contract" payments;
- 10 wires for nearly \$375,000 purportedly were made to Traseks Ltd. for "cooling equipment";
- Two wires totaling almost \$80,000 purportedly were made to Rockford Industry Ltd. for "contract equipment" payments;
- Two wires totaling almost \$80,000 purportedly were made to Intercity Transit Ltd. for "monitoring equipment" and "alarm equipment"; and
- One wire of \$30,000 purportedly was made to Infinita Plus Trading Ltd. for "electronic equipment."

40. To date, it appears that no investors have redeemed their Rockford Group investments. However, consistent with the rates of return noted in paragraph 30 above, Fixed Dividend Contract investors have received timely payment of their monthly interest distributions from Rockford Group. As in a classic Ponzi scheme, Rockford Group has not disclosed to its investors that it has funded those payments not by actual investment returns, but rather, by drawing on money invested by other Rockford Group investors.

FIRST CLAIM FOR RELIEF
**Violations of Section 17(a) of the Securities Act,
Section 10(b) of the Exchange Act, and Rule 10b-5 Thereunder
(Against Defendant Rockford Group)**

41. Paragraphs 1 through 40 are re-alleged and incorporated by reference as if fully set forth herein.

42. The equity interests and Fixed Dividend Contracts offered and sold by the Defendants are securities within the meaning of Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act.

43. The misrepresentations and omissions described in paragraphs 28-40 above, are material, and Defendant Rockford Group, through its agents, knowingly or recklessly made them.

44. Rockford Group, directly and indirectly, singly and in concert, knowingly or recklessly, by the use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or by the use of the mails, in the offer or sale and in connection with the purchase or sale, of securities has: (a) employed devices, scheme, or artifices to defraud; (b) obtained money or property by means of, or otherwise made untrue statements of material fact, or omitted to state material facts necessary to make the statements, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, acts, practices, and courses of business which operated or would operate as a fraud or deceit upon purchasers of securities or other persons.

45. By reason of the acts, omissions, practices, and courses of business set forth in this Complaint, Rockford Group has violated, is violating, and unless restrained and enjoined, will continue to violate, 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].

SECOND CLAIM FOR RELIEF
Violations of Sections 5(a) and 5(c) of the Securities Act
(Against Defendant Rockford Group)

46. Paragraphs 1 through 40 are re-alleged and incorporated by reference as if fully set forth herein.

47. Rockford Group, directly or indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus or otherwise; or carried securities or caused such securities to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or for delivery after sale; and (b) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, securities without a registration statement having been filed with the Commission or being in effect as to such securities, and no exemption from registration is applicable.

48. By reason of the foregoing, Rockford Group has violated, is violating, 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)].

THIRD CLAIM FOR RELIEF
(Against the Relief Defendants)

49. Paragraphs 1 through 40 are re-alleged and incorporated by reference as if fully set forth herein.

50. The Relief Defendants received ill-gotten funds, at the least, in the form of transfers of Rockford Group investor funds from the Rockford Bank Accounts to the Relief Defendants in Latvia and Hong Kong.

51. The Relief Defendants do not have a legitimate claim to the funds they received from Rockford Group investors and from the Rockford Group.

52. By reason of the foregoing, the Relief Defendants should be required to return the Rockford Group investors' funds to those investors.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court issue:

I.

An Order temporarily and preliminarily, and a Final Judgment permanently, restraining and enjoining defendant Rockford Group, its agents, officers, servants, employees, attorneys-in-fact, and all persons in active concert or participation with it who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating 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 thereunder [17 C.F.R. § 240.10b-5].

II.

An Order temporarily and preliminarily, and a Final Judgment permanently, restraining and enjoining defendant Rockford Group, its agents, officers, servants, employees, attorneys-in-fact, and all persons in active concert or participation with it who receive actual notice of the injunction by personal service or otherwise, and each

of them, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

III.

An Order temporarily and preliminarily directing defendant Rockford Group and the Relief Defendants, and their financial and brokerage institutions, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of such Order by personal service, facsimile service, or otherwise, to hold and retain within their control, and otherwise prevent, any withdrawal, transfer, pledge, encumbrance, assignment, dissipation, concealment or other disposal of any assets, funds, or other property (including money, real or personal property, securities, commodities, choses in action or other property of any kind whatsoever) of, held by, or under the control of the Defendants, whether held in their names or for their direct or indirect beneficial interest wherever situated.

IV.

An Order directing defendant Rockford Group and each of the Relief Defendants to file with this Court and serve upon the Commission, within three business days, or within such extension of time as the Commission staff agrees to, a verified written accounting, signed by defendant Rockford Group and the Relief Defendants under penalty of perjury.

V.

An Order requiring defendant Rockford Group and each of the Relief Defendants to repatriate to the United States any and all Rockford Group investor funds located outside the United States.

VI.

An Order permitting expedited discovery.

VII.

An Order enjoining and restraining defendant Rockford Group and the Relief Defendants, and any person or entity acting at their direction or on their behalf, from destroying, altering, concealing, or otherwise interfering with the access of the Commission to relevant documents, books and records.

VII.

A Final Judgment ordering defendant Rockford Group and each of the Relief Defendants to disgorge their ill-gotten gains, plus prejudgment interest, and such other and further amount as the Court may find appropriate.

VIII.

A Final Judgment ordering defendant Rockford Group to pay civil money penalties 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)].

IX.

Such other and further relief as the Court deems just and proper.

Dated: New York, New York

December 7, 2009

SECURITIES AND EXCHANGE
COMMISSION

By:


GEORGE S. CANELLOS

REGIONAL DIRECTOR

JACK KAUFMAN (kaufmanj@sec.gov)

STEPHEN LARSON (larsonst@sec.gov)

Attorneys for Plaintiff

Securities and Exchange Commission

3 World Financial Center - Room 400

New York, New York 10281-1022

Tel: (212) 336-0106 (Kaufman)

Of Counsel:

Bruce Karpati (karpatib@sec.gov)

Gwen Licardo (licardoga@sec.gov)