

KASHYA K. SHEI (Cal. Bar No. 173125)
sheik@sec.gov
MICHAEL S. DICKE (Cal. Bar No. 158187)
dickem@sec.gov
SUSAN F. LAMARCA (Cal. Bar. No. 215231)
lamarcas@sec.gov
LLOYD A. FARNHAM (Cal. Bar No. 202231)
farnhaml@sec.gov
MARC J. FAGEL (Cal. Bar. No. 154425)

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
44 Montgomery Street, Suite 2800
San Francisco, California 94104
Telephone: (415) 705-2500
Facsimile: (415) 705-2501

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
PORTLAND DIVISION

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**YUSAF JAWED, GRIPHON ASSET
MANAGEMENT, LLC, GRIFPHON
HOLDINGS, LLC, AND ROBERT P. CUSTIS**

Defendants.

Case No. _____

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”) alleges:

SUMMARY OF ACTION

1. This matter involves a long-running, approximately \$37 million dollar Ponzi scheme masterminded by Yusaf Jawed. Since approximately 2002, Jawed presented himself as a sophisticated financial adviser who managed successful hedge funds. Contrary to his representations, Jawed used the money entrusted by investors to pay off old investors, to pay himself, to travel, and to create an illusion of success and achievement.

2. Jawed created and controlled Grifphon Asset Management, LLC (“GAM”) and Grifphon Holdings, LLC (“Grifphon Holdings”), both Portland-based entities, which he used to manage various hedge funds he created and controlled.

3. As the hedge funds were collapsing and Jawed could no longer use new investor money to satisfy requests from existing investors to cash out their hedge fund interests, Jawed created a new fiction. In or around 2008, Jawed promised the hedge fund investors that the funds would receive as much as \$1.2 billion from a supposedly independent third party that Jawed claimed would pay tens of millions of dollars to buy Grifphon fund assets (and therefore investors would be paid back shortly).

4. In approximately 2009, Jawed retained Robert Custis, an attorney, to assist him in the fraud. In or about late 2009, Custis began sending false and misleading statements to investors about the status of the purported purchase of the funds’ alleged assets, which Custis consistently represented was imminent and would result in investors receiving a profit on their fund interests. No such purchase ever occurred and the investors were never paid.

5. By engaging in the acts alleged in this Complaint, Jawed, GAM, Grifphon Holdings, and Custis violated the antifraud provisions of the federal securities laws, and unless

retrained and enjoined, defendants will continue to engage in the acts, practices, and courses of business alleged herein, or in acts, practices, and courses of business of similar purport and object. The Commission therefore seeks an order enjoining Jawed, GAM, Grifphon Holdings, and Custis from future violations of the federal securities laws, requiring them to disgorge their ill-gotten gains with prejudgment interest, and requiring them to pay civil monetary penalties.

JURISDICTION, VENUE, AND DIVISIONAL VENUE

6. The Commission brings this action pursuant to Section 20(b) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77t(b), Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d) and 78u(e), and Sections 209 and 214 of the Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-9 and 80b-14.

7. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), Sections 21(d)(3), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d)(3), 78u(e), and 78aa, and Sections 209 and 214 of the Advisers Act, 15 U.S.C. §§ 80b-9 and 80b-14. Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce or of the mails in connection with the acts, transactions, practices, and courses of business alleged in this complaint.

8. Venue in this District is proper pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because a substantial part of the events or omissions that give rise to claims alleged in this Complaint occurred in this district. Assignment to the Portland Division is appropriate because most of the illicit activities occurred in Portland, Oregon, in Multnomah County.

DEFENDANTS

9. Defendant Yusaf Jawed, 44, resides in Portland, Oregon. Jawed previously worked as a stockbroker at two brokerage firms. During the Commission's investigation, Jawed invoked his Fifth Amendment privilege against self-incrimination in response to the Commission's staff's questions.

10. Defendant Grifphon Asset Management, LLC, is an Oregon limited liability company formed on or around October 4, 2001. GAM is the general partner and investment adviser to various Grifphon funds. Jawed is the only officer, member, and owner of GAM.

11. Defendant Grifphon Holdings, LLC, is a Delaware limited liability company formed on or around August 30, 2004. Grifphon Holdings is the general partner and investment adviser to various Grifphon funds. Jawed is the sole officer, member, and owner of Grifphon Holdings.

12. Robert Custis, 58, is an attorney licensed with the Oregon State Bar. He resides in Salem, Oregon. During the Commission's investigation, Custis asserted his Fifth Amendment privilege against self-incrimination in response to the Commission's staff's questions regarding the events described herein.

OTHER RELATED ENTITIES

13. Grifphon Alpha I Fund, L.P. ("Alpha I" or "Alpha I Fund") is a Delaware limited partnership formed on or around 2004. Alpha I Fund is a hedge fund established and controlled by Jawed.

14. Alpha Qualified Fund, L.P. (the "Qualified Fund") is a Delaware limited partnership formed in 2007. The Qualified Fund is a hedge fund established and controlled by Jawed.

FACTUAL ALLEGATIONS

15. From approximately 2001 through 2009, Jawed – as the person controlling Grifphon Asset Management, LLC (“GAM”) and Grifphon Holdings, LLC (“Holdings”)– raised more than \$37 million from over 100 investors located in Oregon, Washington, California, Texas, New Jersey and other states.

16. Jawed created and managed a variety of hedge funds, which included the Grifphon Alpha Fund, L.P. (“Alpha”), Alpha I, Qualified Fund, Grifphon Alpha Long Term, L.P., Grifphon Iota Fund, L.P., Grifphon High Quality Large Cap Fund, L.P., Alpha Institutional Fund, L.P, and others.

17. Among the largest were the Alpha I and Qualified Funds. From approximately 2004 through 2009, over 100 investors invested approximately \$22.4 million in the Alpha I Fund, and approximately 15 investors invested approximately \$6.535 million in the Qualified Fund. GAM served as the investment adviser to all the Grifphon funds, including Alpha I Fund and the Qualified Fund, and Jawed controlled GAM.

18. Grifphon Holdings served as the general partner and investment manager and also purported to provide investment advice to the Alpha I and Qualified Funds. Jawed also controlled Grifphon Holdings.

Jawed Made False and Misleading Statements to Induce Investments

19. Jawed lured investors into the funds through claims he made both verbally and in materials provided to investors in meetings, by mail, or by email prior to their investments. Those materials included private placement memoranda (“PPMs”), partnership agreements, and documents purporting to describe the returns that had been experienced, and were to be expected, on a quarterly or other periodic basis. The materials provided regarding the Alpha I and

Qualified Funds, including PPMs, represented that Jawed would invest the pooled capital of the funds in publicly-traded securities, private equities, biotechnology companies, foreign currencies, and precious metals.

20. The materials, including PPMs, that Jawed used to solicit investors in the Grifphon funds were false. Among other things, Jawed falsely claimed in the materials that custody of significant fund assets was held at reputable institutions, including Lehman Brothers and UBS. Further, Jawed claimed in the materials that the Alpha I portfolio was comprised of 40 percent equities; 50 percent cash equivalents; and the remaining 10 percent in options, real estate and private equities. Jawed claimed that the Alpha I would pursue its capital appreciation investment objective by “investing in (i) securities, United States and foreign, publicly and privately traded, (ii) options on such securities, (iii) futures transactions and options on securities and/or commodities, and (iv) U.S. and foreign public and private debt securities.”

21. Similarly, Jawed claimed that the Qualified Fund held similar trading strategies as the Alpha I Fund and that it invested in a wide spectrum of securities, in common stocks of domestic and foreign companies, and that its objective was “long-term capital appreciation.”

22. In reality, neither portfolio was composed of the above assets, nor were significant assets of either fund held at “reputable institutions.” Instead, investor funds that were taken in were used the pay back other investors cashing out of their fund interests and to fund Jawed’s lifestyle and the operations of the entities he controlled.

23. Among other glaringly false statements Jawed made to investors in written materials provided to induce them to invest were his unfounded and false claims that between 2002 and 2008, Alpha and Alpha I funds experienced annual returns of 12.8% to 132.5%; that the Qualified Fund used a strategy that would provide similar annual returns as the Alpha I; and,

for the year 2008, the Qualified Fund's annual return was 32.8%.

24. In actuality, Jawed made few actual investments with investor money and instead used most of the investors' money for prohibited purposes. Jawed thus directed the largest portion of investor money to pay himself; to pay back old investors; to pay his friends and acquaintances; and to pay others such as employees, brokers, and third-party bookkeepers and lawyers he had retained, far beyond what was disclosed or permitted under the terms of the PPMs.

Jawed's Misappropriation of Investors' Money

25. From about January 2008 through July 2010, of the approximately \$6.5 million Jawed raised from investors in the Qualified Fund, Jawed misappropriated at least approximately \$5 million. He thus transferred approximately \$2.5 million to GAM, the investment adviser he controlled, for his personal use, which included luxury travel, expensive dining, and paying over \$59,000 to settle a sexual harassment lawsuit, and for the costs of running GAM. He also used another approximately \$1.6 million of the Qualified Fund assets to make payments to investors in other Grifphon funds. Further, he paid more than approximately \$550,000 to repay a loan he personally owed, and he paid approximately \$337,000 in commissions to brokers as compensation for their sales of fund interests to investors, even though such payments were prohibited under Qualified Fund's PPM.

26. From about August 2008 to about December 2009, Jawed raised over \$6 million from investors in the Alpha I Fund. Jawed transferred over half or approximately \$3.56 million to GAM and to himself, to pay for the investment adviser's operations and for his own lifestyle. He used an additional approximately \$676,510 to make payments to investors in other Grifphon funds. Further, he paid an additional approximately \$270,000 in commissions to brokers as

compensation for their sales of fund interests to investors.

27. Similarly, during the calendar year 2007, Jawed raised approximately \$4,798,888 in new investor funds for the Alpha I Fund. From this amount he diverted approximately \$2.4 million to himself and to GAM, and used an additional approximately \$1.8 million to pay investors in other Grifphon funds.

28. Jawed's misappropriation of investor funds as described above was neither disclosed nor consistent with the disclosed terms contained in the funds' PPMs. For example, under the terms of Qualified Fund's PPM, Grifphon Holdings, the entity controlled by Jawed, was limited to a 2% annual management fee and a 20% annual performance fee based on the profit gained from Qualified Fund's investments. Similarly, under the terms of Alpha I's PPM, the Fund owed no management fee and was limited to only a 20% annual performance fee to Grifphon Holdings. The Funds' performance did not support the fees Jawed paid himself.

Jawed Created False Investments to Give the Illusion of Profitability

29. From at least 2006 through 2009, Jawed hid his misappropriation of investors' money by providing to investors by personal delivery, mail, and/or emails, documentation purporting to show a profit to investors. Among those false documents were descriptions of the value of their holdings and their supposed gains, to be used for tax reporting. Other false documents included quarterly account statements showing fake increases in account value and consistently positive returns.

30. In or about January 2009, a tax accounting firm that performed work for the Grifphon entities told Jawed that it was unable to reconcile the books for GAM, Alpha I, and other Grifphon entities. The tax accounting firm provided Jawed a list of questions and issues that Jawed needed to resolve and listed at least eleven actions Jawed needed to do for the firm to

continue its work.

31. Shortly thereafter, Jawed retained two bookkeepers to reconcile the Grifphon entities books and records. As part of that process, the bookkeepers repeatedly asked Jawed to provide supporting documentation for the Grifphon funds' purported investments.

32. Between about 2009 and 2010, Jawed provided the two bookkeepers reconciling the Grifphon accounting records and a third bookkeeper documents that showed investment gains based primarily on assets, including Ponderosa Investment Company, Ltd., and Blue Chip Investment, LLC, which were in fact not real investments. Instead, those assets were elaborate schemes Jawed had devised to create the illusion of value in the funds.

33. On or about January 15, 2004, Jawed established an entity called Ponderosa Investment Company, Ltd. ("Ponderosa") in the British Virgin Islands. In response to the request from the two bookkeepers reconciling Grifphon's financial records, in approximately 2009, Jawed provided to them documentation that pre-dated Ponderosa's corporate existence, but which purported to permit the Alpha Fund to "issue Ponderosa Bonds in the original principal amount of up to \$50,000,000." The documentation was signed by Jawed and, purportedly, by a counterparty.

34. In fact, Ponderosa was a sham entity. The counterparty was Jawed's aunt, who was unemployed, had a fourth-grade education, and resided in Bangladesh. Ponderosa had no discernible operations or assets, and all corporate communications for the entity were made through Jawed and persons he had employed. On or about May 31, 2010, Ponderosa was struck from the British Virgin Islands' register of companies for failure to pay its annual fees.

35. In or about 2010, Jawed used the sham Ponderosa entity to falsely value the purported Ponderosa "investment" at \$8,854,765, which was then equal to approximately 37.5%

of Alpha I's assets. Similarly, in or about 2010, the Qualified Fund's balance sheet reflected a false value Jawed had assigned to the Ponderosa investment of \$3,935,821, which was then equal to approximately 60.7% of the fund's assets.

36. Contrary to these representations, neither Jawed, GAM, Grifphon Holdings, the Alpha I Fund, nor the Qualified Fund transferred or invested any actual funds, assets, or money in Ponderosa.

37. Similarly, in or about 2007, Jawed concocted a scheme to make it appear that money he had provided in the past, and money he contemplated providing in the future, to his friend, Lyman Bruhn, would be treated as a supposed asset of both the Alpha I Fund and the Qualified Fund. Jawed had been loaning and giving money to his friend, Bruhn, since about 2002.

38. To carry out his scheme, in around 2007, Jawed told Bruhn to provide bond certificates in the name of an entity Bruhn was to create, Blue Chip Investment, LLC ("BCI"), supposedly in return for money Jawed had given or loaned to Bruhn.

39. As Jawed was aware, BCI had no operations, no employees, no investments, and no money. Instead, BCI was an entity whose sole purported asset was Bruhn's proprietary trading platform that Bruhn called the "Blue Chip Model," which had never produced real returns for either Bruhn or Jawed. Further, in or about 2002, Jawed had already received the exclusive rights from Bruhn to the Blue Chip Model. Thus, in around 2007, Jawed transferred back to Bruhn the exclusive rights to the Blue Chip Model proprietary trading platform, for no consideration.

40. At Jawed's request, starting in about January 2007, Bruhn issued more than approximately \$7 million in supposed BCI bonds, payable beginning in approximately December

31, 2016. These certificates were valued at approximately three times the amount of money that Jawed had given or loaned Bruhn.

41. Jawed provided the bonds to fund bookkeepers as evidence of assets supposedly held by Alpha I and the Qualified Fund, even though Jawed knew BCI was a sham entity with no ability to pay.

42. Alpha I Fund's balance sheet for year ended December 31, 2009, reflected the value assigned by Jawed to the BCI investment as about \$1,520,733, which was then equal to approximately 6.4% of the fund's assets. Similarly, the Qualified Fund's balance sheet for year ended December 31, 2009, reflected the value assigned by Jawed to the BCI bonds as approximately \$1,639,736, which was then equal to approximately 25.3% of the fund's assets.

Jawed and Custis Engaged in a Further Fraudulent Scheme

43. Throughout Jawed's fraud, he was able to attract new investors and satisfy earlier investors by paying off earlier investors with new investor money. Jawed was so successful that existing investors frequently reinvested their funds with Jawed.

44. By 2008, Jawed was unable to honor investors' increasing requests to withdraw their investments and redeem their interests for cash. Rather than deny their requests, Jawed, with the participation of Custis, concocted a scheme to further deceive investors. In the scheme, Jawed and Custis, through a series of communications with investors, created the deception that a third party would soon purchase the Grifphon funds' assets, and the infusion of new money would permit the funds to redeem, or repay, investors for their fund interests at a profit and in cash.

45. On or about December 16, 2009, in his initial communication to investors, Custis introduced himself as a lawyer who had been retained by Grifphon Holdings to assist with the

liquidation of the all of the Grifphon funds, including the Alpha I and Qualified Fund, and in a final distribution of the fund's assets to its investors. He claimed he would communicate his progress to investors and answer their questions.

46. Thereafter, from late 2009 through approximately September 2011, Custis provided false information to investors, in approximately 50 or more separate communications by mail and by email. In those communications Custis represented that the investors' requests to withdraw their investments in return for cash would soon be satisfied, and that in return for their patience, they would receive a ten percent profit on their investments. He further falsely described the status, and certain terms, of a supposed transaction that he claimed was the means by which the redemptions would be made and the liquidation completed. As Custis knew, or was reckless in not knowing, the purported transaction was a sham.

47. Thus, on or around January 23, 2011, in a communication Custis described as his 24th such report, Custis described "good news from the buyer," and stated that both he and Grifphon were confident in the ultimate sale of assets to the supposed buyer. Custis further claimed that he had personally viewed various documents, many of which he separately described in his communication, which Custis said confirmed the information that had been represented to him and which justified continued patience, including a supposed extension until January 31, 2011 to close the transaction.

48. Similarly, on or about April 1, 2011, Custis falsely assured investors that Grifphon was about to receive the third-party funds and that, upon receipt, Custis would arrange to transfer those funds to investors.

49. Again, on or about May 14, 2011, Custis falsely informed investors that the delay in funding was due to the time zone difference of the banks where the funds were custodied and

the bank waiting for receipt of the funds.

50. Again, on or about June 10, 2011, Custis falsely advised investors that the delay in receiving the funds were due to normal bank procedures where the bank was “dotting their Is and crossing their Ts.”

51. Further, on or about July 28, 2011, Custis misrepresented to investors that he could explain the delay, but was unable to do so due to confidentiality concerns. He claimed that banking issues had, however, finally been resolved. Similarly, on or about July 28, 2011, Custis continued to falsely represent that the “news” was good and that the assets to pay investors had been “verified.”

52. On or about October 21, 2011, Custis falsely informed investors that their patience was about to be rewarded and he was expecting to write checks to pay investors the following week.

53. On or about September 2010, Custis met in person with investors and provided binders of documents, which he claimed to contain proof of the Grifphon funds’ assets and proof of third-party buyout.

54. Each of above communications was false and designed to deceive investors. In fact, as Custis was aware, the likelihood of any funds being obtained by Grifphon Holdings, or any of the other entities or funds that Jawed controlled, was nonexistent. As Custis was further aware, Custis’ communications were designed to give the investors the false impression that their investments still had value and could and would be cashed out at a premium, as promised.

55. Custis knew or was reckless in not knowing that the so-called third party planning to purchase the sham assets of the Grifphon funds were in fact two entities created by Jawed.

56. The first third party purchaser of the Grifphon funds’ sham assets was QFF

Securities Fund, Ltd. (“QFF Securities”), a British Virgin Island entity originally formed by Grifphon in 2004 and named DV Global Sector Fund Ltd. In 2007, Grifphon changed the name of the entity to Steinberg Dimora Fund Ltd. In 2009, Jawed changed the name of the entity again to QFF Securities.

57. QFF Securities had no assets, no income, no bank or brokerage accounts, no meaningful operations, and no ability to pay tens of millions of dollars to buy the Grifphon funds’ supposed assets. It was a sham entity.

58. In February 2011, Jawed introduced another similarly named third-party purchaser called QFF Holdings LLC (“QFF Holdings”), and a letter was provided to at least one investor to show that QFF Holdings had received the assets, “which are adequate to meet our obligations to purchase the investment assets owned by Grifphon Asset Management (Grifphon) managed funds. QFF intends to complete the transaction as soon as possible, and we anticipate that transfer will occur in as little as five (5) days but no more than thirty (30).”

59. QFF Holdings was a Delaware limited liability company formed by Jawed on or about June 10, 2009. Jawed was the sole manager and member. Again, QFF Holdings had no assets, no income, no bank or brokerage accounts, no meaningful operations, and no ability to pay tens of millions of dollars to buy the Grifphon funds’ supposed assets.

60. Custis knew or was reckless in not knowing that his representations to investors, and his participation in the deceptive scheme, were false and misleading.

61. Jawed knew or was reckless in not knowing that his representations to investors, his creation of false entities and sham transactions, and his misappropriation and misuse of fund assets and investor money, was false and misleading.

FIRST CLAIM FOR RELIEF

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5

Thereunder by All Defendants)

62. The Commission incorporates and realleges here paragraphs 1 through 61, above.

63. By engaging in the acts and conduct alleged above, Defendants Jawed, GAM, Grifphon Holdings, and Custis, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national security exchange, with scienter: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or 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, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities.

64. By reason of the foregoing, Defendants Jawed, GAM, Grifphon Holdings, and Custis have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. §§ 240.10b-5] thereunder.

SECOND CLAIM FOR RELIEF

(Violations of Section 17(a)(1) of the Securities Act by Defendants

Jawed, GAM, and Grifphon Holdings)

65. The Commission incorporates and realleges here paragraphs 1 through 61, above.

66. By engaging in the conduct described above, Defendants Jawed, GAM, and Grifphon Holdings, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, with scienter, employed devices, schemes or artifices to defraud.

67. By reason of the foregoing, Defendants Jawed, GAM, and Grifphon Holdings violated, and unless restrained and enjoined will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

THIRD CLAIM FOR RELIEF

**(Violations of Securities Act Sections 17(a)(2) and (3) by
Defendants Jawed, GAM, and Grifphon Holdings)**

68. The Commission incorporates and realleges here paragraphs 1 through 61, above.

69. By engaging in the conduct described above, Defendants Jawed, GAM, and Grifphon Holdings, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails: (a) obtained money or property by means of untrue statements of material fact or by omitting 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 (b) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers.

70. By reason of the foregoing, Defendants Jawed, GAM, and Grifphon Holdings violated, and unless restrained and enjoined, will continue to violate Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

FOURTH CLAIM FOR RELIEF

**(Violations of Sections 206(1) and 206(2) of the Advisers Act
by Defendants Jawed, GAM, and Grifphon Holdings)**

71. The Commission incorporates and realleges here paragraphs 1 through 61, above.

72. Defendants Jawed, GAM, and Grifphon Holdings, by engaging in the conduct set forth above, directly or indirectly, through use of the mails or the means or instrumentalities of interstate commerce, and while engaged in the business of advising others for compensation as to

the advisability of investing in, purchasing, or selling securities, with scienter, employed devices, schemes, or artifices to defraud.

73. By reason of the foregoing, Defendants Jawed, GAM, and Grifphon Holdings violated, and unless restrained and enjoined will continue to violate, Section 206(1) of the Advisers Act, 15 U.S.C. § 80b-6(1).

74. Defendants Jawed, GAM, and Grifphon Holdings, by engaging in the conduct set forth above, directly or indirectly, through use of the mails or the means or instrumentalities of interstate commerce, and while engaged in the business of advising others for compensation as to the advisability of investing in, purchasing, or selling securities, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients.

75. By reason of the foregoing, Defendants Jawed, GAM, and Grifphon Holdings violated, and unless restrained and enjoined will continue to violate, Section 206(2) of the Advisers Act, 15 U.S.C. § 80b-6(2).

FIFTH CLAIM FOR RELIEF

(Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder by Defendants Jawed, GAM, and Grifphon Holdings)

76. The Commission realleges and incorporates here paragraphs 1 through 61, above.

77. The Alpha I and Qualified funds are pooled investment vehicles, as defined in Rule 206(4)-8 under the Advisers Act, engaged primarily in the business of investing, directly or indirectly, in securities.

78. By engaging in the acts and conduct alleged above, Defendants Jawed, GAM, and Grifphon Holdings, while acting as investment advisers to pooled investment vehicles, made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, to an investor or prospective investor in the pooled investment vehicle or otherwise engaged in acts,

practices, or courses of business that are fraudulent, deceptive or manipulative with respect to an investor or prospective investor in the pooled investment vehicle.

79. By reason of the foregoing, Defendants Jawed, GAM, and Grifphon Holdings have violated and, unless restrained and enjoined, will continue to violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 [17 C.F.R. § 275.206(4)-8] thereunder.

SIXTH CLAIM FOR RELIEF

**(Aiding and Abetting Violations of Section 206(4) of the Advisers Act
and Rule 206(4)-8 thereunder by Defendant Custis)**

80. The Commission realleges and incorporates here paragraphs 1 through 61, above.

81. Jawed, GAM, and Grifphon Holdings, while acting as investment advisers to a pooled investment vehicle, made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, to an investor or prospective investor in a pooled investment vehicle or otherwise engaged in acts, practices, or courses of business that are fraudulent, deceptive or manipulative with respect to an investor or prospective investor in a pooled investment vehicle. Jawed, GAM, and Grifphon Holdings thereby violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

82. By reason of the conduct described above, Defendant Custis knowingly aided, abetted, counseled, commanded, induced, or procured said violations by Jawed, GAM, and Grifphon Holdings, and thus aided and abetted such violations.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enjoin Defendants Jawed, GAM, and Grifphon Holdings, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who

received actual notice of the injunction by personal service or otherwise, and each of them, from directly or indirectly 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], Section 206(1), (2), and (4) of the Advisers Act [15 U.S.C. §§ 80b-6(4)], and Advisers Act Rule 206(4)-8 [17 C.F.R. § 275.206(4)-8], thereunder.

II.

Enjoin Defendant Custis, his agents, servants, employees, and attorneys, and all persons in active concert or participation with them who received actual notice of the injunction by personal service or otherwise, and each of them, from directly or indirectly violating and/or aiding and abetting violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], Section 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(4)], and Advisers Act Rule 206(4)-8 [17 C.F.R. § 275.206(4)-8], thereunder.

III.

Order each Defendant to provide an accounting and to disgorge their ill-gotten gains in an amount according to proof, plus prejudgment interest thereon.

VI.

Order each Defendant to pay civil money penalties pursuant to Section 20(d)(1) of the Securities Act [15 U.S.C. § 77t(d)(1)], Section 21A of the Exchange Act [15 U.S.C. § 78u-1], or Section 209 of the Investment Advisers Act [15 U.S.C. § 80b-9].

VII.

Granting such other and further relief as the Court deems just and proper.

Dated: _____, 2012

Respectfully submitted:

By: /s/ Kashya K. Shei
Kashya K. Shei

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION