

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE	)	
COMMISSION,	)	
	)	CIVIL ACTION FILE
Plaintiff,	)	NO. 1:06-CV01171-CC
	)	
GEOFFREY A. GISH; WESTON	)	
RUTLEDGE FINANCIAL SERVICES,	)	
INC.; ZAMINDARI CAPITAL, LLC;	)	
LEXINGTON INTERNATIONAL FUND,	)	
LLC, a/k/a LEXINGTON	)	
INTERNATIONAL FUND, INC.; AND	)	
OXFORD ADAMS CAPITAL, LLC,	)	
	)	
Defendants.	)	

NOTICE OF FILING

Counsel for Thomas S. Richey, as Receiver for Weston Rutledge Financial Services, Inc., Zamindari Capital, LLC, Lexington International Fund, LLC, a/k/a Lexington International Fund, Inc., and Oxford Adams Capital, LLC, hereby files the attached Fifth Report Regarding Receiver’s Activities and Status of the Receivership Estate.

This \_\_\_\_\_ day of September 2008.

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Zamindari Capital, LLC,  
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a/k/a Lexington International Fund, Inc.,  
and Oxford Adams Capital, LLC

**FIFTH REPORT REGARDING RECEIVER'S ACTIVITIES  
AND STATUS OF THE RECEIVERSHIP ESTATE**

Thomas S. Richey, as Receiver for Weston 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") (the "Receivership Companies") (the "Receiver"), hereby files his Fifth Report Regarding Receiver's Activities and Status of the Receivership Estate ("Fifth Report").

**INTRODUCTION**

1. In his First Report Regarding Receiver's Activities and Status of the Receivership Estate, filed on August 28, 2006, the Receiver set out the procedural background of this case as well as the initial findings of the financial condition of the Receivership Companies.

2. To summarize, the Receivership Companies' liabilities are largely to 300 investors who entrusted approximately \$29 million of their funds to Geoffrey A. Gish and the Receivership Companies. Mr. Gish and the Receivership Companies returned some \$11.6 million to investors, nearly \$2 million of it in profits to 23 investors. Only \$1,039,144.43 of the funds were remaining in the Receivership Companies' bank accounts on May 17, 2006 when the Receiver was appointed. The remaining approximately \$18 million of investor funds were lost

or spent. Mr. Gish and the Receivership Companies transferred nearly \$15 million of those funds to third parties in the course of improvident or illusory investments including over \$10 million to Zahra Ghods and her affiliates, on which the Receivership Companies received negligible returns. Mr. Gish took over \$1 million for himself in cash draws and payments of personal expenses and business ventures. Another \$1.3 million was spent in operating the Receivership Companies and the Ponzi scheme. The Receiver is seeking to recover the missing funds for the benefit of investors and a small number of other creditors who have filed proofs of claim with the Receiver.

3. As detailed below, the Receiver, his counsel, and the Receivership accountants have largely completed their efforts to trace and determine who received the missing funds and have been focusing on locating and pursuing the persons and entities who received them and seek their return. These include the third parties through whom Mr. Gish was supposedly investing and investors who profited from the Ponzi scheme. The Receiver made demands on these persons and entities who are indebted to the Receivership Estate to return the funds. He has recovered some of the funds through payment of his demands or, where the debtors were unable to pay in full, through settlements. The Receiver has sued 32 third parties and profiting investors in three lawsuits filed in this Court. To date,

he has obtained nearly \$4.4 million in judgments (including interest accrued as of the time of the judgments) against 15 of the defendants either by agreement or by default, he has been filing judgment liens, and is searching for assets and taking other steps to try to collect on the judgments. The litigation continues against the remaining 17 defendants, from whom the Receiver is seeking to recover approximately \$11.4 million. As to several other debtors, the Receiver continues discussions in an effort to recover funds without litigation, but will shortly file suit against them, as well, if settlement discussions are not successful.

4. As previously reported, based on information known to date, the Receiver does not expect to recover all the lost funds because, among other things, Mr. Gish has filed for personal bankruptcy, some of the funds were transferred to third parties who lack the ability to repay them, and close to half of the missing funds were transferred to foreign banks. While considerable progress is being made in the pursuit of these claims, the Receiver is not yet in a position to predict the extent of recovery likely to be achieved.

5. The Receiver's accountants, GlassRatner Advisory and Capital Group LLC ("GlassRatner") are close to completing work on their analysis of investor claims. The Receiver plans to send notices to investors who filed proofs of claims informing them whether their claims have been allowed or disallowed. This

process is necessary in order to prepare and propose a plan of distribution to the Court.

6. As is the case in most Ponzi scheme receiverships, the Weston Rutledge Receiverships will take multiple years to resolve. Given the continuing litigation, the Receiver expects that it will take another year or more to complete the recovery effort and administration of the Receivership Estates.

7. This Fifth Report is intended to provide a summary of the activities and findings of the Receiver and his team to date. Some of the information contained in this Report is subject to change as additional information and documents are received during the course of the investigation and the litigation with third parties. The Report covers the following areas:

- A. Continued investigative work
- B. Efforts to collect the Receivership Companies' assets and funds
- C. Investor and creditor claims and communications
- D. Summary of the Receiver's collections and expenses

### **RECEIVER'S ACTIVITIES**

8. Since the time of the filing of the Fourth Report Regarding Receiver's Activities and Status of the Receivership Estate ("Fourth Report") on November 16, 2007, the Receiver and his counsel and accountants have engaged in the following activities:

**A. Continued Investigative Work.**

9. The Receiver has continued to obtain documentary evidence through subpoenas issued in this case (Securities and Exchange Commission v. Gish, et al). These subpoenas have sought information regarding bank records and whereabouts for third parties who received funds from the Receivership Companies as well as records regarding the Receivership Companies contained in the records of those individuals and entities who received funds from the Receivership Companies.

10. Since his last Report, the Receiver has served subpoenas on Wachovia Bank, N.A. and StrikePoint Trading, Inc.

11. The Receiver has also engaged the services of an investigations firm, Verasys, LLC, to assist in (a) locating certain of the third party fund recipients who disappeared with the money they received or with whom Mr. Gish and other employees of the Receivership Company did not maintain contact and (b) locating assets of defendants against whom the Receiver has recovered judgments. Verasys has agreed to provide its services at favorable rates.

**B. Efforts to collect the Receivership Companies' Assets and Funds.**

i. Review and Analysis of Accounting Records.

12. In order to account for the disposition of investor funds, seek the recovery of the funds from the persons who took them, determine the losses

sustained or the profits earned by investors, ascertain the monies spent in operating the Ponzi scheme, prepare a plan of distribution, and ensure a fair administration of investor claims, the Receiver and his team continue to work to confirm the amount of money that came into the Receivership Companies and from whom, and how much went out and to whom.

13. Although much of their work is complete, the Receiver's accountants continue, as needed, to review and analyze the voluminous electronic accounting records from the Receivership Companies and banking records and other documents obtained from financial institutions pursuant to subpoena in order to analyze and document who owes money to the Receivership Companies and how much is owed.

14. GlassRatner has worked to verify and provide supporting evidence of amounts received by profiting investors and other third parties, and the Receiver has filed suit against a number of these individuals and entities. (See discussion below). GlassRatner has provided affidavits confirming amounts received for the Receiver's use in litigation against third parties. GlassRatner is continuing its work in this area as to individuals and entities whom the Receiver has not, as yet, sued.

15. GlassRatner is also continuing to review and analyze investor claims and reconcile their claims with the Receivership Companies' records. The bar date for investor claims has passed. Once GlassRatner's review is completed and its report submitted, the Receiver, with the assistance of counsel, will examine the claims and notify investors if there is a discrepancy between their claim forms and the Receivership Companies' records, or if their claims should otherwise be disallowed.

- ii. Litigation Status: Richey v. Arena, et al. – Suit Against Third Party Participants in the Ponzi Scheme.

16. On October 11, 2007, the Receiver brought suit against the following 14 individuals and entities who participated in the Ponzi scheme or received investor money, but did not provide anything in return: Steven Paul Arena; Champion Partners & Associates ("Champion"); Donovan E. Davidson; Mark D. Goodley; No Guilt Chocolate Company, LLC ("No Guilt Chocolate"); Karl E. Johnson; Majestic Capital Management ("Majestic"); James M. Matthiesson; Seven Star Wines of Moldova, Inc. ("Seven Star"); Eugene L. McCord; Moldova Georgia USA Business Center LLC ("Moldova"); Stuart Irving Robbins; Waterways Management ("Waterways"); and Derrick Telling.

17. Donovan Davidson. On February 28, 2008, the Court entered a the consent judgment agreed to by the Receiver and Davidson for \$613,208.04. The Receiver registered the judgment in Texas, Davidson's home state.

18. Default judgments against the remaining defendants. The Receiver obtained default judgments against 12 individuals and entities for a total of nearly \$3.8 million:

- (a) Arena and Champion. \$310,519.33 default judgment on March 18, 2008.
- (b) Goodley and No Guilt Chocolate. \$247,933.38 default judgment on March 18, 2008.
- (c) Johnson and Majestic. \$634,631.04 default judgment on March 28, 2008.
- (d) Matthieson, Seven Star and Moldova. \$118,840.90 default judgment on August 20, 2008.
- (e) Robbins and Waterways. \$1,798,568.42 default judgment on August 21, 2008.
- (f) Telling. \$668,195.45 default judgment on August 21, 2008.

19. The Receiver has registered the judgments against Arena and Champion, Goodley and No Guilt, and Johnson and Majestic in their states of residence or incorporation: California (Arena and Champion; Goodley and No Guilt) and New Jersey (Johnson and Majestic). The Receiver is in the process of registering the default judgments entered in August of this year. The amount of recovery on these judgments will depend on the available assets of the judgment debtors.

20. As stated above, the Receiver retained Verasys, LLC, an investigative firm to locate any assets belonging to the judgment debtors (as well as other tasks) and will begin collection efforts as soon as any assets are discovered.

21. McCord. The Receiver is attempting to reach a settlement with McCord regarding the funds he received from the Receivership Companies. The Receiver has demanded that McCord return \$55,000 that he received from the Receivership Companies. McCord acknowledges receiving at least \$50,000, but denies knowing that these funds came from the Receivership Companies, claims Gish gave him those funds directly, and claims that the funds were used for legitimate business purposes, though he has thus far failed to provide any supporting evidence of any such legitimate business purpose.

22. The Receiver took McCord's deposition on July 25, 2008.

iii. Litigation Status: Richey v. Beers et al.

23. The Receiver brought suit against the following nine profiting investors on November 2, 2007: Barry and Rhonda Beers; Mala Kumar and Kumar Ramalingam; Ziad Minkara; Anthony Mitchell; Arthur Rice; Harry "Hap" Schultz and Riverfront Properties, Inc ("Riverfront"), seeking to recover approximately \$1.28 million, representing the amounts they received in excess of their investments and are not entitled to retain.

24. Rice. On February 1, 2008, after Rice paid \$20,000 to the Receivership Companies, the principal amount owed and claimed, the Receiver voluntarily dismissed the lawsuit against him.

25. The Beers, Minkara, Mitchell, Schultz & Riverfront. The Receiver is attempting to settle claims against Beers, Minkara, and Schultz and Riverfront. The Receiver and his counsel met with counsel for Schultz and Riverfront on February 7, 2008 to attempt to settle the claims against those defendants. The Receiver and his counsel met with Barry Beers and Minkara on November 12, 2007 and again on March 21, 2008 to attempt to settle the claims against those defendants. The Receiver's counsel have also sought, received, and reviewed additional information from banks regarding the deposits and transfers of the Beers. Thus far, Mitchell has paid \$70,000 toward the amount he owes to the Receivership Companies. If the Receiver cannot reach a settlement with these defendants in the near term, he will seek summary judgments against them.

26. Kumar & Ramalingam. Mala Kumar and Kumar Ramalingam (the "Kumar Defendants") have been largely uncooperative and unresponsive. The Receiver exchanged at least nine letters with the Kumar Defendants attempting to reach a settlement before being forced to file suit against them. The Receiver

agreed to an extension of time for them to file answers or otherwise respond to the Receiver's Complaint.

27. After the extension of time expired, Mala Kumar filed an untimely motion to dismiss or transfer. Kumar Ramalingam attempted to join this motion. The Receiver filed an opposition brief to these motions on January 10, 2008. On April 16, 2008, the Court denied Mala Kumar's motion and, because Mala Kumar's motion was denied, to the extent Kumar Ramalingam had joined the motion, his motion was denied as well.

28. After the Kumar Defendants' motions to dismiss or to transfer were denied, they failed to file answers to the complaint by the April 30, 2008 due date.

29. On May 21, 2008, the Receiver filed and served an application for entry of default as to the Kumar Defendants and on May 22, 2008, an entry of default was made on the docket of the Court as to the Kumar Defendants.

30. On June 13, 2008, the Kumar Defendants filed motions to set aside the entry of defaults and resubmitted their motions to dismiss or transfer. The Receiver filed opposition briefs to these motions on June 30, 2008, along with a motion for default judgment against the Kumar Defendants.

31. The Receiver is currently awaiting rulings from the Court on these motions.

iv. New Litigation Filing: Richey v. Ghods, et al.

32. On April 8, 2008, the Receiver filed suit in the U.S. District Court for the Northern District of Georgia against Zahra Ghods and eight other individuals and entities who collectively received over \$10 million from the Receivership Companies for supposed investments and who have failed to return the funds on demand. The case is encaptioned as Thomas S. Richey, Receiver for Weston Rutledge Financial Services, Inc., etc., v. Zahra Ghods, et al., Civil Action File No. 1:08-CV-1364, United States District Court for the Northern District of Georgia. The Receiver is seeking the return of \$10,200,736, which was the amount sent directly to Zahra Ghods and her companies Rusa Cap, Inc. and Unisource Cap, LLC.

33. The Receiver has also named other individuals and entities to whom Ghods transferred over \$7 million of the funds she received from the Receivership Companies:

- (a) Double Grace Holdings, Ltd. and Estrella de Fuego, S.A., two additional companies controlled by Ghods, that collectively received \$1,084,800;

- (b) Jeffrey James Mayo Priebe and Antonio Maria Ruspoli, individuals controlling accounts in San Marino, Italy to whom Ghods transferred funds in the amount of \$4,785,000;
- (c) Simon Gulkanian, an individual from whom Ghods claimed to have “rented” the \$100 million fictitious cd that supposedly guaranteed all of the investors’ funds, who received \$990,000; and
- (d) Purya K. Ghrabeti, Ghods’ son, who received \$255,193.

34. The complaint alleges 11 individual counts, including fraudulent transfer, conversion, fraud, breach of fiduciary duty, and unjust enrichment. The complaint also alleges that the defendants participated in a conspiracy to defraud investors of the Receivership Companies and seeks triple damages from those defendants pursuant to the federal and state Racketeer Influenced and Corrupt Organizations Acts.

35. The SEC had earlier filed a civil enforcement action against Ms. Ghods, Rusa Cap, Inc., and Unisource Cap, LLC. The SEC has filed a motion for summary judgment, seeking a judgment against the defendants. The Receiver has assisted the SEC in that effort, since the SEC’s recoveries will inure in part to the Receivership Estate. The Receiver’s suit, however, is broader than that of the

SEC, including more claims and defendants, including six persons and entities who received funds invested with the Receivership Companies.

36. The Receiver has effected service of process on three defendants and is in the process of serving the remaining defendants in the case. The Receiver believes that the remaining defendants are evading service and he has hired an investigative firm (Verasys, LLC) to assist him in locating and serving the defendants.

v. Geoffrey Gish's Bankruptcy Case.

37. As previously reported, the Receiver filed a Cross-Claim Against Geoffrey A. Gish seeking to recover \$18 million and alleging claims for breach of fiduciary duty; misappropriation, conversion, and fraudulent transfers of assets; gross negligence; negligence; piercing the veils of limited liability; indemnification; punitive damages; and attorneys' fees and expenses. Gish filed an answer on March 19, 2007, denying liability.

38. On June 15, 2007, a final consent judgment was entered against Geoffrey A. Gish in favor of the SEC as part of Gish's settlement with the SEC. The judgment enjoins Gish from future violations of the antifraud provisions of the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940, imposes a civil fine on him of \$120,000.00, and orders him to pay disgorgement to

the Receivership Estate of \$1,258,836.92, together with \$41,276.81 in prejudgment interest.

39. Gish has filed two bankruptcy actions in the United States Bankruptcy Court for the Northern District of Georgia, the second of which is still pending and stays the Receiver from litigating his cross-claim against Gish, as well as any collection efforts on the SEC's judgment of disgorgement, which, as noted above, is also payable to the Receivership Estate.

40. As part of his bankruptcy case, Gish is required to attend creditors' meetings. As previously reported, Gish failed to attend at least three such meetings, which caused the Receiver and his counsel to spend time preparing for and traveling to meetings that were not able to be completed. Since the last Receiver's Report, Gish failed to appear for four creditors' meetings scheduled and rescheduled due to his prior failures to appear. Finally, after a hearing on February 12, 2008 regarding a motion from the Bankruptcy Trustee requiring Gish to comply with his duties as a debtor, on February 27, 2008, Gish appeared for his creditors meeting, though over an hour late, and the meeting was able to move forward.

41. Because of Gish's tardiness, however, the Receiver's counsel was not able to finish her questioning of Gish and so the Receiver moved for and received

an order requiring Gish to appear for questioning and produce documents on July 22, 2008, but Gish failed to attend the examination or to produce requested documents. After several attempts to reschedule the examination and the filing of a motion to compel, Gish appeared for questioning on September 8, 2008 and produced some, but not nearly all, the documents requested.

42. The Receiver will continue to participate in Gish's bankruptcy case in an effort to ensure that the Receivership Companies' claims are protected and pursued for the benefit of the Receivership Estate and investors. The Receiver is considering various options with respect to the determination and recovery on his claims against Gish.

43. The Bankruptcy Trustee has arranged to sell Gish's house. It is unclear whether there will be sufficient proceeds to provide any distribution on the SEC's or the Receiver's claims.

44. The Receiver may file a non-dischargeability proceeding against Gish, which, if successful, would enable the Receiver to pursue his claims against Gish after the bankruptcy proceedings.

vi. Other.

45. Drew and Lewis Abbott. The Receiver entered into a settlement agreement with Drew and Lewis Abbott, to whom Weston Rutledge Financial

Services, Inc. had made a series of loans. The settlement provided for a \$310,000 payment to the Receivership Companies in December of 2007. The settlement was approved by the Court on February 8, 2008 and the funds were collected.

46. Profiting investors. The Receiver filed suit against nine profiting investors, one of whom repaid his profits (\$20,000) in full and another of whom has made partial payment of \$70,000.

47. The Receiver received final payment of over \$8,000 from one profiting investor representing payment in full of the amount of his profit.

48. The Receiver has filed suit against a now deceased profiting investor's Estate in Texas.

49. The Receiver plans to file an additional lawsuit against at least nine other profiting investors with whom he has been trying to reach settlements, if settlements are not reached in the near term.

50. In addition to the foregoing, the Receiver and his counsel and accountants are engaged in other investigation and recovery efforts, including efforts to trace and locate funds on which it would be premature to report or where public disclosure of the efforts would potentially adversely impact the prospects of success.

**C. Investor and Creditor Claims and Communications.**

51. As previously reported, the bar date for investor and creditor claims has passed. The Receiver received 451 claim forms timely filed by approximately 330 investors representing claims for over \$18 million in losses.

52. The Receiver, with the assistance of his counsel and accountants, will continue to examine each of the claims and the supporting documents submitted, determine whether they have been prepared properly in accordance with instructions, to compare the losses claimed with the information contained in the records of the Receivership Companies, and to decide whether the claims should be allowed and, if so, in what amount. If there are errors, discrepancies, or disagreements on the claims filed, the Receiver will attempt to resolve them through further analysis and, where needed, through discussions with the claimant.

53. Any investors whose claims are denied in whole or in part will be given notice and will have an opportunity to apply to the Court for a ruling on the validity or amount of their claims.

54. The Receiver continues to receive telephone calls and e-mails from investors and creditors, and he and his counsel have personally spoken with or corresponded by e-mail to over 35 inquiring investors, several on multiple occasions, since the Fourth Report.

55. The Receiver updates the Receivership website at [www.westonrutledgereceiverships.com](http://www.westonrutledgereceiverships.com) with court filings, news of developments and, from time to time, other information relevant to the investors.

**D. Summary of the Receiver's Collections and Expenses.**

56. The total bills that the Receiver has paid since the Fourth Report is \$517,066.30. This includes \$514,102.30 in professional fees and legal expenses. \$364,600.79 of those fees and expenses were paid after the Court approved the Receiver's third fee petition on December 5, 2007. The other \$149,501.51 was paid pursuant to a previous court order approving professional fees and expenses, which were to be paid after the Receiver had collected at least \$1,000,000 on behalf of the Receivership Estate, which occurred in December of 2007. Other expenses included \$2,964.00 in costs associated with subpoenas, depositions, and placing ads for service by publication against certain defendants in the above-referenced litigation filings.

57. The Receiver expects to file his fourth fee petition for professional fees and expenses by the end of September for expenses incurred from October 1, 2007 through June 30, 2008.

58. The total amount collected by the Receiver in cash since the Fourth Report is \$423,337.50. This amount includes the \$310,000 settlement payment

from the Abbotts and a total of over \$100,000 in settlement payments from three profiting investors.

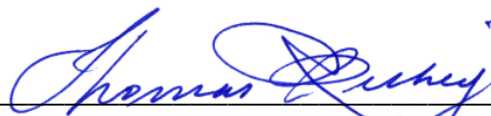
59. The current cash on hand for the Receivership Companies is \$824,804.51. The Receiver maintains a portion of these funds in money market accounts, which have earned a total of \$6,138.81 during 2008.

### **CONCLUSION**

60. All information stated above is based on the knowledge of the Receiver at this point in time and later developments and discoveries may cause the information reported herein to be outdated or incorrect.

61. The Receiver will continue to provide the Court with updates on developments and findings affecting the Receivership Companies.

Respectfully submitted, this 17th day of September 2008.



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Thomas S. Richey,  
as Receiver for Weston Rutledge Financial  
Services, Inc., Zamindari Capital, LLC,  
Lexington International Fund, LLC, a/k/a  
Lexington International Fund, Inc., and  
Oxford Adams Capital, LLC

UNITED STATES DISTRICT COURT  
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ATLANTA DIVISION

SECURITIES AND EXCHANGE	)	
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	)	
GEOFFREY A. GISH; WESTON	)	
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INC.; ZAMINDARI CAPITAL, LLC;	)	
LEXINGTON INTERNATIONAL FUND,	)	
LLC, a/k/a LEXINGTON	)	
INTERNATIONAL FUND, INC.; AND	)	
OXFORD ADAMS CAPITAL, LLC,	)	
	)	
Defendants.	)	

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing NOTICE OF FILING AND RECEIVER'S FIFTH REPORT REGARDING RECEIVER'S ACTIVITIES AND STATUS OF THE RECEIVERSHIP ESTATE with the Clerk of Court using the CM/ECF system which will automatically send email notification of such filing to the attorneys of record.

This 17th day of September 2008.

/s/ Stacey Godfrey Evans  
Stacey Godfrey Evans