

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 Seventh Report Regarding Receiver's Activities and Status of the Receivership Estate.

This 7th day of December 2009.

/s/ Stacey Godfrey Evans
Jennifer D. Odom
Georgia Bar No. 549717
jodom@pogolaw.com

Stacey Godfrey Evans
Georgia Bar No. 298555
sevans@pogolaw.com

BRYAN CAVE POWELL GOLDSTEIN
One Atlantic Center – Fourteenth Floor
1201 West Peachtree Street
Atlanta, Georgia 30309
(404) 572-6600
Fax: (404) 572-6999

Attorneys for Thomas S. Richey,
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

**SEVENTH 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 Seventh Report Regarding Receiver's Activities and Status of the Receivership Estate ("Seventh 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. In the Second through Sixth Receiver's Reports we have detailed activities and events through August 2009 and the Receiver's efforts to recover funds that the Receivership Companies' received from investors and failed to return.

2. Since submission the last Receiver's Report, the Receiver has continued his efforts to recover from the third parties through whom Mr. Gish was supposedly investing and from investors who profited from the Ponzi scheme and failed to return their profits in response to the Receiver's demands. 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 41 third parties and profiting investors in five lawsuits. To date, he has obtained either by agreement or by default judgments awarding over \$18 million (including interest accrued as of the time of the judgments) against 30 of the defendants, he has been filing judgment liens where the judgment debtors reside or may own property, and has been searching for assets and taking other steps to try to collect on these judgments. The litigation continues against the remaining 11 defendants, from whom the Receiver is seeking to recover nearly \$7 million. Though the Receiver may learn additional information that will lead to additional lawsuits, at the present time, he does not anticipate filing additional lawsuits.

3. As previously reported, based on information known to date, the Receiver does not expect to recover much of the lost funds because, among other things, some of the funds were spent in operating the Receivership Companies and the Ponzi scheme, much of the funds were transferred to third parties who lack the ability to repay them, close to half of the missing funds were transferred to foreign banks, Mr. Gish has filed for personal bankruptcy, and many of the judgment debtors lack the assets to pay their judgments. Thus, while considerable progress has been made in establishing liability and obtaining judgments, collecting these

judgments has proven difficult and given the expense involved, the Receiver is still not in a position to predict the extent of recovery likely to be achieved or whether meaningful distributions can be paid.

4. The Receiver's accountants, GlassRatner Advisory and Capital Group LLC ("GlassRatner") are close to submitting a final report on their accounting review of investor claims. The Receiver plans thereafter to send notices to investors who filed proofs of claims informing them whether their claims will be allowed or disallowed. Investors whose claims have been disallowed in whole or in part will have the opportunity to challenge the disallowance by applying to the Court. Once this process is complete, the Receiver will prepare and propose a plan of distribution to the Court.

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

6. This Seventh 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. Efforts to collect the Receivership Companies' assets and funds
- B. Investor and creditor claims and communications
- C. Summary of the Receiver's collections and expenses

RECEIVER'S ACTIVITIES

7. Since the time of the filing of the Sixth Report Regarding Receiver's Activities and Status of the Receivership Estate ("Sixth Report") on August 7, 2009, the Receiver and his counsel and accountants have engaged in the following activities:

A. Efforts to collect the Receivership Companies' Assets and Funds.

i. Review and Analysis of Accounting Records.

8. Although their work in reconciling the receipt and disposition of funds is largely complete, the Receiver's accountants have worked to verify and provide supporting evidence of amounts received by profiting investors and other third parties. (See discussion below). GlassRatner has provided affidavits confirming amounts received for the Receiver's use in litigation and other efforts to recover the Receivership Companies' funds.

9. GlassRatner is close to completion of its final report on the review and analysis of investor claims and reconciliation of their claims with the

Receivership Companies' records. The Receiver, with the assistance of counsel, will examine the claims where there is a discrepancy between the investors' claim forms and the Receivership Companies' records or other irregularities, and notify investors if their claims will be disallowed.

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

10. 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.

11. Default judgments or consent judgments totaling approximately \$4,397,000 had been obtained against the defendants in that case.

12. Since submission of the Sixth Report, the Receiver with the help of private investigators has searched for assets against which to collect these judgments; to date no significant assets have been located.

iii. Litigation Status: Richey v. Ghods, et al.

16. On April 8, 2008, the Receiver filed suit in the United States District Court for the Northern District of Georgia against Zahra Ghods, Rusa Cap, Inc., Unisource Cap, LLC, Double Grace Holdings, Ltd., Estrella de Fuego, S.A., Jeffrey James Mayo Priebe, Antonio Maria Ruspoli, Simon Gulkanian, and Purya K. Ghrabeti seeking over \$10 million for 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.

17. The Receiver has effected service of process on all defendants.

18. On July 23, 2009, the Receiver filed motions for entry of default judgments against these defendants collectively seeking over \$12 million, including interest. Those motions were granted on October 8, 2009 against the following six Defendants for the following amounts:

- Zahra Ghods, Rusa Cap, Inc., and Unisource Cap, LLC – \$12,266,599.36
- Estrella de Fuego, S.A. - \$294,810.98
- Double Grace Holdings, Ltd. – \$937,630.48
- Antonio Maria Ruspoli – \$5,500,782.60

19. The Receiver with the help of private investigators has searched for assets against which to collect these judgments; to date no significant assets have been located.

20. The Richey v. Ghods, et al. case continues against Defendants Jeffrey James Mayo Priebe, Simon Gulkanian, and Purya Ghrabeti. The Receiver served written discovery on those Defendants on December 2, 2009 and expects to take depositions of those Defendants in early 2010.

iv. Geoffrey Gish's Bankruptcy Case.

21. As previously reported, the Receiver filed a cross-claim against Geoffrey A. Gish in this action 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.

22. 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.

23. As previously reported, Gish filed two bankruptcy proceedings 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 outside of the bankruptcy proceeding on the SEC's judgment of disgorgement, which, as noted above, is also payable to the Receivership Estate.

24. The Receiver filed a proof of claim and has participated in Gish's bankruptcy case as warranted. It is unclear whether, after payment of the Trustee's attorneys' fees and distribution to other creditors, including the Internal Revenue Service, there will be sufficient assets in the Gish bankruptcy estate to provide any distribution on the SEC judgment or the Receiver's claims.

25. On November 7, 2008, the Receiver filed a non-dischargeability proceeding against Gish, seeking to prevent Mr. Gish from obtaining a discharge of his liabilities to the Receivership estate. That proceeding was successfully resolved when the Bankruptcy Court, on August 7, 2009, granted the Receiver's motion for a default judgment, struck Mr. Gish's untimely answer, and entered a default judgment against him for over \$18 million.

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

26. The Receiver brought two suits against profiting investors. The first suit was filed on November 2, 2007 against the following 9 profiting investors: 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 profits, i.e., amounts they received in excess of their investments, which they are not entitled to retain. As of the Sixth Receiver’s Report, the Receiver had obtained payment from Mr. Rice in full settlement of the Receiver’s claims against him. The status of the remaining profiting investor defendants in this case is as follows:

27. The Beers, Minkara, and Mitchell. The Receiver filed motions for summary judgment against the Beers, Mr. Minkara, and Mr. Mitchell on September 25, 2008 seeking payments totaling \$306,427.54.

28. On September 16, 2009, the Court held that the amounts received by Defendants in excess of the amounts they invested were fraudulent transfers and that the Receivership Companies were operated as a Ponzi scheme.

29. The Court entered a judgment against Mr. Minkara for \$35,903.01 and against Mr. Mitchell for \$53,695.64.

30. Though the Court's holding that the amounts received by Defendants in excess of the amounts they invested were fraudulent transfers and that the Receivership Companies were operated as a Ponzi scheme applied equally to the Beers, the Court held that the amount owed by the Beers is in dispute and will hold a trial to determine the amount owed.

31. Schultz & Riverfront. The Receiver served discovery requests upon Mr. Schultz and his company, Riverfront, but never received responses. The Receiver moved the Court to compel the responses and the Court granted that motion on September 15, 2009. Mr. Schultz and Riverfront consented to the entry of a consent judgment for unjust enrichment in the amount of \$394,096.38 on November 2, 2009 and the Court entered the judgment on November 10, 2009.

32. Kumar & Ramalingam. On February 11, 2009, the Court granted the Receiver's motion for default judgment against the Kumars for \$293,788.27. After registering the judgment in California, as required by law, in June of 2009, the Receiver filed a garnishment action in the United States District Court for the Eastern District of California to garnish certain of the Kumars' bank accounts to collect the judgment against them. The Receiver has collected \$241,048.53 as a result of the garnishment action.

vi. New Litigation: Richey v. Rajan, et al.

33. The Receiver brought a second suit against the following eight additional profiting investors on August 11, 2009: Sundar Rajan, Jimmy Sweet, Patrick Talbot, Anna Tullos, Cheri Tullos, Henry Wiebe, Thomas Woodcock, JoBeth Zubkoff, seeking to recover a total of nearly \$300,000, representing the amounts they received in excess of their investments and are not entitled to retain.

34. The Receiver has served five of the eight Defendants. Mr. Talbot is deceased and the Receiver has not yet located Ms. Anna Tullos or Mr. Woodcock.

35. After a close examination of financial information and extended discussions, the Receiver has settled his claims against Mr. Sweet who had received \$30,557.90 in profits. The settlement provided that Mr. Sweet would pay \$15,000 to the Receiver in exchange for a dismissal with prejudice of the litigation as to him. Mr. Sweet reportedly borrowed the funds and paid them into escrow pending the Court's approval of the settlement. The settlement was approved by the Court on October 8, 2009 and the Receiver deposited the funds and dismissed his claims against Mr. Sweet on November 2, 2009.

36. The Receiver entered into a settlement agreement with Mr. Rajan on October 29, 2009. Mr. Rajan has received \$67,326.00 in profits. After obtaining and reviewing financial information from Mr. Rajan and rejecting numerous prior

offers, including proposed payments over time, the Receiver offered to settle for an immediate cash payment of \$55,000. The Receiver filed a motion seeking approval of that settlement on November 2, 2009, which the Court granted on December 4, 2009.

37. Mr. Wiebe consented to the entry of a consent judgment against him in the amount of \$82,619.96 on November 18, 2009 and the Court entered the judgment on November 23, 2009. That judgment entitles the Receiver to \$50,000 in funds that had been transferred from Zamindari to Santa Monica Capital, LLC and have been frozen in a Santa Monica Capital account at Wachovia Bank, N.A., since 2006. The Receiver is in the process of obtaining those funds.

38. Ms. Zubkoff failed to respond to the Complaint after it was served upon her on August 18, 2009. The Receiver applied for entry of default on November 2, 2009, and the Court entered a default against Ms. Zubkoff on November 3, 2009. The Receiver will file a motion for default judgment shortly.

39. Ms. Cheri Tullos was served with the Complaint on August 18, 2008, but has failed to respond. Efforts to settle have been unsuccessful, and Ms. Tullos's counsel has been permitted to withdraw. The Receiver will apply for entry of default and thereafter a motion for a default judgment shortly.

40. The settlements and consent judgments to date in this action have thus yielded \$120,000 in collections received and funds held for collection.

B. Investor and Creditor Claims and Communications.

41. 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.

42. As mentioned above, the Receiver, with the assistance of his counsel and accountants, as stated above, is examining each of the claims and the supporting documents submitted, to determine whether they are accurate, to reconcile the claim information and compare the amount of the claim 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. Where there are errors, discrepancies, or disagreements on the claims filed, the Receiver will attempt to resolve them through discussions with the claimant prior to making his decision on the allowance or disallowance of claims. As stated above, investors whose claims are denied will have an opportunity to apply to the Court for a ruling on the validity or amount of their claims.

43. The Receiver continues to receive telephone calls and e-mails from investors, and he and his counsel have personally spoken with or corresponded by

e-mail with investors regarding developments.

44. The Receiver maintains his Receivership website at www.westonrutledgereceiverships.com, which is updated with copies of his Receiver's Reports, court filings, news of developments and, from time to time, other information relevant to the investors. The Receiver's firm hosts this website at no cost to the Receivership estate.

C. Summary of the Receiver's Collections and Expenses.

45. The total amount collected by the Receiver in cash since the Sixth Report is \$256,548.53, which includes funds collected from the garnishment of Mala Kumar and Kumar Ramalingam, the settlement with Jimmy Sweet, and the sale of certain office furniture. Another \$105,000.00 in cash – the escrowed Sundar Rajan settlement funds and the frozen Santa Monica funds – will add to the recoveries for this period and increases the total collections for this period to \$361,548.53.

46. The total bills that the Receiver has paid since the Sixth Report is \$95,054.69. This includes \$94,164.69 in previously incurred professional fees and legal expenses approved by the Court in its order of September 22, 2009. Other expenses included \$890.00 in costs associated with service of process.

47. The Receiver is filing his sixth fee petition for professional fees and

expenses simultaneously herewith for expenses incurred from April 1, 2009 to October 31, 2009, seeking payment of \$82,327.32 to the Receiver and his attorneys and accountants for the payment of their fees and reimbursement of expenses incurred.

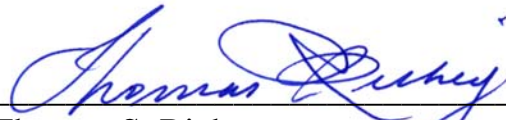
48. The current cash on hand for the Receivership Companies is \$250,509.05. The Receiver maintains a portion of these funds in money market accounts, which have earned a total of \$10,186.27 over the life of the account.

CONCLUSION

49. 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.

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

Respectfully submitted, this 7th day of December, 2009.



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

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CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing NOTICE OF FILING AND RECEIVER’S SEVENTH 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 7th day of December 2009.

/s/ Stacey Godfrey Evans
Stacey Godfrey Evans