

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

FILED IN CLERK'S OFFICE
U.S.D.C. Atlanta

SEP 25 2007

JAMES N. HATTEN, CLERK
By:  **Deputy Clerk**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**MOHAMAD ZEIN a/k/a
MOHAMED ELZEIN a/k/a
MOHAMAD EL ZEIN a/k/a
MOHAMAD J. ZEIN a/k/a
MIKE EL ZEIN a/k/a MIKE ZEIN
and PROVIDENT CAPITAL
INVESTMENTS INC.**

Defendants.

Civil Action File No.

1 07-CV-2330

COMPLAINT FOR PERMANENT INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission (the "Commission" or "SEC"), for its Complaint against Defendants Mohamad Zein a/k/a Mohamed Elzein a/k/a Mohamad El Zein a/k/a Mohamad J. Zein a/k/a Mike El Zein a/k/a Mike Zein ("Zein") and Provident Capital Investments Inc. ("Provident") (collectively, the "Defendants"), alleges that:

SUMMARY

1. Zein, and an entity that he controlled, Provident, in concert with other individuals, defrauded the Fulton County, Georgia Sheriff's Office (the "FCSO") of more than \$2 million in public funds. From on or about March 2003 through on or about January 2004, Zein and Provident made misrepresentations of material fact to the FCSO that included, but were not limited to, false statements concerning: (a) the nature of the investment made by the FCSO with Provident; (b) the risk accompanying the investment made by the FCSO with Provident; and (c) the rate of return generated by the investment made by the FCSO with Provident.

2. Through their conduct, Zein and Provident, directly or indirectly, engaged in acts, practices, and courses of business which have constituted and will constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77(q)(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

3. Zein and Provident, unless enjoined by this Court, will continue to engage in the acts, practices and courses of business alleged herein, and in acts, practices and courses of business of similar purport and object.

JURISDICTION AND VENUE

4. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Section 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] seeking to permanently enjoin the defendants Zein and Provident from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object.

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

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

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1391(b)(2), because certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act and Exchange Act have

occurred within the Northern District of Georgia. Among other things, Zein traveled to the Northern District of Georgia to discuss the FCSO's investment and Zein and Provident sent fraudulent account statements and related documents to the FCSO at an address within the Northern District of Georgia.

DEFENDANTS AND RELATED PERSONS

8. **Mohamad Zein**, 52, is a resident of Hollywood, Florida. Zein is the president and registered agent for Provident.

9. **Provident Capital Investments Inc.**, is currently an inactive Florida corporation. Provident was organized as a Florida for-profit corporation in August 2002. In October 2004, Provident was administratively dissolved. During its corporate existence, Provident functioned similarly to a venture capital firm in that it loaned money to various start-up and speculative business ventures.

10. Byron S. Rainer, 36, is currently incarcerated in the Federal Correctional Institution in Estill, South Carolina. In February 2006, Rainer pled guilty to one count of wire fraud in violation of Title 18 U.S.C. Section 1343, in connection with his role in defrauding the FCSO. In November 2006, Rainer was sentenced to a prison term of thirty months followed by three years of supervised probation and ordered to make restitution in the amount of \$2,036,134.

11. The FCSO is a local law enforcement agency headquartered in Atlanta, Georgia. The FCSO is the largest sheriff's office in the state of Georgia, with approximately 1,000 employees and an annual budget in excess of \$80 million.

FACTUAL ALLEGATIONS

12. In early March 2003, Rainer, a registered representative of a broker-dealer and investment adviser registered with the Commission (the "Broker-Dealer"), began actively soliciting employees of the FCSO to direct the investment of public funds under the FCSO's control.

13. In March 2003, based on the recommendations of Rainer, the FCSO decided to invest approximately \$2 million in a brokerage account with the Broker-Dealer.

14. On March 25, 2003, the FCSO attempted to fund the contemplated brokerage account by delivering a check to Rainer in the amount of \$2,036,134 payable to the Broker-Dealer. Later that same day, Rainer sent correspondence via facsimile to the FCSO, which stated that "to help you diversify your portfolio," Rainer was now recommending that these funds for the brokerage account go not to the Broker-Dealer, but to Provident, which Rainer identified as an affiliate of the Broker-Dealer. In support of this new recommendation, Rainer's facsimile

transmission included a purported print-out from the Broker-Dealer's website which listed all affiliates of the Broker-Dealer and specifically included Provident. This list of affiliates of the Broker-Dealer had been forged at Rainer's direction, in that Provident was not an affiliate of the Broker-Dealer.

15. Rainer represented to the FCSO that the proceeds from its investment with Provident would be placed in a federal bond fund.

16. In response to Rainer's recommendation, the FCSO voided the prior check payable to the Broker-Dealer and issued a second check to Rainer, also in the amount of \$2,036,134, this time payable to Provident. Rainer thereafter delivered this check to Provident.

17. Upon receiving the proceeds of the FCSO's investment, Provident, under the control and direction of Zein, loaned the majority of the proceeds from the FCSO's investment to various start-up and speculative business ventures with the remainder being directed to Rainer.

18. Zein failed to disclose to the FCSO that Provident had loaned the proceeds from the FCSO's investment to various start-up and speculative business ventures. In addition, Zein knowingly created fictitious account statements from Provident that were then mailed to the FCSO. These Provident account statements

falsely represented that the proceeds from the FCSO's investment were in a "US Bond Fund," and provided a false "current bond fund value."

19. Contrary to Zein and Provident's representations within the account statements, the FCSO's investment was not in a "US Bond Fund," and the "current bond fund value" provided by Zein was completely fictitious. Zein knew or was reckless in not knowing these representations were false at the time he prepared and sent the Provident account statements to the FCSO.

20. In May 2003, the FCSO began requesting from Zein that its bond fund with Provident be liquidated and the proceeds returned.

21. In response, in June 2003, Zein authored correspondence to the FCSO falsely describing the FCSO's investment with Provident as being held in a "bond account" and further stating that the proceeds of the FCSO's investment with Provident would be returned.

22. Provident never returned any of the proceeds to the FCSO, resulting in a then total loss to the FCSO. The Broker-Dealer voluntarily paid to the FCSO a \$1.5 million portion of the funds lost in the investment with Provident.

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

23. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 22 above.

24. At various times from in or about March 2003 through and including in or about January 2004, Zein and Provident, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

25. Zein and Provident knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Zein and Provident acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

26. By reason of the foregoing, Zein and Provident, directly and indirectly violated, and unless permanently restrained and enjoined will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II — FRAUD
Violations of Section 17(a)(2) and 17(a)(3) of the Securities Act
[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

27. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 22 above.

28. At various times from in or about March 2003 through and including in or about January 2004, Zein and Provident, in the offer and sale of the securities described herein, by use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly:

(a) obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(b) engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

29. By reason of the foregoing, Zein and Provident, directly and indirectly violated, and unless permanently restrained and enjoined will continue to violate,

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

COUNT III — FRAUD

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 77j(b)]
and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]**

30. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 22 above.

31. At various times from in or about March 2003 through and including in or about January 2004, Zein and Provident, in connection with the purchase and sale of securities described herein, by use of the means or instrumentalities of interstate commerce or by use of the mails, or of any facility of the any national securities exchange, directly and indirectly:

- (a) employed devices, schemes, and artifices to defraud;
- (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon other persons, as more particularly described above.

32. Zein and Provident knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Zein and Provident acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

33. By reason of the foregoing, Zein and Provident directly and indirectly violated, and unless permanently restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 77J(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully prays that the Court:

I.

Make findings of fact and conclusions of law in accordance with Rule 52 of the Federal Rules of Civil Procedure.

II.

Issue a permanent injunction enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order of injunction by personal service

or otherwise, and each of them, whether as principals or as aiders and abettors, from violating, directly or indirectly, Section 17(a) of the Securities Act 15 U.S.C. § 77q(a) and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

III.

Issue an Order requiring defendant Zein, pursuant to Section 20(d) of the Securities Act [15 U.S.C. 77t(d)] and Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. 78u(d)(3) and 78u-1], to pay a civil monetary penalty.

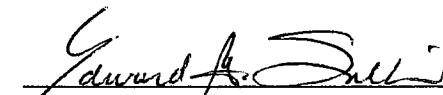
IV.

Issue an Order that retains jurisdiction over this action to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.


V.

Grant such other and further relief as may be necessary and appropriate.

RESPECTFULLY SUBMITTED,



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