

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

UNITED STATES SECURITIES & :
EXCHANGE COMMISSION, :

Plaintiff, :

vs. :

Case No.: _____

Z-PAR HOLDINGS, INC., a Maryland Corporation, :
Z-PAR INVESTMENT FUND II, a Maryland :
Limited Liability Company, LARRY MICHAEL :
PARRISH, MICHAEL EDWARD ZIMMERMAN, :

Defendants, and :

EDUARD AKOPIAN a/k/a Edward Akopian, and :
CAPITAL BAN CORP., a California Corporation, :

Relief Defendants. :

COMPLAINT

Plaintiff Securities & Exchange Commission (“the Commission”) for its Complaint against Larry Michael Parrish (“Parrish”), Michael Edward Zimmerman (“Zimmerman”), Z-Par Investment Fund II, LLC (“Z-Par II”), and Z-Par Holdings, Inc. (Z-Par Holdings”), (collectively, the “defendants”), alleges as follows:

INTRODUCTION

1. Since at least April of 2004, defendant Z-Par Investment Fund II, LLC, an entity controlled by defendants Larry Michael Parrish and Michael Edward Zimmerman, has sold securities in the form of investment contracts in non-existent prime bank instruments to at least eleven investors located in Florida and elsewhere raising at least \$8,253,024.63 for investment in

their prime bank security trading program known as Z-Par Investment Fund II, LLC, which is also controlled by defendants Parrish and Zimmerman.

2. Parrish, Zimmerman, Z-Par Holdings and Z-Par II fraudulently represented to investors that their funds would be pooled with those of other investors in \$1 million lots for the purchase of “debt obligations of the top 50 banks in the world,” which would be safe and secure investments yielding high rates of return. Investors were also told that their money would be used for collateral for trades, not the actual trades. The defendants fraudulently sold interests in fictitious prime bank debt instruments and payment obligations, claiming that they carried a financial insurance guarantee that wraps the debt obligations to further enhance their value and lower their risks from any default. Defendants failed to disclose to investors that their money was and is being transferred to Capital Ban Corp. and its president Edward Akopian in Los Angeles, California, where the funds are used to purchase precious metals on margin. The prime bank debt obligations offered by the defendants simply do not exist. They are designed generally, and were designed by the defendants in this instance, for fraudulent purposes. The defendants have engaged in a fraud upon investors, because they either knew, or were reckless in not knowing, that these ‘prime bank instruments’ do not exist, the promised rates of return were never earned or paid, and that there was no guarantee insuring against risk of loss.

2. The defendants did not use the investors’ money to purchase prime bank instruments. Instead, investors’ money was transferred to an account controlled by Edward Akopian (“Akopian”) in the Wilshire State Bank, Los Angeles, California, and then to another account controlled by Edward Akopian with the Monex Deposit Company (“Monex”) in Newport Beach, California, where the money was used and is being used to purchase precious

metals through a credit arrangement, involving substantial financial risk. Funds in Akopian's Monex account have also been transferred to Cypress and Canada.

3. Defendants, directly and indirectly, are now and have been engaged in, and unless restrained and enjoined by this Court will continue to engage in, transactions, acts, practices, and courses of business that violate Section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78j(b)) and Rule 10b-5 (17 C.F.R. § 240.10b-5).

4. Defendants, directly and indirectly, are now and have been engaged in, and unless restrained and enjoined by this Court will continue to engage in, transactions, acts, practices, and courses of business that violate Section 17(a) of the Securities Act of 1933 (15 U.S.C. § 77q(a)).

5. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act of 1933 (15 U.S.C. § 77t(b)) and Sections 21(d) and (e) of the Exchange Act of 1934 (15 U.S.C. § § 78u(d) and (e)) for an order permanently restraining and enjoining defendants and granting other equitable relief.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 (15 U.S.C. § 77v(a)), Section 21(e) of the Exchange Act of 1934 (15 U.S.C. § 78u(e)), and Section 27 of the Exchange Act of 1934 (15 U.S.C. § 78aa). 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.

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act of 1933 (15 U.S.C. § 77v(a)) and Section 27 of the Exchange Act of 1934 (15 U.S.C. § 78aa), because certain of the conduct alleged in this Complaint took place within the District of Maryland, Northern Division.

8. Upon information and belief, defendant Parrish is a resident of Pennsylvania. He conducts business in Frederick, Maryland, at defendant Z-Par Holdings, Inc., and certain of the transactions, acts, practices, and courses of business constituting the violations of law alleged herein occurred within the District of Maryland, Northern Division.

DEFENDANTS

9. Michael E. Zimmerman: Defendant Zimmerman is a resident of Jefferson, Maryland, and he conducts business at Z-Par Holdings, Inc., in Frederick, Maryland. He claims to have more than fifteen years of executive management, asset management, corporate finance, tax and accounting experience. Zimmerman also claims to be a Maryland CPA, who received a B.S. degree from Virginia Tech.

10. Larry Michael Parrish: Defendant Parrish's last known address is in Pennsylvania. He conducts business in Frederick County, Maryland. He claims to have more than seventeen years of experience in the fields of executive management, senior level risk management and corporate Finance. Parrish claims to be a graduate of James Madison University with a Bachelor of Administration in Finance and Accounting, and from Temple University in Philadelphia. with an MBA. He also says that he has been registered with the National Association of Securities Dealers, Inc., in all aspects of broker/ dealer sales and operations.

11. Z-Par Holdings, Inc.: Michael E. Zimmerman of 3446 Pecan Court, Jefferson, Maryland formed Z-Par Holdings, Inc., as a Maryland corporation on April 4, 2004, with its principal office located at 3446 Pecan Court, Jefferson, Maryland, which was changed on December 16, 2004, to 104 North Court Street, Frederick, Maryland. Z-Par Holdings' resident agent is Michael E. Zimmerman of 3446 Pecan Court, Jefferson, Maryland, and its directors are: Michael E. Zimmerman and L. Michael Parrish.

12. Z-Par Investment Fund II LLC: Z-Par Investment Fund II was organized and registered on April 12, 2004, as a Maryland limited liability company with its principal office located at 3446 Pecan Court, Jefferson, Maryland; later changed, on December 16, 2004, to 104 North Court Street, Frederick, Maryland. The registered agent of Z-Par II is Michael E. Zimmerman, 3446 Pecan Court, Jefferson, Maryland.

RELIEF DEFENDANTS

13. Edward Akopian: Edward Akopian ("Akopian") is president of Capital Ban Corp., which holds accounts at the Wilshire State Bank, Los Angeles, California, and at Monex Deposit Company ("Monex"), Newport Beach, California. Investor funds have been transferred from Z-Par II to Akopian's Wilshire State Bank and Monex accounts.

14. Capital Ban Corp.: Capital Ban Corp. ("Capital Ban") became a California corporation on June 29, 2004, through its incorporation by Robert Tringham, who is the CFO/Treasurer of the company. Pearl Asencio is Capital Ban's Secretary. Capital Ban's agent for service of process is Early M. Hawkins of Santa Ana, California.

THE NATURE OF THE FRAUDULENT OFFERING

15. The defendants have been offering and selling securities in the form of investment contracts to the general public. The defendants have offered and sold, and are continuing to offer and sell, these securities through the use of the telephone, the mails and other means and instruments of interstate commerce.

16. Each investment contract offered and sold by the defendants constitutes a “security” pursuant to Section 2(1) of the Securities Act of 1933 (15 U.S.C. §77b(1)) and Section 3(a)(10) of the Exchange Act of 1934 (15 U.S.C. § 78c(a)(10)). The money provided to the defendants is consideration for a contract, transaction or scheme whereby the investors make an investment of money in a common enterprise offered, sold and/or promoted by the defendants with the expectation of profits through the efforts of others.

17. From at least April 2004, the defendants have been marketing a prime bank program in which individuals or entities invest funds with the defendants. Investors were falsely told their money would be pooled in \$1 million lots for the purchase of “debt obligations of the top 50 banks in the world.”

18. Investors have been falsely told, orally and through written offering documents that their investments with the defendants in prime bank debt obligations would be safe and secure, yielding high rates of return. Investors were also led to believe that their investments in defendant Z-Par II would be insured, and not used for actual trades; only as collateral for trades.

19. The defendants told the investors to purchase limited membership interests in defendant Z-Par II by executing subscription agreements.

20. Investors are told that the minimum investment in the scheme is \$250,000, and \$8,253,024.63 has been invested in the scheme with one or more of the defendants.

21. Investor funds have not been invested in any bank instrument as represented to investors. Rather, investors' funds were transferred by defendants to relief defendants Capital Ban and Akopian through the use of various accounts in the Wilshire State Bank, Los Angeles, California, and in Monex Deposit Company, Newport Beach, California. Investors' funds also appear to have been transferred to Cypress and Canada.

22. Fraudulent schemes that purport to offer investments in fictitious securities and financial instruments, sometimes referred to as 'prime bank instruments,' that are allegedly sold by the world's leading banks or 'prime banks' have proliferated over the past ten years. Such 'prime bank' investment schemes are fraudulent and 'prime bank instruments' do not exist.

**MISREPRESENTATIONS AND OMISSIONS MADE TO INVESTORS
AND POTENTIAL INVESTORS**

23. As part of and in furtherance of their fraudulent scheme, the defendants and their agents, in the offer and sale of the securities, have misrepresented and omitted to state the following material facts:

- a. misrepresented that investors' money would be invested in the debt obligations of the top 50 banks in the world;
- b. misrepresented the rate of return that investors could reasonably expect to receive from their investments;
- c. misrepresented that investments in Z-Par II was safe and secure, and protected against risk under a surety bond;

d. omitted to disclose that investor's money was completely moved out of Z-Par Holdings, Inc., and Z-Par Investment Fund II , and sent to Capital Ban Corp, and Edward Akopian; and

e. omitted to disclose that investor's money was used to purchase precious metals on margin at Monex by Akopian.

FIRST CAUSE OF ACTION
(Violations of Section 10(b) and Rule 10b-5 of the Exchange Act of 1934)

24. Plaintiff repeats and realleges Paragraphs 1 through 23 above.

25. Defendants, with *scienter*, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities in violation of Section 10(b) of the Exchange Act of 1934 (15 U.S.C. §78j(b)) and Rule 10b-5 (17 C.F.R. §240.10b-5).

26. By reason of the foregoing, defendants violated Section 10(b) of the Exchange Act of 1934 and Rule 10b-5 and unless restrained and enjoined will continue to do so.

SECOND CAUSE OF ACTION
(Violations of Section 17(a)(1) of the Securities Act of 1933)

27. Plaintiff repeats and realleges Paragraphs 1 through 23 above.

28. Defendants, with *scienter*, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or by the use of the mails,

directly or indirectly employed devices, schemes or artifices to defraud in violation of Section 17(a)(1) of the Securities Act of 1933 (15 U.S.C. § 77q(a)(1)).

29. By reason of the foregoing, defendants violated Sections 17(a)(1) of the Securities Act of 1933 and unless restrained and enjoined will continue to do so.

THIRD CAUSE OF ACTION

(Violations of Securities Act Section 17(a)(2) and (3))

30. Plaintiff repeats and realleges Paragraphs 1 through 23 above.

31. Defendants, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly (a) obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities in violation of Section 17(a)(2) and (3) of the Securities Act of 1933 (15 U.S.C. § 77q(a)(2) and (3)).

32. By reason of the foregoing, Defendants violated Sections 17(a)(2) and (3) of the Securities Act of 1933 and unless restrained and enjoined will continue to do so.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that the defendants committed the violations charged and alleged herein.

II.

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, orders temporarily restraining and preliminarily and permanently enjoining defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the Order by personal service or otherwise, and each of them, from engaging in the transactions, acts, practices and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Exchange Act of 1934 and Rule 10b-5 thereunder.

III.

Issue in a form consistent with Rule 65(e) of the Federal Rules of Civil Procedure, Orders temporarily restraining and preliminarily and permanently enjoining defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the Orders by personal service or otherwise, and each of them, from:

A. transferring, changing, wasting, dissipating, converting, concealing or otherwise disposing of, in any manner, any funds, assets, claims, or other property or assets owned or controlled by, or in the possession or custody of defendants in an amount up to \$16,506,049.26, which represents the amount of funds currently known to have been transferred to defendants (\$8,253,024.63) from investors, and plus the potential penalty that may be imposed;

B. destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any books, records, computer programs, computer files, computer printouts, correspondence, memoranda, brochures, or any other documents of any kind, pertaining in any manner to the business of Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., including, without limitation, the sale of securities;

C. transferring, assigning, selling, hypothecating, or otherwise disposing of any notes, investment contracts, partnership agreements, or other securities of the defendants; and

D. transferring, assigning, selling, hypothecating, or otherwise disposing of assets of Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., existing and in the custody or control of Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc. as of the date of the Order in an amount up to \$16,506,049.26, which represents the amount of funds currently known to have been transferred to defendants (\$8,253,024.63) from investors, and plus the potential penalty that may be imposed.

Issue in a form consistent with Rule 65(e) of the Federal Rules of Civil Procedure, Orders temporarily restraining and preliminarily and permanently enjoining relief defendants Capital Ban Corp. and Edward Akopian, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the Orders by personal service or otherwise, and each of them, from transferring, changing, wasting, dissipating, converting, concealing or otherwise disposing of, in any manner, any funds, assets, claims, or other property or assets owned or controlled by, or in the possession or custody of

defendants in an amount not less than \$5,500,000.00, which is the amount of investor funds currently known to have been transferred by defendants to relief defendants.

IV.

Issue an Order directing all of the defendants and relief, jointly and severally, to prepare and present to the Court and the Commission, within thirty (30) days from the entry of said order, a sworn accounting of all of the proceeds collected by the defendants from the activities described in the Commission's Complaint.

V.

Enter an Order directing defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., to pay civil fines and/or penalties under the pursuant to Section 20(d) of the Securities Act of 1933 (15 U.S.C. § 77t(d)), and Section 21(d)(3) of the Exchange Act of 1934 (15 U.S.C. 78u(d)(3)).

VI.

Declare and impose a constructive trust on all property received by the relief defendants Capital Ban Corp. and Edward Akopian from Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., in an amount not to exceed \$5,500,000.00, which is the amount of investor funds currently known to have been transferred by defendants to relief defendants;

VII.

Enter an Order directing defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., and relief defendants Capital Ban Corp. and Edward Akopian to repatriate any and all funds of Z-Par Investment Fund II and/ or Z-Par

Holding., Inc., transferred to any location outside the United States, and to disgorge any ill-gotten gains.

VIII.

Enter an Order enjoining defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., and relief defendants Capital Ban Corp. and Edward Akopian from accepting, taking control of, or depositing in any financial institution additional funds from actual or potential investors in Z-Par Investment Fund II.

IX.

Enter an Order directed to any financial or brokerage institution or other person or entity located within the territorial jurisdiction of the United States courts that is holding any funds or other assets in the name of, for the benefit of, or under the control of defendants Larry Michael Parrish, Michael Edward Zimmerman, Z-Par Investment Fund II, LLC, and Z-Par Holdings, Inc., or their officers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them, which requires said financial institutions or brokerage institutions to hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets in an amount up to \$16,506,049.26, which represents the amount of funds currently known to have been transferred to defendants (\$8,253,024.63) from investors, and plus the potential penalty that may be imposed;

Enter an Order directed to any financial or brokerage institution or other person or entity located within the territorial jurisdiction of the United States courts that is holding any funds or other assets in the name of, for the benefit of, or under the control of relief defendants Capital Ban

Corp. and Edward Akopian, or their officers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them, which requires said financial institutions or brokerage institutions to hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets in an amount no less than \$5,500,000.00, which is the amount of investor funds currently known to have been transferred by defendants to relief defendants.

X.

Grant such other and further relief as this Court may determine to be just, equitable and necessary, including, but not limited to, a freeze of assets, and the acceleration of discovery, including the forthwith production of books and records, and an order requiring the defendants to repatriate all funds derived from the activities described in the Commission's Complaint to an account determined by the Court in the United States.

XI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.