

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: **Luis Garg**
Roger Jason Zakocs
RealFund Investment Trust
Citiprop Corporation, Inc.
3500 Overland Avenue #110, Suite 111
Los Angeles, CA 90034

and

First Atlanta L.P.
Weatherby L.P.
1270 Caroline Street N.E. D120, Suite 235
Atlanta, GA 30307

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the California Corporations Code)

The California Corporations Commissioner (“Commissioner”) finds that:

1. At all relevant times herein, beginning as early as April 2008 through January 2010, RealFund Investment Trust (“RealFund”) was a business entity of unknown legal status whose principal business address was a retail mailbox center located at 3500 Overland Avenue #110, Suite 111, Los Angeles, California, 90034.
2. At all relevant times, Citiprop Corporation, Inc. (“Citiprop”) was a suspended California corporation whose principal business address was a retail mailbox center located at 3500 Overland Avenue #110, Suite 111, Los Angeles, California, 90034.

1 3. At all relevant times, First Atlanta L.P. (“First Atlanta”) was a Georgia limited partnership
2 whose principal place of business was a retail mailbox center located at 1270 Caroline Street N.E.
3 D120, Suite 235, Atlanta, Georgia, 30307.

4 4. At all relevant times, Weatherby L.P. (“Weatherby”) was a Georgia limited partnership whose
5 principal place of business was a retail mailbox center located at 1270 Caroline Street N.E. D120,
6 Suite 235, Atlanta, Georgia, 30307.

7 5. At all relevant times, Citiprop was a general partner to First Atlanta and Weatherby.

8 6. At all relevant times, Luis Garg (“Garg”) held himself out as the founder and president of
9 RealFund, Citiprop, First Atlanta and Weatherby.

10 7. At all relevant times, Roger Jason Zakocs (“Zakocs”) held himself out as an agent of Garg
11 and promoter of RealFund, Citiprop, First Atlanta and Weatherby.

12 8. Garg’s personal website (www.luisgarg.com) represents that Garg is a global philanthropist
13 and “wealth coach” with over 45 years of entrepreneurial experience who is quickly becoming “the
14 ‘Charles Schwab’ of real estate investing” by using “a time-tested and proven system to help his
15 clients obtain financial freedom.”

16 9. Beginning as early as April 2008, Garg and Zakocs solicited approximately \$1 million from at
17 least 20 investors residing in California and other states through in-person sales meetings, webinars,
18 and public websites, including www.luisgarg.com and www.realhybridinvesting.com.

19 10. Garg’s personal website invites investors interested in “profitable, affordable, solid and secure
20 real estate participation for everyone” to contact him by submitting a website form request, calling a
21 toll-free phone number (866-902-9627), or directly emailing Garg at LGarg@aol.com. Garg’s
22 website also falsely claimed that he maintained an office at Rockefeller Center in New York City.

23 11. After prospective investors were contacted by Garg or Zakocs, they were provided RealFund
24 offering materials that included a “Real Estate Participation Agreement” setting forth the annual
25 interest rate, typically 8% to 24%, to be paid to purchasers of “Real-CDs” issued by RealFund,
26 Citiprop, First Atlanta and/or Weatherby. Investors were told their subscriptions for “participation
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1 units” ranging from \$5,000 to \$100,000 would be secured by first position deeds of trust on real
2 property located in California and Georgia.

3 12. Investors were instructed to make payment to RealFund by personal check, via wire transfer
4 to a bank account controlled by Garg, or by using Entrust Administration, Inc., a self-directed
5 Individual Retirement Account administrator that published Garg’s “rags-to-riches story” on its
6 public website (www.entrustadministration.com) in November 2009 and sponsored webinars in
7 which Garg promoted his “simple” concept of a “hybrid investment system” or “Real-CD.”

8 13. On April 8, 2011, the Securities and Exchange Commission filed a civil action against Garg,
9 Zakocs, RealFund, Citiprop, First Atlanta and Weatherby, seeking to permanently enjoin each from
10 committing further violations of the federal securities laws, disgorgement of ill-gotten gains, and
11 payment of civil penalties. (See Securities and Exchange Commission v. Luis Garg, Jason Zakocs,
12 RealFund Investment Trust, First Atlanta LP, Weatherby LP and Citiprop Corporation, Case No.
13 CV11-02976, United States District Court, Central District of California.)

14 14. The offer and sale of the promissory notes or investment contracts in the form of
15 “participation units” or “Real-CDs” by Garg, Zakocs, RealFund, Citiprop, First Atlanta and
16 Weatherby was accomplished by general solicitation of residents of California and other states, some
17 of whom were neither qualified nor accredited investors.

18 15. These securities were offered and sold in this state in issuer transactions. The California
19 Department of Corporations has not issued a permit or other form of qualification authorizing any
20 person to offer and sell these securities in this state.

21 16. In connection with the offer or sale of these securities, Garg, Zakocs, RealFund, Citiprop,
22 First Atlanta and Weatherby made, or caused to be made, misrepresentations of material fact or
23 omitted to state material facts necessary in order to make the statements made, in the light of the
24 circumstances under which they were made, not misleading. These misrepresentations and omissions
25 include, but are not limited to:

26 a. Failing to inform investors that the unqualified securities being offered as promissory notes
27 or investment contracts in the form of “participation units” or “Real-CDs” are not exempt from
28 qualification, in violation of section 25110 of the California Corporate Securities Law of 1968;

1 b. Failing to disclose to investors that First Atlanta, one of the primary real estate developers
2 and issuers of the securities, was a debtor involved in federal bankruptcy proceedings during nearly
3 the entire offering period;

4 c. Falsely promising investors that they would receive notarized deeds of trust that were
5 recorded in their names against the subject properties;

6 d. Failing to tell new investors that the issuer had already defaulted on promissory notes
7 purchased by earlier investors;

8 e. Falsely representing to investors that loan-to-value ratios on the promissory notes would
9 not exceed 65% and that the properties would be protected by mortgage and hazard insurance; and,

10 f. Misrepresenting that investor funds placed in “Real-CDs” would be “more secure” than a
11 bank certificate of deposit and generate “guaranteed returns.”

12 Pursuant to section 25532 of the California Corporate Securities Law of 1968, Luis Garg,
13 Roger Jason Zakocs, RealFund Investment Trust, Citiprop Corporation, Inc., First Atlanta L.P. and
14 Weatherby L.P. are hereby ordered to desist and refrain from the further offer or sale in the State of
15 California of securities, including but not limited to promissory notes and investment contracts in the
16 form of “participation units” or “Real-CDs,” unless and until qualification has been made under said
17 law or unless exempt.

18 Further, the California Corporations Commissioner is of the opinion that the securities offered
19 by Luis Garg, Roger Jason Zakocs, RealFund Investment Trust, Citiprop Corporation, Inc., First
20 Atlanta L.P. and Weatherby L.P. were offered in this state by means of written or oral
21 communications that included untrue statements of material fact or omitted to state material facts
22 necessary in order to make the statements made, in the light of the circumstances under which they
23 were made, not misleading, in violation of section 25401 of the California Corporate Securities Law
24 of 1968.

25 Pursuant to section 25532 of the California Corporate Securities Law of 1968, Luis Garg,
26 Roger Jason Zakocs, RealFund Investment Trust, Citiprop Corporation, Inc., First Atlanta L.P. and
27 Weatherby L.P. are hereby ordered to desist and refrain from offering or selling or buying or offering
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1 to buy any security in the State of California, including but not limited to promissory notes and
2 investment contracts in the form of “participation units” or “Real-CDs,” by means of any written or
3 oral communication which includes an untrue statement of a material fact or omits to state a material
4 fact necessary in order to make the statements made, in the light of the circumstances under which
5 they were made, not misleading.
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7 This order is necessary, in the public interest, for the protection of investors and consumers,
8 and consistent with the purposes, policies, and provisions of the California Corporate Securities Law
9 of 1968.
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11 Dated: September 8, 2011
12 Los Angeles, California

13 PRESTON DuFAUCHARD
14 California Corporations Commissioner

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16 By: _____
17 ALAN S. WEINGER
18 Deputy Commissioner
19 Enforcement Division
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