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

TO: Arnold Vergara Rodriguez
AVR Capital Investments, Inc.
1804 Devonshire Ave.
Modesto, CA 95355
or
4129 Woodwind Court
Modesto, CA 95356

DESIST AND REFRAIN ORDER
(For Violations of Sections 25110, 25230, and 25401 of the Corporations Code)

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

1. Arnold Vergara Rodriguez (“Rodriguez”) is a natural person and a resident of California. At all relevant times, Rodriguez was the President of AVR Capital Investments, Inc. Rodriguez’ last known addresses are 1804 Devonshire Ave, Modesto, California and 4129 Woodwind Court, Modesto, CA.
2. AVR Capital Investments, Inc. (“AVR Capital”) is a California corporation incorporated on May 19, 2004. AVR Capital’s last known business addresses are 1231 8th St, Suite 650, Modesto, California and 2100 Greer Street, Suite B, Turlock, California.
3. At all relevant times, Rodriguez was AVR Capital’s founder and principal officer.
4. Beginning on or before May 19, 2004, Rodriguez and AVR Capital sold securities in the form of promissory notes to California investors through the internet, brochures, word of mouth, referrals and other forms of general solicitation.
5. As of April 17, 2007, both AVR Capital’s website (www.avrcapital.com) as well as AVR Capital’s printed promotional material touted AVR Capital’s services. This advertising material claimed that AVR Capital was one of the foremost investment firms in Northern California, that

1 AVR Capital had a loan division, that AVR Capital had a diversified portfolio and gave special
2 attention to each individual investor's needs. Neither Rodriguez nor AVR Capital was licensed by
3 any regulatory agency to provide any of these services.

4 6. This advertising material also stated: "Our philosophy is to create a diverse portfolio of
5 investments with a precise exit strategy to match the short and long term goals of our clients." In
6 reality, each client purchased securities from Rodriguez and AVR Capital consisting of unsecured
7 promissory notes. Rodriguez and AVR Capital did not place these investor funds in personalized,
8 diversified portfolios. Instead, Rodriguez and AVR Capital used these funds almost exclusively to
9 fund real estate investment deals wherein Rodriguez and/or AVR Capital would put down 25% to
10 35% of the asking price and take out a mortgage to finance the rest of the purchase price. The precise
11 exit strategy for many of these deals did not materialize, as Rodriguez and AVR Capital were forced
12 to turn over the properties to the mortgage holders when Rodriguez and AVR Capital could no longer
13 service the loan payments.

14 7. In all, Rodriguez and AVR Capital sold approximately \$4,200,000.00 worth of securities in
15 unsecured promissory notes to at least 30 California residents, promising interest rates varying
16 between 10% to 50% in return.

17 8. These securities were neither qualified nor exempt from qualification under the California
18 Securities Law of 1968.

19 9. In addition, the Commissioner believes that at least some of the investors were paid back their
20 principal and promised interest from other, later investor's monies. The Commissioner further
21 believes that more than \$1,500,000.00 is still outstanding and owed by Rodriguez and AVR Capital
22 to their investors.

23 10. Moreover, at all relevant times, Rodriguez and AVR Capital were conducting business as
24 investment advisers by advising California residents to purchase securities from Rodriguez and AVR
25 Capital, and their activities therefore come within the meaning of California Corporations Code
26 section 25009. Pursuant to Corporations Code section 25230, Rodriguez and AVR Capital were
27 required to obtain a certificate from the Commissioner to conduct business as investment advisers in
28 California.

1 11. At no time was Rodriguez or AVR Capital licensed with the Department of Corporations to
2 act as an investment adviser. Further, Rodriguez and AVR Capital have never been licensed
3 securities broker dealers. Neither is or was registered with FINRA (“Financial Industry Regulatory
4 Authority”) as a registered representative of any licensed broker or dealer. Further, at no time were
5 Rodriguez or AVR Capital licensed lenders (mortgage or otherwise) or licensed realtors or real estate
6 agents in the State of California.

7 12. In connection with the offer and sale of these securities, Rodriguez and AVR Capital
8 misrepresented or failed to disclose to investors the following facts:

9 a. Neither Rodriguez nor AVR Capital were ever licensed to provide any of the services
10 they offered, including investment advice, securities brokering and dealing, loans, mortgages or any
11 other regulated financial service requiring licensure;

12 b. There was no diversified pool of invested dollars making returns high enough to pay
13 the promised interest rate(s);

14 c. The promissory notes were securities that were not qualified for sale in California, nor
15 exempt from qualification;

16 d. Rodriguez and AVR Capital were paying off early investors with later investors’
17 money.

18 Based upon the foregoing findings, the California Corporations Commissioner is of the
19 opinion that the above-described promissory notes are securities subject to qualification under the
20 California Corporate Securities Law of 1968 and are being or have been offered or sold without first
21 being qualified in violation of section 25110 of the Corporate Securities Law of 1968. Pursuant to
22 Corporations Code section 25532, Arnold Vergara Rodriguez and AVR Capital Investments, Inc., are
23 hereby ordered to desist and refrain from the further offer or sale of securities in the State of
24 California, including but not limited to, promissory notes, unless and until qualification has been
25 made under said law or unless exempt.

26 Furthermore, the Commissioner is of the opinion that Arnold Vergara Rodriguez and AVR
27 Capital Investments, Inc., have conducted business as investment advisers in this state, for
28 compensation, by advising investors to purchase securities, including promissory notes, without first

1 having applied for and secured a certificate authorizing them to act in that capacity from the
2 Commissioner in violation of section 25230 of the Corporate Securities Law of 1968. Pursuant to
3 Corporations Code section 25532, Arnold Vergara Rodriguez and AVR Capital Investments, Inc., are
4 hereby ordered to desist and refrain from conducting business as investment advisers in this state
5 unless and until they have applied for and secured from the Commissioner a certificate, then in effect,
6 authorizing them to act in that capacity.

7 Finally, the California Corporations Commissioner is of the opinion that Arnold Vergara
8 Rodriguez and AVR Capital Investments, Inc. offered or sold securities in California by means of
9 written or oral communications which included an untrue statement of a material fact or omitted to
10 state a material fact necessary in order to make the statements made, in the light of the circumstances
11 under which they were made, not misleading, in violation of 25401 of the Corporate Securities Law
12 of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Arnold Vergara
13 Rodriguez and AVR Capital Investments, Inc., are hereby ordered to desist and refrain from offering
14 or selling or buying or offering to buy any security in the State of California by means of any written
15 or oral communication which includes an untrue statement of a material fact or omits to state a
16 material fact necessary in order to make the statements made, in the light of the circumstances under
17 which they were made, not misleading.

18 These Orders are necessary, in the public interest, for the protection of investors and
19 consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

20 Dated: May 22, 2008
21 Los Angeles, California

22 PRESTON DuFAUCHARD
23 California Corporations Commissioner

24
25 By _____
26 ALAN S. WEINGER
27 Lead Corporations Counsel
28 Enforcement Division