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6 Attorneys for the People of the State of California
7

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN DIEGO**

10 THE PEOPLE OF THE STATE OF
CALIFORNIA, by and through the
11 CALIFORNIA CORPORATIONS
COMMISSIONER,

12 Plaintiff,

13 vs.

14 AMERICAN EQUITY DIRECT, LLC, a
Nevada limited liability company;
15 AMERICAN EQUITY REAL ESTATE
PARTNERS, LLC, a Nevada limited liability
company;
16 AMERICAN EQUITY, LLC, an entity of
unknown form;
17 INTEGRITY RETIREMENT PARTNERS,
LLC, a California limited liability company;
18 INTEGRITY RETIREMENT PARTNERS NV
CORP., a Nevada corporation;
19 MASTERS OF RETIREMENT, INC., a
California corporation;
20 RICHARD WILLIAM PROVENCIO, an
individual;
21 CARMEN VALDAVINO PROVENCIO, aka
CARMEN VALDAVINO ANDERLE, an
individual;
22 JULIO ANGEL GOMEZ, an individual;
and DOES 1 through 10, inclusive,

23 Defendants,

24 And

25 WCM DIRECT, LLC, a Nevada limited liability
company;
26 WINDSOR PROPERTY AND SURETY, LLC,
a Nevada limited liability company;
27 WINDSOR PROPERTY & SURETY, LLC, a
Missouri limited liability company;
and RELIEF DOES 1 through 10, inclusive,

28 Relief Defendants.

Case No.: 37-2012-00088160-CU-MC-CTL

COMPLAINT FOR INJUNCTIVE RELIEF,
APPOINTMENT OF A RECEIVER, CIVIL
PENALTIES AND ANCILLARY RELIEF

VIOLATIONS OF CORPORATIONS CODE
SECTION 25110 (UNQUALIFIED, NON-
EXEMPT OFFER AND SALE OF
SECURITIES)

VIOLATIONS OF CORPORATIONS CODE
SECTION 25401 (MISREPRESENTATIONS
AND OMISSIONS IN THE OFFER AND
SALE OF SECURITIES)

1 California Corporations Commissioner, Jan Lynn Owen, acting to protect the public from
2 the unlawful and fraudulent offer or sale of securities, brings this action in the public interest, in
3 the name of the People of the State of California. The People of the State of California allege:

4 **VENUE AND JURISDICTION**

5 1. The California Corporations Commissioner (“Commissioner” or “Plaintiff”) in her
6 capacity as head of the California Department of Corporations (“Department”) brings this action
7 to enjoin defendants from violating the Corporate Securities Law of 1968 (California Corporations
8 Code section 25000 et seq.) (hereafter “CSL”) and to request necessary equitable and ancillary
9 relief. The Commissioner administers and enforces the provisions of the CSL and the regulations
10 promulgated thereunder (California Code of Regulations, title 10, section 250.9 et seq.).

11 2. The Commissioner brings this action pursuant to Corporations Code sections 25530
12 and 25535 and Government Code section 11180 et seq. in her capacity as head of the Department.

13 3. Defendants and relief defendants have transacted and continue to transact business
14 within San Diego County and other counties in the State of California. The violations of law
15 described herein have occurred and will continue to occur within San Diego County and
16 throughout the State of California unless enjoined.

17 **DEFENDANTS**

18 4. Defendant AMERICAN EQUITY DIRECT, LLC, a Nevada limited liability
19 company, maintains addresses at 1901 First Avenue, Suite 199, San Diego, California 92101, 355
20 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna
21 Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635
22 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement,
23 CA 92673.

24 5. Defendant AMERICAN EQUITY REAL ESTATE PARTNERS, LLC, a Nevada
25 limited liability company, maintains addresses at 1901 First Avenue, Suite 199, San Diego,
26 California 92101, 355 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road,
27 Suite 300, Laguna Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA
28 90292, 27635 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico,

1 San Clement, CA 92673.

2 6. Defendant AMERICAN EQUITY, LLC, an entity of unknown form, maintains
3 addresses at 1901 First Avenue, Suite 199, San Diego, California 92101, 355 3rd Avenue, Suite
4 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna Niguel, California
5 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635 Forbes Road, Suite A,
6 Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement, CA 92673.

7 7. Defendant INTEGRITY RETIREMENT PARTNERS, LLC, a California limited
8 liability company, maintains addresses at 1901 First Avenue, Suite 199, San Diego, California
9 92101, 355 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300,
10 Laguna Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292,
11 27635 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San
12 Clement, CA 92673.

13 8. Defendant INTEGRITY RETIREMENT PARTNERS NV CORP., a Nevada
14 corporation, maintains addresses at 1901 First Avenue, Suite 199, San Diego, California 92101,
15 355 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna
16 Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635
17 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement,
18 CA 92673.

19 9. Defendant MASTERS OF RETIREMENT, INC., a California corporation,
20 maintains addresses at 1901 First Avenue, Suite 199, San Diego, California 92101, 355 3rd
21 Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna Niguel,
22 California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635 Forbes
23 Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement, CA
24 92673.

25 10. Defendant Richard William Provencio (“RICHARD PROVENCIO”) is a resident
26 of the State of California with last known addresses at 1901 First Avenue, Suite 199, San Diego,
27 California 92101, 355 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road,
28 Suite 300, Laguna Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA

1 90292, 27635 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico,
2 San Clement, CA 92673. At all relevant times, RICHARD PROVENCIO was a control person,
3 president, manager or managing member of AMERICAN EQUITY DIRECT, LLC, AMERICAN
4 EQUITY REAL ESTATE PARTNERS, LLC, AMERICAN EQUITY, LLC, INTEGRITY
5 RETIREMENT PARTNERS, LLC, INTEGRITY RETIREMENT PARTNERS NV CORP and
6 MASTERS OF RETIREMENT, INC. (collectively “Entity Defendants”).

7 11. Defendant Carmen Valdavino Provencio, also known as Carmen Valdavino
8 Anderle (“CARMEN PROVENCIO”), is a resident of the State of California with last known
9 addresses at 1901 First Avenue, Suite 199, San Diego, California 92101, 355 3rd Avenue, Suite
10 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna Niguel, California
11 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635 Forbes Road, Suite A,
12 Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement, CA 92673. At all relevant
13 times, CARMEN PROVENCIO was a control person, chief financial officer, manager or
14 managing member of AMERICAN EQUITY DIRECT, LLC, AMERICAN EQUITY REAL
15 ESTATE PARTNERS, LLC, AMERICAN EQUITY, LLC, INTEGRITY RETIREMENT
16 PARTNERS, LLC, INTEGRITY RETIREMENT PARTNERS NV CORP and MASTERS OF
17 RETIREMENT, INC.

18 12. Defendant Julio Angel Gomez (“JULIO GOMEZ”) is a resident of the State of
19 California with last known addresses at 1901 First Avenue, Suite 199, San Diego, California
20 92101, 355 3rd Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300,
21 Laguna Niguel, California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292,
22 27635 Forbes Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San
23 Clement, CA 92673. At all relevant times, JULIO GOMEZ was a control person of AMERICAN
24 EQUITY DIRECT, LLC, AMERICAN EQUITY REAL ESTATE PARTNERS, LLC,
25 AMERICAN EQUITY, LLC, INTEGRITY RETIREMENT PARTNERS, LLC, INTEGRITY
26 RETIREMENT PARTNERS NV CORP and MASTERS OF RETIREMENT, INC.

27 13. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are
28 unknown to Plaintiff who therefore sues such defendants by such fictitious names, pursuant to

1 Code of Civil Procedure section 474. The Commissioner is informed and believes, and on such
2 information and belief alleges, that at all times mentioned herein, Does 1 through 10, inclusive,
3 have acted and continue to act in concert with the Defendants named herein, and each of them has
4 participated in the acts and transactions that are the subject of this complaint. The Commissioner
5 asks leave of the court to amend the Complaint and allege the true names and capacities of such
6 defendants at such time as the same have been ascertained.

7 14. Plaintiff is informed and believes and based thereon alleges that at all relevant
8 times, the defendants named as control people, officers, directors, manager, managing members,
9 agents or employees acted in such capacities in connection with the acts, practices and schemes of
10 business set forth below.

11 15. Whenever any allegation herein is made as to a "Defendant," the allegation shall
12 mean the act of each individual defendant acting individually, jointly and severally and conspiring
13 with the defendants to so act. Each Defendant alleged to have committed any act did so pursuant
14 to and in furtherance of a common plan, scheme and conspiracy and as the agent for each and
15 every co-Defendant. Each Defendant acted in conspiracy to violate the provisions of the CSL.

16 16. Plaintiff is informed and believes and based thereon alleges that at all relevant
17 times, each and every Defendant directly or indirectly knowingly controlled other co-Defendants,
18 employees, agents or representatives, or knowingly provided substantial assistance to other co-
19 Defendants, employees, agents, or representatives, to violate the provisions of the CSL, as alleged
20 in the Complaint within the meaning of California Corporations Code section 25403.

21 17. Whenever any allegation is made in this complaint to an "Entity Defendant" doing
22 any act, the allegation shall mean acts done or authorized by the control people, officers, directors,
23 managers, managing members, agents or employees of the Entity Defendants while actively
24 engaged in the management, direction or control of the affairs of the Entity Defendants, and while
25 acting within the course and scope of their employment.

26 18. Plaintiff is informed and believes and based thereon alleges that at all times herein
27 mentioned, Entity Defendants continued in existence as alter egos of each other and the individual
28 Defendants pursuant to a scheme to offer or sell unqualified, non-exempt and fraudulent securities.

1 INTEGRITY RETIREMENT PARTNERS, LLC, INTEGRITY RETIREMENT PARTNERS NV
2 CORP, MASTERS OF RETIREMENT, INC., RICHARD PROVENCIO, CARMEN
3 PROVENCIO and JULIO GOMEZ, their agents, employees, representatives and Does 1 through
4 10, inclusive, (collectively “DEFENDANTS”) offered or sold securities, in the form of investment
5 contracts or promissory notes, to residents of California and elsewhere.

6 25. DEFENDANTS offered and sold securities to at least seventy-four (74) investors,
7 raising at total of at least nine million, nine hundred thirty-eight thousand, one hundred and eighty-
8 sixty dollars (\$9,938,186.00). At least fifty-six (56) of the investors are residents of the State of
9 California. At least twenty-four (24) of the investors are residents of San Diego County.

10 26. DEFENDANTS offered or sold securities, entitled “Bonded Life Settlements” and
11 “Life Settlement Agreements.”

12 27. DEFENDANTS also offered or sold securities, entitled “Gold Premium
13 Agreements” and “Real Estate Asset Agreements.”

14 28. Lastly, DEFENDANTS offered or sold securities, entitled “Simply Income
15 Agreements” and “Worldwide Diamond LP Notes.”

16 29. The securities offered or sold by DEFENDANTS were not qualified pursuant to the
17 Corporations Code.

18 30. The securities offered or sold by DEFENDANTS were not exempt from the
19 qualification requirements of the Corporations Code.

20 31. DEFENDANTS offered or sold securities to residents of California and other states
21 by means of general solicitation in the form of mass mailing of advertisements to potential
22 investors, an investor recruitment network and the publishing and posting of advertisements on
23 DEFENDANTS’ websites on the Internet and elsewhere.

24 32. DEFENDANTS invited potential investors to free lunch seminars where
25 DEFENDANTS presented the security offerings referred to herein to potential investors.

26 33. In relation to the offer or sale of securities, DEFENDANTS failed to disclose to
27 potential investors that RICHARD PROVENCIO and CARMEN PROVENCIO previously had a
28 failed investment offering, resulting in the loss of investor funds.

1 34. In relation to the offer or sale of securities, DEFENDANTS represented to potential
2 investors that investors could get their principal investment back at any time. In fact, investors did
3 request their principal investment back but investors have not received their principal investment
4 back from DEFENDANTS.

5 35. DEFENDANTS represented to potential investors that over a specific period of
6 time – nineteen (19) years, twenty-seven (27) years or thirty (30) years – DEFENDANTS have
7 never had an investor lose money, not a single cent. When, in fact, investors had lost funds they
8 invested with DEFENDANTS.

9 36. DEFENDANTS also represented to potential investors that their principal
10 investment in Bonded Life Settlements and Life Settlement Agreements would be used to
11 purchase a life insurance policy from an insured-third party. In fact, the funds invested in Bonded
12 Life Settlements and Life Settlement Agreements were not used to purchase a life insurance policy
13 but instead were used by DEFENDANTS for other purposes.

14 37. DEFENDANTS also represented to potential investors that their principal
15 investment in Gold Premium Agreements and Real Estate Asset Agreements would be used to
16 purchase and rehabilitate real estate properties. In fact, the funds invested in Gold Premium
17 Agreements and Real Estate Asset Agreements were not used to purchase and rehabilitate real
18 estate properties but instead were used by DEFENDANTS for other purposes, including payments
19 to relief defendants Windsor Property and Surety, LLC, Windsor Property & Surety, LLC and
20 WCM Direct, LLC (collectively “Relief Defendants”).

21 38. DEFENDANTS also represented to potential investors that their investments were
22 safe and their principal investment was secured by a bond, a “Financial Performance Guarantee,”
23 or collateralized by assets such as real estate. In fact, the principal investments of investors were
24 not secured by a bond, guarantee or collateral.

25 39. Further, DEFENDANTS represented to potential investors that they would make
26 money and be paid interest payments as a result of their purchase of securities. However,
27 DEFENDANTS stopped paying interest payments to some investors. Other investors started
28 receiving letters from Relief Defendant Windsor Property and Surety, LLC and Windsor Property

1 & Surety, LLC and received interest payments from Relief Defendant WCM Direct, LLC.

2 40. DEFENDANTS failed to disclose to potential investors that, in November 2010, an
3 investor filed a lawsuit against RICHARD PROVENCIO, AMERICAN EQUITY DIRECT, LLC
4 and MASTERS OF RETIREMENT, INC., in Superior Court for the State of California, for breach
5 of contract, fraud and unfair business practices regarding the sale of a Premium Gold Agreement
6 to the investor. In February 2012, the Superior Court entered a judgment in favor of the investor.

7 **FIRST CAUSE OF ACTION**

8 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**

9 **IN VIOLATION OF CORPORATIONS CODE SECTION 25110**

10 **(AGAINST ALL DEFENDANTS)**

11 41. Plaintiff incorporates by reference paragraphs 1 through 40 of this Complaint as
12 though fully set forth herein.

13 42. Corporations Code section 25110, in pertinent part, provides:

14 It is unlawful for any person to offer or sell in this state any security in an issuer
15 transaction...unless such sale has been qualified...or unless such security or
16 transaction is exempted or not subject to qualification under Chapter 1
[commencing with CSL section 25100] of this part.

17 43. Beginning in at least February 2007, DEFENDANTS, and each of them, offered or
18 sold securities to at least seventy-four (74) investors, raising a total of at least nine million, nine
19 hundred thirty-eight thousand, one hundred and eighty-sixty dollars (\$9,938,186.00). At least
20 fifty-six (56) of the investors are residents of the State of California. At least twenty-four (24) of
21 the investors are residents of San Diego County.

22 44. The investments offered or sold by DEFENDANTS are “securities” within the
23 meaning of Corporations Code section 25019. The securities include, but are not necessarily
24 limited to, investment contracts and promissory notes, entitled “Bonded Life Settlements,” “Life
25 Settlement Agreements,” “Gold Premium Agreements,” “Real Estate Asset Agreements,” “Simply
26 Income Agreement” and “Worldwide Diamond LP Notes.”

27 45. DEFENDANTS offered and sold the securities within the State of California
28 within the meaning of Corporations Code sections 25008 and 25017.

1 46. The offer or sales of these securities were issuer transactions within the meaning of
2 Corporations Code sections 25010 and 25011.

3 47. The Commissioner has not issued a permit or other form of qualification
4 authorizing DEFENDANTS to offer or sale the securities referred to herein.

5 48. The offer or sale of the securities referred to herein were not exempt from the
6 qualification requirements of Corporations Code section 25110.

7 49. Unless enjoined by this Court, DEFENDANTS will continue to violate
8 Corporations Code section 25110. Further, DEFENDANTS' pattern of conduct demonstrates the
9 need for the appointment of a receiver and the granting of the ancillary relief prayed for.

10 **SECOND CAUSE OF ACTION**

11 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**

12 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**

13 **(AGAINST ALL DEFENDANTS)**

14 50. Plaintiff incorporates by reference paragraphs 1 through 49 of this Complaint as
15 though fully set forth herein.

16 51. Corporations Code section 25401 states:

17 It is unlawful for any person to offer or sell a security in this state or buy or offer to
18 buy a security in this state by means of any written or oral communication which
19 includes an untrue statement of a material fact or omits to state a material fact
20 necessary in order to make the statements made, in the light of the circumstances
21 under which they were made, not misleading.

22 52. In connection with the offer or sale of the securities referred to herein,
23 DEFENDANTS made misrepresentations of material facts and/or omitted to state material facts to
24 some or all of the investors. The misrepresentations and/or omissions include, but are not
25 necessarily limited to, the following:

26 A. DEFENDANTS omitted to disclose that RICHARD PROVENCIO and CARMEN
27 PROVENCIO, control persons of the Entity Defendants, previously had a failed investment
28 offering, resulting in the loss of investor funds;

B. DEFENDANTS represented to potential investors that investors could get their
principal investment back at any time. In fact, investors did request their principal investment back

1 but have not received their principal investment back from DEFENDANTS;

2 C. DEFENDANTS represented to potential investors that over a specific period of
3 time – nineteen (19) years to thirty (30) years - DEFENDANTS have never had an investor lose
4 money, not a single cent. When, in fact, investors had lost the funds they invested with
5 DEFENDANTS;

6 D. DEFENDANTS represented to potential investors that their principal investment in
7 Bonded Life Settlements and Life Settlement Agreements would be used to purchase a life
8 insurance policy from an insured-third party. In fact, the funds invested in Bonded Life
9 Settlements and Life Settlement Agreements were not used to purchase a life insurance policy but
10 instead were used by DEFENDANTS for other purposes;

11 E. DEFENDANTS also represented to potential investors that their principal
12 investment in Gold Premium Agreements and Real Estate Asset Agreements would be used to
13 purchase and rehabilitate real estate properties. In fact, the funds invested in Gold Premium
14 Agreements and Real Estate Asset Agreements were not used to purchase and rehabilitate real
15 estate properties but instead were used by DEFENDANTS for other purposes;

16 F. DEFENDANTS represented to potential investors that their investments were safe
17 and their principal investment was secured by a bond, a “Financial Performance Guarantee,” or
18 collateralized by assets such as real estate. In fact, the principal investments of investors were not
19 secured by a bond, a guarantee or collateral;

20 G. DEFENDANTS represented to potential investors that they would make money
21 and be paid interest payments as a result of their purchase of securities. However, DEFNDANTS
22 stopped paying interest payments to some investors; and

23 H. DEFENDANTS omitted to disclose to potential investors that RICHARD
24 PROVENCIO, AMERICAN EQUITY DIRECT, LLC and MASTERS OF REITREMENT, INC.
25 were defendants in a civil lawsuit filed in Superior Court for the State of California, by an investor
26 for breach of contract, fraud and unfair business practices regarding the sale of a Premium Gold
27 Agreement to the investor. The superior court entered a judgment in favor of the investor.

28 53. The misrepresentations and/or omissions referred to herein were material facts

1 within the meaning of Corporations Code section 25401, because they concerned matters that a
2 reasonable investor would consider important in deciding whether to invest.

3 54. DEFENDANTS' misrepresentations and omissions of material facts took place
4 within the State of California within the meaning of Corporations Code section 25008.

5 55. Unless enjoined by this Court, DEFENDANTS will continue to violate
6 Corporations Code section 25401. Further, DEFENDANTS' pattern of conduct demonstrates the
7 need for the appointment of a receiver and the granting of the ancillary relief prayed for.

8 **THIRD CAUSE OF ACTION**

9 **(AGAINST ALL RELIEF DEFENDANTS)**

10 56. Plaintiff incorporates by reference paragraphs 1 through 55 of this Complaint as
11 though fully set forth herein.

12 57. Relief Defendants, WCM Direct, LLC, Windsor Property and Surety, a Nevada
13 limited liability company, Windsor Property & Surety, a Missouri limited liability company and
14 Relief Does 1 through 10, inclusive, have received from one or more DEFENDANTS specific
15 funds and property, which are the proceeds, or traceable to the proceeds, of the unlawful activities
16 of DEFENDANTS as set forth herein. Relief Defendants knew or should have known the funds
17 were obtained from such unlawful activities. These specific funds consist of at least seven hundred
18 two thousand, three hundred and twenty one dollars (\$702,321.00), or an amount according to
19 proof, received from investors in violation of the Corporations Code. Relief Defendants are
20 therefore trustees of the funds gained through such illegal acts for the benefit of the defrauded
21 investors.

22 58. Relief Defendants have obtained the funds and property alleged above under
23 circumstances in which it is not just, equitable or conscionable for them to retain the funds and
24 property. As a consequence, Relief Defendants have been unjustly enriched.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Plaintiff prays for judgment against DEFENDANTS and Relief
27 Defendants and such Does and Relief Does as may be subsequently named, and their respective
28 subsidiaries, affiliates, agents, employees, representatives or successors in interest and assigns,

1 wherever situated, as follows:

2 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS**

3 For an Order, pursuant to California Corporations Code section 25530, subdivision (a),
4 restraining and enjoining DEFENDANTS and such Does as may be subsequently named, and their
5 respective subsidiaries, affiliates, agents, employees, representatives or successors in interest and
6 assigns, wherever situated from, directly or indirectly:

7 1. Violating California Corporations Code section 25110 by offering to sell, selling,
8 arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of
9 any security of any kind unless such security or transaction is qualified; and

10 2. Violating California Corporations Code section 25401 by offering to sell or selling
11 any security of any kind by means of any written or oral communication which includes any
12 untrue statement of material fact or omits to state any material fact necessary in order to make the
13 statements made, in the light of the circumstances under which they are made, not misleading.

14 For an Order, pursuant to California Corporations Code section 25530, subdivision (a),
15 restraining and enjoining DEFENDANTS and Relief Defendants and such Does and Relief Does
16 as may be subsequently named, and their respective subsidiaries, affiliates, agents, employees,
17 representatives or successors in interest and assigns, wherever situated, from, directly or
18 indirectly:

19 1. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise
20 disposing of, in any manner, any books, records, computer programs, computer files, computer
21 printouts, correspondence, brochures, manuals, or any other “writing” or “document” of any kind
22 as defined under California Evidence Code section 250, relating to the transactions and course of
23 conduct as alleged in this Complaint, unless authorized by this Court; and

24 2. Withdrawing from any bank or other account, transferring, changing, disbursing,
25 selling, dissipating, converting, pledging, assigning, foreclosing, or otherwise disposing of any
26 real or personal property, funds, negotiable instruments, certificates of deposit and/or assets in
27 their possession or under their control, or in the possession of, or under the control of any of them,
28 without limitation, in the name of or for the benefit of any of the DEFENDANTS or Relief

1 Defendants, and each of them, without leave of the Court.

2 **II. CONSTRUCTIVE TRUST**

3 For a Final Judgment imposing a constructive trust on all funds and property of Relief
4 Defendant and such Relief Does as may be subsequently named, and their respective subsidiaries,
5 affiliates, agents, employees, representatives or successors in interest and assigns, wherever
6 situated, which are the proceeds, or traceable to the proceeds, of the unlawful activities of
7 DEFENDANTS as set forth herein, for the benefit of the defrauded investors, in an amount of at
8 least seven hundred two thousand, three hundred and twenty one dollars (\$702,321.00), or
9 according to proof.

10 **III. DISGORGEMENT AND RESTITUTION**

11 For a Final Judgment requiring DEFENDANTS and such Does as may be subsequently
12 named, and their respective subsidiaries, affiliates, agents, employees, representatives or
13 successors in interest and assigns, wherever situated, pursuant to California Corporations Code
14 section 25530, subdivision (b), to disgorge all funds raised by, or to pay full restitution to each
15 person determined to have been subject to, the acts, practices, or transactions which constitute
16 violations of the CSL, in an amount of at least nine million, nine hundred thirty-eight thousand,
17 one hundred and eighty-sixty dollars (\$9,938,186.00), or according to proof. In addition, requiring
18 DEFENDANTS and such Does as may be subsequently named, and their respective subsidiaries,
19 affiliates, agents, employees, representative, successor in interest and assigns, wherever situated,
20 to pay the legal rate of interest on the principal amount invested by each and every investor from
21 the date of his or her investment to the date of judgment herein.

22 **IV. CIVIL PENALTIES**

23 For a Final Judgment requiring DEFENDANTS and such Does as may be subsequently
24 named, and their respective subsidiaries, affiliates, agents, employees, representatives or
25 successors in interest and assigns, wherever situated, to pay the Commissioner \$25,000.00 as a
26 civil penalty for each act in violation of the CSL, pursuant to California Corporations Code section
27 25535, in an amount of at least nine million, five hundred and seventy five thousand dollars
28 (\$9,575,000.00), or according to proof.

1 **V. APPOINTMENT OF A RECEIVER**

2 For an Order, pursuant to California Corporations Code section 25530, subdivision (a),
3 appointing a Receiver over Entity Defendants and such Does as may be subsequently named, and
4 their respective subsidiaries, affiliates, agents, employees, representatives or successors in interest
5 and assigns, wherever situated (collectively, “Receivership Defendants”):

6 1. The Receiver, prior to entry of his duties, shall take an oath to support the
7 constitutions of the United States and the State of California.

8 2. The Receiver shall be authorized, empowered and directed:

9 a. To take possession of all “Receivership Assets,” defined as:

10 i. Any and all real and personal property, including the real properties located at 5560
11 Ashland Avenue, St. Louis, Missouri 63120, 5564 Ashland Avenue, St. Louis, Missouri,63120,
12 3130 Michigan Avenue, Unit A, St. Louis, Missouri 63118, 3130 Michigan Avenue, Unit C, St.
13 Louis, Missouri 63118, 3132 Michigan Avenue, Unit B, St. Louis, Missouri 63118, 3132
14 Michigan Avenue, Unit D, St. Louis, Missouri 63118, 4626 Page Boulevard, Unit A, St. Louis,
15 Missouri 63113, 4626 Page Boulevard, Unit C, St. Louis, Missouri 63113, 4628 Page Boulevard,
16 Unit B, St. Louis, Missouri 63113, 4686 Page Boulevard, Unit D, St. Louis, Missouri 63113, 1679
17 Lisbon Drive SW, Atlanta, Georgia 30310, 1369 Lanvale Drive SW, Atlanta, Georgia 30310 and
18 6067 Holiday Boulevard, Forest Park, Georgia 30297, investor funds, collateral, premises, choses
19 of action and other assets, books, records and papers in the possession, custody or control of
20 Receivership Defendants, or to which Receivership Defendants have any right of possession,
21 custody or control, beneficially or otherwise, irrespective of whosoever holds such assets (except
22 for those assets seized pursuant to search warrant), including all such assets which Receivership
23 Defendants carry or maintain, or which may be received during the pendency of this receivership,
24 including, but not limited to books and records located at offices maintained by Receivership
25 Defendants, including at 1901 First Avenue, Suite 199, San Diego, California 92101, 355 3rd
26 Avenue, Suite 106, Chula Vista, California 91910, 28202 Cabot Road, Suite 300, Laguna Niguel,
27 California 92677, 4640 Admiralty Way, Suite 310, Marina del Rey, CA 90292, 27635 Forbes
28 Road, Suite A, Laguna Niguel, California 92677 and 979 K Avenue Pico, San Clement, CA

1 92673;

2 ii. Distributions, salaries, bonuses, funds, or other forms of
3 compensation which were derived from investor funds, in the possession, custody or control of
4 Receivership Defendants to which Receivership Defendants have any right of possession, custody
5 or control, beneficially or otherwise, irrespective of whosoever holds such assets, including all
6 such assets which Receivership Defendants carry or maintain, or which they may be received
7 during the pendency of this receivership;

8 iii. All funds, negotiable instruments and/or assets held with any
9 financial institution, solely in the name of Defendants or in the name of Defendants jointly with
10 third-parties. The Receiver shall be authorized to obtain all records for all accounts held in the
11 name of Receivership Defendants (including, but not limited to monthly statements, deposit
12 details, wire transfer advices, signature cards, and canceled checks) and shall be further authorized
13 to withdraw or transfer any balances from said accounts to accounts he opens pursuant to
14 paragraph 2(i); and

15 iv. All funds, negotiable instruments and/or assets held with any
16 financial institution, in the name of Defendants, directly or indirectly, and each of them. The
17 Receiver shall be authorized to obtain all records for all accounts held in the name of Receivership
18 Defendants (including, but not limited to monthly statements, deposit details, wire transfer
19 advices, signature cards, and canceled checks) and shall be further authorized to withdraw or
20 transfer any balances from said accounts to accounts he opens pursuant to paragraph 2(i).

21 b. Except for an act of gross negligence, the Receiver shall not be liable for
22 any loss or damage incurred by any of the Receivership Defendants, and their owners, officers,
23 directors, shareholders, agents, employees, representatives, salespersons, successors in interest,
24 attorneys, assigns, subsidiaries, affiliates, or any other person, by reason of any act performed or
25 omitted to be performed by the Receiver in connection with the discharge of his duties and
26 responsibilities. For good cause appearing, the receiver's bond is hereby waived.

27 c. The Receiver shall have full power to marshal, collect, receive, review,
28 observe, discover and take charge of all Receivership Assets and all accounts or safe deposit boxes

1 held in the name of Receivership Defendants in any financial depositories or other institutions, on
2 an ongoing and continual basis pursuant to this Court's order.

3 d. The Receiver may employ other such persons, including accountants,
4 investigators, clerical and professional personnel, and the Receiver's in-house staff, counsel,
5 paralegals and attorneys, to perform such tasks as may be necessary to aid the Receiver in the
6 performance of his duties and responsibilities, without further order of the court.

7 e. The Receiver may employ outside attorneys upon further order of this Court
8 to assist the Receiver in the performance of his duties and responsibilities, such employment to be
9 approved by the Court upon ex parte application of the Receiver.

10 f. Periodically, as set forth in paragraphs (g) and (h), below, the Receiver shall
11 report to this Court the results of the collection, receiving, review, observation, discovery and
12 abstracts resulting from the activities of the Receiver as ordered by this Court.

13 g. The Receiver shall file, within 30 days of his appointment, an initial
14 inventory of all Receivership Assets, which he shall then have collected, received, reviewed,
15 observed and/or discovered pursuant to this Court's order. Additionally, the Receiver is to file one
16 or more supplemental inventories when and if he shall subsequently come into knowledge of
17 additional items appropriate to the inventory.

18 h. The Receiver shall undertake an independent review into the affairs and
19 transactions of Receivership Defendants and file with this Court, within 120 days, and every six
20 months thereafter, a report detailing the Receiver's findings of his review of the condition of the
21 Receivership Assets and Receivership Defendants, or other affairs and transactions of
22 Receivership Defendants, reflecting the existence of any liabilities, both those claimed by others to
23 exist and those to which the Receiver believes to be the legal obligations of each of said
24 Receivership Defendants, including a review of any possible conflicts of interest and any further
25 information the Receiver believes may assist in an equitable disposition of this matter, and to
26 include in the report the Receiver's opinion regarding the ability of the Receivership Defendants to
27 meet their obligations as they come due, and the Receiver's recommendation regarding the
28 necessity for, and the best method of handling, preserving, or disposing of the Receivership

1 Assets.

2 i. The Receiver shall be authorized and empowered, without further Court
3 order, to open bank accounts in the name of the Receivership Defendant(s) in any FDIC insured
4 financial institution and shall deposit the funds of the Receivership Assets into said accounts.

5 j. The Receiver shall bring such proceedings as are necessary to enforce the
6 provisions hereof, including issuance of subpoenas to compel testimony or production of
7 documents as to the existence or location of Receivership Assets or any other information
8 pertinent to the business, financial affairs, or other transactions of Receivership Defendants.

9 k. If the Receiver discovers that funds have been transferred from
10 Receivership Defendants to other persons or entities, and deems it advisable, the Receiver may
11 extend and expand the receivership over any person or entity holding such funds, without further
12 order of the Court.

13 l. The Receiver shall bring such proceedings as are necessary to modify the
14 provisions hereof, as the Receiver deems appropriate.

15 m. The Receiver shall make such payments and disbursements from the funds
16 of the Receivership Assets so taken into possession, custody and control of the Receiver or
17 otherwise received by him, as may be necessary and advisable in discharging his duties as
18 receiver, without further order of the Court, including, without limitation, the payment of interim
19 compensation to the Receiver and persons or entities under paragraphs (d) and (e), above, subject
20 to the provisions of paragraphs (z) and (aa), below.

21 n. The Receiver shall carry on any lawful business activities of Receivership
22 Defendants, to preserve Receivership Assets, and to foreclose and/or actively seek and negotiate
23 with potential buyers, assignees or other parties who may be interested in acquiring, purchasing,
24 leasing, subleasing or renting Receivership Assets and to sell, lease, sublease or rent Receivership
25 Assets, subject to Court approval.

26 o. The Receiver shall institute, prosecute, defend, compromise, intervene in
27 and become a party, either in her own name or in the name of Receivership Defendants, to such
28 suits, actions or proceedings as may be necessary for the protection, maintenance, recoupment or

1 preservation of the Receivership Assets in his custody, in his discretion, without further order of
2 the Court.

3 p. The Receiver shall divert, take possession of and secure all mail of
4 Receivership Defendants, in order to screen such mail, retaining so much as relates to the business
5 of Receivership Defendants, and forwarding to the individual or other appropriate addresses so
6 much as is not, in the Receiver's opinion, appropriate for retention by him, and to effect a change
7 in the rights to use any and all post office boxes and other mail collection facilities used by
8 Receivership Defendants.

9 q. Upon the Receiver's appointment, the Receiver shall undertake an
10 immediate review of all readily available Receivership Assets in order to determine the economic
11 viability of a receivership. Upon such review, if the Receiver determines that sufficient
12 Receivership Assets are readily available to fund the receivership, then the Receiver shall file such
13 finding with the Court, and the receivership shall continue until further order of the Court. If upon
14 initial review the Receiver determines that readily available funds are insufficient to maintain the
15 receivership, then the Receiver shall so notify the Court, and may request that the Court dissolve
16 the receivership, or modify the duties and responsibilities of the Receiver and Receivership
17 Defendants, and Plaintiff will not oppose such request, it being understood that the Receiver and
18 professionals employed by the Receiver shall not be expected to perform services unless readily
19 available assets exist to pay the expenses of the receivership.

20 r. The Receiver shall cooperate fully with the Plaintiff or other regulatory
21 agencies having jurisdiction over matters relating to the conduct of business of Receivership
22 Defendants so as not to impair the ability of said regulatory agencies to perform their duly
23 authorized investigative and enforcement duties.

24 s. Any regulatory agency having jurisdiction over matters relating to
25 Receivership Defendants' business shall be permitted to review, without exception, all reports of
26 the Receiver and all books, records and files of Receivership Defendants at any time during
27 normal business hours, with reasonable notice, and to make any abstracts or copies of said
28 documents as it desires, provided that nothing herein shall waive or abrogate any applicable

1 attorney-client or other legally recognized privilege.

2 t. The Receiver's powers shall be in addition to, and not by way of limitation
3 of, the powers described in California Corporations Code section 25530, subdivision (a),
4 California Government Code section 13975.1 and California Code of Civil Procedure section 564
5 et seq.

6 u. The Receiver shall be vested with, and is authorized, directed and
7 empowered to exercise, all of the powers of Receivership Defendants, their owners, officers,
8 directors, shareholders, general partners or persons who exercise similar powers and perform
9 similar duties; and that Receivership Defendants, their owners, officers, directors, shareholders,
10 agents, employees, representatives, successors in interest, attorneys in fact and all persons acting
11 in concert or participating with them, are hereby divested of, restrained and barred from exercising
12 any of the powers vested herein in the Receiver.

13 v. Receivership Defendants, including, but not limited to their owners,
14 officers, directors, shareholders, agents, employees, representatives, salespersons, successors in
15 interest, attorneys, assigns, subsidiaries, affiliates, and any other persons or entities under their
16 control and all persons or entities in active concert or participation with Receivership Defendants,
17 and all persons owing a duty of disclosure to Receivership Defendants, and each of them, shall
18 cooperate with the Receiver in his investigation and shall immediately turn over to the Receiver
19 Receivership Assets, books, records, papers, documentations, charts and/or descriptive material of
20 all Receivership Assets, owned beneficially or otherwise, and wherever situated, and all books and
21 records of accounts, title documents and other documents in the possession or under their control,
22 which relate, directly or indirectly, to the Receivership Assets.

23 x. Except by leave of this Court and during the pendency of this receivership,
24 all clients, investors, trust beneficiaries, note holders, creditors, claimants, lessors and all other
25 persons or entities seeking relief of any kind, in law or in equity, from Receivership Defendants
26 and Receivership Assets, and all others acting on behalf of any such persons, including sheriffs,
27 marshals, agents, employees, and attorneys are hereby restrained and enjoined, directly or
28 indirectly, with respect to Receivership Defendants and Receivership Assets, from:

- 1 i. Commencing, prosecuting, continuing or enforcing any suit or
- 2 proceeding, including arbitration, except by motion before this
- 3 Court;
- 4 ii. Executing or issuing or causing the execution or issuance of any
- 5 court attachment, subpoena, replevin, execution or other process for
- 6 the purpose of impounding or taking possession of or interfering
- 7 with or creating or enforcing a lien;
- 8 iii. Commencing or continuing judicial or non-judicial foreclosure
- 9 proceedings or proceedings for the appointment of a receiver;
- 10 iv. Creating, perfecting, or enforcing any lien or encumbrance;
- 11 v. Accelerating the due date of any obligation or claimed obligation;
- 12 vi. Exercising any right of set-off;
- 13 vii. Taking, retaining, retaking or attempting to retake possession;
- 14 viii. Withholding or diverting any rent or other obligations;
- 15 ix. Using self-help or executing or issuing or causing the execution or
- 16 issuance of any court attachment, subpoena, replevin, execution or
- 17 other process for the purpose of impounding or taking possession of
- 18 or interfering with or creating or enforcing a lien; and
- 19 x. Doing any act or thing whatsoever to interfere with the control of,
- 20 the possession of, or management by, the Receiver herein, or to, in
- 21 any way, interfere with or harass the Receiver or to interfere in any
- 22 manner during the pendency of this proceeding, the discharging of
- 23 the Receiver's duties and responsibilities, and with the exclusive
- 24 jurisdiction of this Court.
- 25 y. Any and all provisions of any agreement entered by and between any third
- 26 party and Receivership Defendants, including, by way of illustration, but not limited to, the
- 27 following types of agreements (as well as any amendments or modifications thereto), mortgages,
- 28 partnerships agreements, financial guarantee bonds, joint venture agreements, promissory notes,

1 remarketing agreements, loan agreements, security agreements, indemnification agreements,
2 subrogation agreements, subordination agreements, deeds of trust, pledge agreements, assignments
3 of rents and other collateral, financing statements, letters of credit, leases, insurance policies,
4 guarantees, escrow agreements, management agreements, real estate brokerage and rental
5 agreements, servicing agreements, consulting agreements, easement agreements, license
6 agreements, franchise agreements, construction contracts, or employment contracts that provide in
7 any manner that the selection, appointment, or retention of a Receiver or trustee by any court, or
8 the entry of an order such as hereby made, shall be deemed to be, or otherwise operate as a breach,
9 violation, event of default, termination, event of dissolution, event of acceleration, insolvency,
10 bankruptcy, or liquidation, shall be stayed, and the assertion of any and all rights and remedies
11 relating thereto shall also be stayed and barred, except as otherwise ordered by this Court, and this
12 Court shall retain jurisdiction over any causes of action that have arisen or may otherwise arise
13 under any such provision.

14 z. Receivership Defendants are responsible for the payment of costs, fees and
15 expenses of Receiver incurred in connection with the performance of his duties, including the
16 costs, fees and expenses of those persons who may be engaged or employed by the Receiver to
17 assist her in carrying out her duties and obligations. The Receiver, the Receiver's employees and
18 agents, and professionals employed by the Receiver, are entitled to monthly payment of interim
19 compensation for services rendered, at their normal hourly rate, and monthly reimbursement for
20 all expenses incurred by them on behalf of the receivership estate, and the Receiver is authorized
21 to make such payments without further order of the Court. Within 10 days after such monthly
22 payments, the Receiver shall serve written notice upon the counsel of record for Receivership
23 Defendants and Plaintiff of the amount paid to each payee, with an itemization of the services
24 rendered or expenses incurred.

25 aa. Interim monthly fees paid shall be subject to review and approval by the
26 Court, on a quarterly basis. This Court retains jurisdiction to award a greater or lesser amount as
27 the full, fair and final value of such services. In the event that extraordinary services are performed
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1 by the Receiver, or any professionals employed by the Receiver, the Court may approve
2 extraordinary compensation to such persons.

3 ab. Neither Plaintiff, the State of California, the California Corporations
4 Commissioner, the California Department of Corporations, nor any officer, employee or agent
5 thereof shall have any liability for the payment, at any time, for any such fees or expenses in
6 connection with said receivership.

7 ac. That Receivership Defendants, their owners, officers, directors,
8 shareholders, agents, employees, representatives, successors in interest, attorneys, and any other
9 persons shall not take any action or purport to take any action, in the name of or on behalf of any
10 Receivership Defendants or any of their subsidiaries and affiliates, without the written consent of
11 the Receiver or order of this Court.

12 ad. That Receivership Defendant and their subsidiaries and affiliates and their
13 owners, officers, directors, shareholders, agents, employees, representatives, successors in interest,
14 and attorneys, shall cooperate with and assist the Receiver and shall take no action, directly or
15 indirectly, to hinder, obstruct, or otherwise interfere with the Receiver in the conduct of her duties
16 or interfere in any manner, directly or indirectly, with the custody, possession, management, or
17 control by the Receiver of the Receivership Defendants and Receivership Assets, as described
18 above.

19 ae. Receivership Defendant shall, within 10 days of the entry of the
20 appointment, prepare and deliver to the Receiver and Plaintiff a detailed and complete schedule of
21 all of their real and personal properties, and other assets, with a minimum value of \$500, including
22 a description of the source of funds for the purchase of such assets. For purposes of this Order, the
23 term "assets" shall include, but is no way limited to, income/compensation or right of
24 income/compensation from any source, and any financial or controlling interest in any business
25 entity, including, but not limited to, a partnership, trust, corporation, or limited liability company.
26 Such accounting shall be filed with the Court and a copy shall be delivered to the Receiver. After
27 completion of the accounting, each Receivership Defendant shall produce to the Receiver at a time
28 agreeable to the Receiver, all books, records and other documents supporting or underlying his

1 accountings.

2 af. Receivership Defendants, within 20 days from the date of entry of the
3 appointment, shall transfer to a trust account of the Receiver all Receivership Assets that are
4 presently held in domestic and foreign locations, to the extent said assets are transferable.

5 **VI. THIS COURT TO RETAIN JURISDICTION**

6 For an Order that this Court shall retain jurisdiction of this action in order to implement
7 and carry out the terms of all orders and decrees that may be entered herein or to entertain any
8 suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

9 **VII. OTHER RELIEF**

10 For such other and further relief as this Court may deem necessary and proper.

11 Dated: December 19, 2012

JAN LYNN OWEN
California Corporations Commissioner

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By: _____
ALEX M. CALERO
Corporations Counsel
Attorney for the People of California

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