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STATE OF CALIFORNIA
BUSINESS TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Joseph Cala
Cala Corporation
13 Main Street
Titusville, FL 32780

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

The California Corporations Commissioner finds that:

1. At all relevant times Joseph Cala (hereinafter referred to as “Cala”) was the president of Cala Corporation, an Oklahoma corporation, with a mailing address of 135 Main Street, Titusville, FL 32796.

2. Cala arranged to have solicitations to invest in real estate published in the weekly newspaper of a senior’s community in California. These solicitations offered 10% return on real estate investments with the interest payable monthly. It was promised that the entire principal would be paid back at the end of one year. An elderly California resident of the community responded to the advertisement by telephone. A short time later, Cala and two other residents of the community appeared at the front door of the investor unannounced. At that time the investor stated she was not interested.

3. Two days later Cala was back at the investor’s home, this time alone. He would return a total of five times, while attempting to convince the investor to put money into a piece of property in Florida that was ostensibly owned by his company Cala Corporation. The property is located at 13 Main Street, Titusville, FL 32780. Cala represented to the investor that he had offices in Florida and Texas, and that he owned a large shopping mall in Florida. At the time Cala made these representations to the investor, he did not have an office in Texas. However, he did use the mailing address of his attorney in Houston, Texas on letterhead and the fax number of the attorney on

1 contracts. He did not own a shopping mall in Florida.

2 In 2007, the investor signed a loan agreement with interest to be paid to the investor at a rate
3 of 10% per annum, paid on a monthly basis. At the time of the signing of this first agreement, the
4 investor gave Cala \$60,000. By the terms of the agreement, the principal could be demanded at the
5 end of one year. At the time of the signing of this first note, the investor opted to reinvest the
6 monthly interest payments.

7 In 2008, at the suggestion of Cala, the investor elected to reinvest the full amount owed of
8 \$66,000 into the Cala Corporation. This extension to the agreement was signed by the investor in
9 2008 and promised a return of 11%. By its terms, payment was to be made by December 31, 2008,
10 subject to the investor requesting payment be made. In 2009, Cala and the investor orally amended
11 the loan agreement, and the investor received interest payments for five months. The investor did not
12 receive any more interest payments after June, 2009. At the end of 2009, the investor provided more
13 than two months notice that she wanted to redeem the face value of the loan agreement.
14 Notwithstanding numerous demands, the investor received no more interest payments or principal
15 payments, other than a check for \$1000 in 2011.

16 4. At the time the investor gave funds to Cala, he represented to the investor that he would
17 provide her with a title document for the land in which her money would be invested. This was never
18 provided to the investor despite repeated requests.

19 5. Cala represented to the investor prior to and at the time of the investment that Cala
20 Corporation was a leading developer of floating and undersea resorts around the world. He noted that
21 he had signed significant development contracts with shipyards for the production of his undersea
22 resorts. As of the date of this Order there has never been an undersea resort completed by Cala
23 and/or Cala Corporation.

24 6. At the time the investor signed the extension to the loan agreement in 2008, Cala failed to
25 disclose that Cala Corporation and Cala were defendants in a lawsuit in Florida. The litigation was
26 initiated by the mortgage holder on the Florida property Cala represented as being owned by Cala
27 Corporation. Cala and Cala Corporation were in default on a note to the mortgage holder. This was
28 the same property that Cala had promised he would provide a title for the investor, as an owner of the

1 property. Subsequently, a Florida court ordered the property conveyed back to the previous owner.

2 7. The interests offered or sold to the California investor in the form of a note or loan
3 agreement were securities and were offered or sold in this state in an issuer transaction. The
4 California Corporations Commissioner is of the opinion that the securities in Cala Corporation are
5 subject to qualification under the California Corporate Securities Law of 1968 and are being or have
6 been offered or sold without being qualified in violation of Corporations Code section 25110.

7 8. Further, the California Corporations Commissioner is of the opinion that the securities in
8 Cala Corporation were offered or sold in this state by means of oral or written communications which
9 included an untrue statement of a material fact or omitted to state a material fact necessary in order to
10 make the statements made, in the light of the circumstance under which they were made, not
11 misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

12 Pursuant to section 25532 of the Corporate Securities Law of 1968, Joseph Cala and Cala
13 Corporation are hereby ordered to desist and refrain from the further offer or sale in the State of
14 California of securities, including but not limited to notes or loan agreements, unless and until said
15 securities have been qualified under the law, or are exempt.

16 Pursuant to section 25532 of the Corporate Securities Law of 1968, Joseph Cala and Cala
17 Corporation are hereby ordered to desist and refrain from offering or selling any security in the State
18 of California, including but not limited to notes or loan agreements, by means of any written or oral
19 communication which 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 under which they
21 were made, not misleading.

22 This Order is necessary, in the public interest, for the protection of investors and consistent
23 with the purposes, policies, and provisions of the Corporate Securities Law of 1968. This Order shall

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1 remain in full force and effect until further order of the California Corporations Commissioner.

2 Dated: March 28, 2012
3 Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

6 By _____
7 ALAN S. WEINGER
8 Deputy Commissioner
9 Enforcement Division

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