

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN WEINGER
Deputy Commissioner
3 ERIK BRUNKAL (SBN: 166086)
Senior Corporations Counsel
4 Lindsay Herrick (SBN: 224986)
1515 K Street, Suite 200
5 Sacramento, CA 95814-4052
Telephone: (916) 322-8782

6 Attorneys for Plaintiff
7 California Corporations Commissioner

FILED
MAR 01 2011

K. TORRE CLERK OF THE COURT
SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF CONTRA COSTA

By D. WEBER Deputy Clerk

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF CONTRA COSTA

11 PRESTON DuFAUCHARD)
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)
13)
Plaintiff,)
14)
vs.)
15)
16 RONALD. M. WILSON, WILLIAM)
COLLINS, ROME FINANCE COMPANY)
17 (GA), LLC and DOES 1-20, inclusive,)
18)
Defendants.)

CASE NO.:
FIRST AMENDED COMPLAINT FOR
PRELIMINARY INJUNCTION; PERMANENT
INJUNCTION; CIVIL PENALTIES; and
ANCILLIARY RELIEF
VIOLATIONS OF CORPORATIONS CODE
SECTION 25110 (UNQUALIFIED OFFER and
SALE OF SECURITIES)
VIOLATIONS OF CORPORATIONS CODE
SECTION 25401 (FRAUD IN CONNECTION
WITH THE OFFER and SALE OF
SECURITIES)
VIOLATIONS OF FINANCIAL CODE
SECTION 22100 (UNLICENSED FINANCE
LENDER OR BROKER BUSINESS)
(Corporations Code §§ 25110 and 25401;
Financial Code § 22100)

25 _____
26 ///
27 ///
28 ///

1 The People of the State of California allege, as follows:

2 **JURISDICTION AND VENUE**

3 1. Preston DuFauchard, California Corporations Commissioner, (“Commissioner”) acting to
4 protect the public from unlawful and fraudulent sales of securities and from unlawful lending
5 activities in violation of the California Corporate Securities Law of 1968 (Corporations Code section
6 25000, et seq., hereinafter “CSL”) and the California Finance Lenders Law (Financial Code section
7 22000, et seq., hereinafter “CFL”), respectively, brings this action in the public interest in the name
8 of the People of the State of California, to enjoin the defendants from violating both the CSL and
9 CFL, to recover civil penalties for such acts and practices, and to request necessary equitable and
10 ancillary relief.

11 2. The Commissioner is authorized to administer and enforce the provisions of both the CSL and
12 the CFL and brings this action under Corporations Code section 25530, Financial Code section
13 22713, and California Government Code section 11180 et seq., in his capacity as head of the
14 California Department of Corporations.

15 3. Defendants, and each of them, have transacted and continue to transact business within Contra
16 Costa County, as well as other counties in California. The violations of law described herein have
17 occurred and will continue to occur within Contra Costa County and elsewhere in California unless
18 enjoined.

19 **DEFENDANTS**

20 4. Defendant Ronald M. Wilson (“Wilson”) is a natural person and a resident of the State of
21 California. Wilson’s last known business address is 2056 Colfax Street, Concord, California 94520.
22 Wilson is and, at all relevant times herein, was the President of Rome Finance Company, Inc.
23 Further, Wilson is an owner and control person of Defendant Rome Finance Company (GA), LLC.

24 5. Defendant William Collins (“Collins”) is a natural person and a resident of the State of
25 Georgia. Collins is an owner and control person of Defendant Rome Finance Company, (GA), LLC.

26 6. Defendant Rome Finance Company (GA), LLC (“Rome, GA”) is a Georgia limited liability
27 company created on May 26, 2006, with a last known business address of 242 Culver Street, Suite
28 302, Lawrenceville, Georgia 30045-4856.

1 7. Defendants sued herein under the fictitious names Does 1 through 20, inclusive, are unknown
2 to plaintiff who therefore sues such defendants by such fictitious names, pursuant to the provisions of
3 Code of Civil Procedure section 474. The Commissioner asks leave of the court to amend the
4 Complaint and allege the true names and capacities of such defendants at such time as the same have
5 been ascertained.

6 8. The defendants named as officers, directors, agents or employees, acted in such capacities in
7 connection with the acts, practices and schemes of business set forth below.

8 9. Whenever any allegation is made in the Complaint to “Defendants” doing any act, the
9 allegation shall mean the act of each defendant and corporate entity defendants doing any act, the
10 allegation shall mean acts done or authorized by the officers, directors, agents and employees of the
11 business entity defendant while actively engaged in the management, direction or control of the
12 affairs of the business entity defendant, and while acting within the course and scope of their
13 employment.

14 STATEMENT OF FACTS

15 10. Rome Finance Company, Inc. (“Rome”) is a California corporation, incorporated on January
16 27, 1977. Rome is also located at 2056 Colfax Street, Concord, California 94520.

17 11. On October 15, 2008, Rome filed for bankruptcy protection. In June 2009, with the approval
18 of the bankruptcy court, the Commissioner settled its claims against Rome, and Rome only, within
19 that bankruptcy action. As part of the settlement, Rome stipulated to a permanent injunction,
20 enjoining Rome from further violations of the California Corporations and Financial Codes. Rome
21 is, consequently, not a party to this current civil action.

22 12. Jody J. Mohammed (“Mohammed”) is a natural person and a resident of the State of
23 California. Mohammed’s last known business address is 4728 East 2nd St., Suite 14, Benicia,
24 California 94510. Mohammed is and, at all relevant times herein, was the President and/or CEO or
25 otherwise an officer and or director or main control person of Universal Consumer Marketing, Inc.
26 (“UCMI”) and Benicord, LLC (“Benicord”).
27
28

1 13. UCMI is a California corporation, incorporated on March 1, 1994. Benicord is a California
2 limited liability company, formed on June 19, 2006. UCMI and Benicord are both located at 4728
3 East 2nd St., Suite 14, Benicia, California 94510.

4 14. The Commissioner settled its claims against Mohammed, UCMI, and Benicord in a separate
5 civil lawsuit. As part of the settlement, Mohammed, UCMI, and Benicord stipulated to a permanent
6 injunction, enjoining them from further violations of the California Financial Code. Mohammed,
7 UCMI, and Benicord are, consequently, not parties to this current civil action.

8 **CFL Violations**

9 15. California has a strong public policy against usury. Usury is the charging and receiving of
10 interest on a loan or forbearance of money in excess of rates stated in the California Constitution,
11 Article XV, section 1: for consumer loans, lenders are limited to charging 10% per year.

12 16. Certain licensed lenders are exempted from the usury provisions of the California
13 Constitution. California Financial Code section 22002. In 1995, the California Finance Lenders
14 Law, or CFL, became effective. The CFL regulates lenders formerly regulated under three different
15 laws: the Personal Property Brokers Law, the Consumer Finance Lenders Law, and the Commercial
16 Finance Lenders Law. Lenders now licensed under the CFL, uniformly described and defined as
17 Finance Lenders, are not subject to the usury laws, but are subject to a thorough regulatory scheme
18 designed to safeguard the borrowing public.

19 17. The CFL mandates that all Finance Lenders and brokers obtain licensing from the
20 Commissioner before engaging in the business of financing or brokering loans.

21 18. The Commissioner has not issued a license to any of the defendants in the instant action to act
22 as Finance Lenders or brokers.

23 19. The Commissioner is informed and believes that since July 1, 1995, the operative date of the
24 CFL, but at least since January 1, 2005, defendants, and each of them, have routinely, repeatedly, and
25 willfully financed and brokered loans with interest rates in excess of the rates allowed by the
26 California Constitution, in violation of California's usury law. Moreover, defendants, and each of
27 them, in violation of the CFL, have engaged in the business of finance lenders and brokers without
28 licenses from the commissioner to do so.

1 20. The Commissioner is informed and believes that the defendants and each of them operated
2 under the following business plan:

3 21. Mohammed and UCMI (and later Benicord) were charged by Rome and Defendants Wilson,
4 Collins, and Rome GA with placing Rome's form credit application with merchants around the
5 country.

6 22. By design, Defendants, and each of them, targeted locations near military bases, often placing
7 Rome's blank forms and applications with merchants in mall kiosks, where young servicemen and
8 women would be solicited to purchase computers, electronics, videogame consoles, and other high-
9 end consumer goods. Although not the sole source of the Defendants' client base, military personnel
10 are a large majority of the persons to whom the Defendants made consumer loans.

11 23. The merchants' potential customers would be offered instant financing and asked to fill out
12 Rome's credit application. If the customer was military personnel, the serviceman or woman would
13 sign forms at the point of sale giving Rome (or its assigns) the right to receive payments via the
14 United States Military's electronic funds transfer My Pay system, guaranteeing Rome (or its assigns)
15 payment on the loan at the point of sale. The merchants, themselves, did not extend credit and were
16 never due any money from their customers. Due to a preexisting agreement between the merchant,
17 Mohammed, UCMI/Benicord, Rome, and Defendants, herein, the merchant understood that they
18 would receive a discounted amount from the dollar amount the customer financed through the
19 Defendants for the purchase of the goods. Customers walked away from the kiosk with the goods,
20 having already agreed to pay Rome and/or the Defendants an inflated principal amount and an
21 interest rate of 19.2%.

22 24. Then, the subterfuge designed to disguise the nature of this loan transaction began. The
23 merchant would then sell/transfer or otherwise negotiate the paper to UCMI/Benicord and
24 Mohammed, who would turn it around within a week or two, selling it to Rome and Defendants
25 Wilson, Collins, and/or Rome, GA (or their assigns) for 67% of the face value of the paper.
26 Defendants essentially bought a loan for which Defendants had already agreed to fund and for which
27 it had already set-up electronic fund transfer agreements ("EFTs") to receive payments from the
28 borrower. Mohammed and UCMI/Benicord were merely pass-through straw men, since the

1 payments on the loan were already directed to Rome and Defendants Wilson, Collins, and Rome,
2 GA. This arrangement with Mohammed and UCMI/Benicord created the illusion that Rome and
3 Defendants Wilson and Rome, GA were buying accounts receivable, rather than making unlicensed
4 consumer loans in and from California.

5 25. This arrangement put Mohammed and UCMI/Benicord in the position of brokering the loans
6 on behalf of Rome and the Defendants, herein. Mohammed and UCMI/Benicord are/were not
7 licensed to broker these loans.

8 26. Rome and Defendants Wilson, Collins, and Rome, GA effectively “loaned” only 67% of what
9 their customers and borrowers (mostly military personnel) believed they were borrowing from
10 Defendants, however, the Defendants proceeded to collect on the higher stated principal amount and
11 19.2% interest on top of that. When the discount given Defendants by the merchant is considered,
12 Rome and Defendants Wilson, Collins, and Rome, GA effectively charged well over 30% interest on
13 these consumer loans without a license to do so.

14 27. Rome and Defendants Wilson, Collins, and Rome, GA made thousands of loans via this
15 business model.

16 **CSL Violations**

17 28. In order to finance their on-going unlicensed lending operation, Rome and the Defendants
18 offered and sold unqualified, non-exempt securities in and from California.

19 29. The California Corporate Securities Law of 1968 prohibits the offer and sale of securities that
20 have not been qualified for sale in the State of California by the Commissioner. The offer and sale of
21 unqualified securities violates Corporations Code section 25110.

22 30. Although there are exemptions to the requirements set out in Corporations Code section
23 25110, none of the exceptions apply in this case. Moreover, pursuant to Corporations Code section
24 25163, the burden of proving facts sufficient to justify an exemption is on the person claiming it.

25 31. Unsecured, interest-bearing promissory notes are securities. Corporations Code section
26 25019.

27 32. Defendants Wilson, Collins, and Rome, GA offered and sold interest-bearing promissory
28 notes in and from the State of California to hundreds of individual investors.

1 33. Rome recently filed bankruptcy in the United States Bankruptcy Court in Oakland, California,
2 and listed all of its note holders as unsecured creditors. In fact, they are Rome’s investors.

3 34. Defendant Wilson executed most, if not all, of the promissory notes on behalf of Rome,
4 himself, and, later, executed similar notes on behalf of Defendant Rome, GA.

5 35. In 2005, the State of Tennessee filed a lawsuit against Rome Finance Company, Inc. for
6 consumer protection violations. That litigation eventually resulted in a judgment in excess of
7 \$11,000,000 against Rome.

8 36. In 1991, Rome Financing Co., Inc. filed bankruptcy.

9 37. Defendants engaged in the ongoing offer and sale of unqualified, non-exempt securities to the
10 general public for years in violation of Corporations Code section 25110.

11 38. In addition, Defendants offered and sold securities based on misrepresentations and omissions
12 of material facts, in violation of Corporations Code section 25401.

13 39. The Defendants mislead investors by failing to disclose the prior bankruptcy, failing to
14 disclose the Tennessee litigation, failing to disclose the large discount Defendants were receiving
15 from the merchants on the loans, and failing to disclose that the business model adopted by the
16 Defendants was based on making unlicensed consumer loans in violation of the CFL. Further, none
17 of the investors were made aware that American military personnel were the targets of the violations.

18 39. Defendants Wilson, Collins, and Rome, GA offered and sold well over \$10,000,000 in
19 unqualified, non-exempt securities in and from the State of California.

20 **FIRST CAUSE OF ACTION**
21 (FINANCIAL CODE SECTION 22100)
22 (ALL DEFENDANTS)

23 41. The Commissioner refers to and re-alleges by reference paragraphs 1 through 40 of this
24 complaint as though fully set fourth herein:

25 42. California Financial Code provides in relevant part as follows:

26 No person shall engage in the business of a finance lender or broker without obtaining
27 a license from the commissioner. (Section 22100.)
28

1 "Finance lender" includes any person who is engaged in the business of making
2 consumer loans or making commercial loans. The business of making consumer loans
3 or commercial loans may include lending money and taking, in the name of the lender,
4 or in any other name, in whole or in part, as security for a loan, any contract or
5 obligation involving the forfeiture of rights in or to personal property, the use and
6 possession of which property is retained by other than the mortgagee or lender, or any
7 lien on, assignment of, or power of attorney relative to wages, salary, earnings,
8 income, or commission.

9 It is the intent of the Legislature that the definition of finance lender shall be
10 interpreted to include a personal property broker as referenced in Section 1 of Article
11 XV of the California Constitution. (Section 22009.)

12 "Broker" includes any person who is engaged in the business of negotiating or performing
13 any act as broker in connection with loans made by a finance lender. (Section 22004.)

14 43. Commencing on or about July 1, 1995, and continuing to the present, on at least 15,000
15 occasions, Defendants Wilson and Collins have engaged in the business of finance lenders or brokers
16 within the State of California without first obtaining a license from the commissioner in violation of
17 the CFL.

18 44. Commencing on or about May 26, 2006, and continuing through to the present, Rome, GA,
19 Collins, and Wilson, on thousands of occasions, have engaged in the business of a finance lender or
20 broker without first obtaining a license from the commissioner in violation of the CFL.

21 45. Each of the Defendants named in this complaint has engaged, or participated, assisted, aided
22 or abetted in a material way, or directed the business of a finance lender or broker without first
23 obtaining a license from the commissioner in violation of the CFL.

24 46. CFL section 22713, subsection (c) provides:

25 Any person who willfully violates any provisions of this division, or who willfully violates
26 any rule or order adopted pursuant to this division, shall be liable for a civil penalty not to
27 exceed two thousand five hundred dollars (\$2,500) for each violation, which shall be
28 assessed and recovered in a civil action brought in the name of the people of the State of
California by the commissioner in any court of competent jurisdiction.

By engaging in the business of finance lenders and brokers, Defendants, and each of them
have repeatedly, willfully and systematically violated the CFL.

47. CFL section 22750 subsection (b) provides:

1 If any provision of this division is willfully violated in the making or collection of a loan,
2 the contract of loan is void, and no person has any right to collect or receive any principal,
charges, or recompense in connection with the transaction.

3 48. CFL section 22713, subsection (b) provides:

4 If the commissioner determines that it is in the public interest, the commissioner may
5 include in any action authorized by subdivision (a) a claim for ancillary relief, including, but
6 not limited to, a claim for restitution, disgorgement, or damages on behalf of the persons
injured by the act or practice constituting the subject matter of the action. The court shall
have jurisdiction to award additional relief.

7 49. CFL section 22713, subsection (a), in part, provides:

8 Whenever the commissioner believes from evidence satisfactory to the commissioner that any
9 person has violated or is about to violate a provision of this division, . . . the commissioner
may, in the commissioner's discretion, bring an action . . . in the name of the people of the
10 State of California, against that person to enjoin that person from continuing that violation or
doing any act in furtherance of the violation. Upon a proper showing, a permanent or
11 preliminary injunction, restraining order, or writ of mandate shall be granted and other
12 ancillary relief may be granted as appropriate.

13 50. Defendants, and each of them, are currently engaged in the ongoing business of a finance
14 lender or broker without obtaining a license from the commissioner. Unless enjoined by this court,
15 Defendants will continue to violate CFL section 22100.

16 **SECOND CAUSE OF ACTION**
17 **OFFER AND SALE OF UNQUALIFIED NON-EXEMPT SECURITIES IN VIOLATION OF**
18 **CORPORATIONS CODE SECTION 25110**
(ALL DEFENDANTS)

19 51. Plaintiff incorporates by reference paragraphs 1 through 50 of this Complaint as though fully
20 set forth herein.

21 52. Corporations Code section 25110 provides, in pertinent part, as follows:

22 It is unlawful for any person to offer or sell in this state any security in an issuer
23 transaction . . . unless such sale has been qualified under Section 25111, 25112 or
25113 . . . or unless such security or transaction is exempted or not subject to
24 qualification under Chapter 1 (commencing with Section 25100) of this part.

25 53. Beginning in or around July, 1995, but at least since July, 2005, and continuing thereafter,
26 Defendant Wilson and Collins offered and sold interest-bearing, unsecured promissory notes in and
27 from the State of California totaling at least \$10,000,000, to over 100 investors, at least 20 of whom
28 reside in California.

1 54. Beginning in or around May, 2006, and continuing thereafter, Defendants Wilson, Collins and
2 Rome, GA, offered and sold interest-bearing, unsecured promissory notes in and from the State of
3 California totaling at least \$1,000,000 to over 100 investors, at least 2 of whom reside in California.

4 55. These interest-bearing, unsecured promissory note investments offered and sold by
5 Defendants are “securities” within the meaning of Section 25019. The securities include, but are not
6 necessarily limited to, the promissory notes.

7 56. The offer and sale of these securities were conducted in “issuer transactions” within the
8 meaning of Sections 25010 and 25011.

9 57. Defendants offered and or sold the securities within the State of California within the meaning
10 of Sections 25008 and 25017.

11 58. The Commissioner has not issued a permit or other form of qualification authorizing the offer
12 and sale of the securities referred to herein in the State of California.

13 59. The offer and sale of securities referred to herein were not exempt from the requirement of
14 qualification under Section 25110.

15 60. Defendants are currently engaged in an ongoing business that offers and sells unqualified,
16 non-exempt securities to the general public.

17 61. Unless enjoined by this Court, Defendants will continue to violate Section 25110.

18 **THIRD CAUSE OF ACTION**
19 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**
20 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**
21 **(ALL DEFENDANTS)**

22 62. Plaintiff incorporates by reference paragraphs 1 through 61 of this Complaint as though fully
23 set forth herein.

24 63. Corporations Code section 25401 states:

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

64. In offering and selling the securities referred to herein, Defendants Wilson, Collins, and
Rome, GA, made untrue statements of material fact and/or omitted to state material facts in the offer

1 or sale of the securities. The untrue statements and/or omissions include but are not necessarily
2 limited to, the following:

3 A. Defendants Wilson, Collins, and Rome, GA failed to inform investors that they were
4 illegally operating as finance lenders in California without a license;

5 B. Defendants Wilson, Collins, and Rome, GA failed to inform investors of the steep
6 discounts they were receiving from the merchants who sold goods to military personnel through
7 financing from Rome and Defendants Wilson and Rome, GA;

8 C. Defendants Wilson, Collins, and Rome, GA failed to inform subsequent investors that
9 in 2005, the State of Tennessee filed a lawsuit against Wilson and Rome for violations of Tennessee
10 consumer protection statutes;

11 D. Defendant Wilson and Collins failed to inform investors that Rome Finance Company,
12 Inc. declared bankruptcy in or about 1991.

13 65. The misstatements and omissions referred to herein were material within the meaning of
14 Section 25401 because they concerned matters a reasonable investor would consider in deciding
15 whether to invest.

16 66. Defendants Wilson, Collins, and Rome, GA offered and sold securities by means of
17 misrepresentations and omissions within the meaning of Section 25401.

18 67. Some or all of Defendants' misrepresentations and omissions of material fact took place
19 within the State of California within the meaning of Section 25008.

20 68. Defendants Wilson, Collins, and Rome, GA are currently engaged in an ongoing business that
21 makes misrepresentations and omissions of material facts in the offer and sale of securities to the
22 general public.

23 69. Unless enjoined, Defendants will continue to violate Section 25401.

24 **PRAYER FOR RELIEF**

25 WHEREFORE, plaintiff prays for judgment against all Defendants, as follows:

26 I. INJUNCTIVE RELIEF FOR THE VIOLATIONS:

27 1. For an order of preliminary injunction and permanent injunction enjoining all of the
28 named Defendants and such Does as may subsequently be named, their officers, directors, successors

1 in interest, agents, employees, attorneys in fact, and all persons acting in concert or participating with
2 them, or any of them, from directly or indirectly:

3 A. Violating California Financial Code section 22100 by engaging in the business
4 of a finance lender or broker without a license from the commissioner;

5 B. Violating Corporations Code section 25110, by offering to sell, selling,
6 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of, or
7 otherwise in any way dealing or participating in the offer or sale of, any security of any kind,
8 including but not limited to the securities described in this Complaint, unless such security or
9 transaction is qualified, exempted, or not subject to qualification;

10 C. Violating Corporations Code section 25401 by offering to sell or selling any
11 security of any kind, including but not limited to, the securities described in this Complaint, by means
12 of any written or oral communication which includes any untrue statement of material fact or omits
13 or fails to state any material fact necessary in order to make the statements made, in the light of the
14 circumstances under which they are made, not misleading, including but not limited to the
15 misrepresentations and/or omissions alleged in this Complaint;

16 D. Removing, destroying, mutilating, concealing, altering, transferring, or
17 otherwise disposing of, in any manner, any books, records, computer programs, computer files,
18 computer printouts, correspondence, brochures, manuals, or any other “writings” or “documents” of
19 any kind as defined under Evidence Code section 250, relating to the transactions and course of
20 conduct as alleged in the complaint in this action, unless authorized by this Court;

21 E. Transferring, changing, disbursing, selling, dissipating, converting, pledging,
22 assigning, foreclosing, or otherwise disposing of any real property or personal property in their
23 possession or under their control, or in the possession of, or under the control of, any of the
24 Defendants, which property or other assets were derived or emanated from directly, or indirectly, the
25 sale and issuance of securities as alleged in this Complaint, without leave of the Court; except for real
26 or personal property under the control of the duly appointed federal bankruptcy Trustee;

27 F. Withdrawing, transferring, changing, disbursing, dissipating, converting,
28 pledging, or assigning any funds or other assets which were derived or emanated, directly or

1 indirectly, from any unlicensed lending activities in and from the State of California and/or the offer
2 or sale of securities as alleged in this Complaint, from any accounts at any bank, savings and loan
3 association, broker-dealer or any other financial institution in the name of any of the Defendants, or
4 controlled by any of the Defendants, without leave of the Court, except for accounts under the control
5 of the duly appointed federal bankruptcy Trustee.

6 II. RESCISSION AND RESTITUTION

7 1. For a Final Judgment voiding all the loans willfully made or brokered by Defendants,
8 and each of them, as unlicensed finance lenders and brokers per Financial Code section 22750, except
9 those loans currently affected by the settlement reached between Rome and the Commissioner in the
10 bankruptcy action.

11 2. For a Final Judgment requiring Defendants and such Does as may be subsequently
12 named, individually, jointly and severally, to rescind each and all of the unlawful securities
13 transactions alleged in this Complaint, as shall be determined by this Court to have occurred, and
14 further requiring Defendants and such Does as may be subsequently named, individually, jointly and
15 severally, to pay full restitution to each person determined to have been subject to the Defendants'
16 acts or practices which constitute violations of the Corporate Securities Law, in an amount of at least
17 \$10 million dollars or according to proof. In addition, to pay either the contracted rate of interest or
18 the legal rate of interest in the amounts invested by the investors from the dates of their investments
19 to the date of judgment herein.

20 3. For a Final Judgment requiring Defendants, and such Does as may be subsequently
21 named, individually, jointly and severally, to disgorge to all known investors all benefits received,
22 including but not limited to, salaries, commissions, fees, profits and any other remuneration, derived
23 directly or indirectly, from the actions or practices which constitute violations of the Corporate
24 Securities Law.

25 III. CIVIL PENALTIES

26 1. For a Final Judgment requiring all Defendants and such Does as may be subsequently
27 named, to pay to the Department of Corporations \$2,500.00 as a civil penalty for each act in violation
28

1 of the Finance Lenders Law, as authorized by Financial Code section 22713, in an amount of at least
2 \$1,000,000.00 or according to proof.

3 2. For a Final Judgment requiring all Defendants and such Does as may be subsequently
4 named, to pay to the Department of Corporations \$25,000.00 as a civil penalty for each act in
5 violation of the Corporate Securities Law within the last four years, as authorized by Corporations
6 Code section 25535, in an amount of at least \$1,000,000.00 or according to proof.

7

8 DATED: February 28, 2011

9

10

By: _____
ERIK R. BRUNKAL
Senior Corporations Counsel

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28