

SUMMONS (CITACION JUDICIAL) COPY

SUM-100

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

USA LADYCARÉ LIFETIME, a corporation; USA LADYCARÉ LIFETIME, a limited liability company; USA LADYCARÉ LIFETIME, a partnership; OTHA COLE, individually and doing business as USA LADYCARÉ LIFETIME; OTHA COLE, individually and as a partner of USA LADYCARÉ LIFETIME partnership; ANTHONY O'NEAL, individually and doing business as USA LADYCARÉ LIFETIME; ANTHONY O'NEAL, individually and as a partner of USA LADYCARÉ LIFETIME partnership; DOES 1 through 50, inclusive.

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner.

FOR COURT USE ONLY (SOLO PARA USO DE LA CORTE)

CONFORMED COPY OF ORIGINAL FILED Los Angeles Superior Court

OCT 23 2006

John A. Clarke, Executive Officer/Clerk By [Signature] Deputy D. Giles

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.courtinfo.ca.gov/selfhelp/espanol/), en la biblioteca de leyes de su condado o en la corte que le quede más cerca.

The name and address of the court is: (El nombre y dirección de la corte es): LOS ANGELES SUPERIOR COURT 111 N. HILL STREET LOS ANGELES, CA 90012

CASE NUMBER: (Número del Caso):

80360749

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is: (El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es): UCHE L. ENENWALI, Esq. (BAR NO. 235832) 213-576-7586

Department of Corporations 320 West 5th Street, Suite 750 Los Angeles, CA 90013

DATE: 10/23/06 (Fecha)

Clerk, by [Signature] Deputy (Secretario) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).) (Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

- 1. [] as an individual defendant.
2. [] as the person sued under the fictitious name of (specify):
3. [] on behalf of (specify):
under: [] CCP 416.10 (corporation) [] CCP 416.60 (minor)
[] CCP 416.20 (defunct corporation) [] CCP 416.70 (conservatee)
[] CCP 416.40 (association or partnership) [] CCP 416.90 (authorized person)
[] other (specify):
4. [] by personal delivery on (date):

(SEAL) OCT 23 2006

CONFORMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

OCT 23 2008

John A. Clarke, Executive Officer/Clerk
By D. Giles Deputy

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (BAR NO. 86717)
Supervising Attorney
4 UCHE L. ENENWALI (BAR NO. 235832)
Corporations Counsel
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8 Attorneys for the People of the State of California

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 FOR THE COUNTY OF LOS ANGELES B C 360749

12 THE PEOPLE OF THE STATE OF)
13 CALIFORNIA, by and through the)
14 California Corporations Commissioner,)

15 Plaintiff,

16 v.

17)
18 USA LADYCARE LIFETIME, a corporation;)
19 USA LADYCARE LIFETIME, a limited)
20 liability company; USA LADYCARE)
21 LIFETIME, a partnership; OTHA COLE,)
22 individually and doing business as USA)
23 LADYCARE LIFETIME; OTHA COLE,)
24 individually and as a partner of USA)
25 LADYCARE LIFETIME partnership;)
26 ANTHONY O'NEAL, individually and doing)
27 business as USA LADYCARE LIFETIME;)
28 ANTHONY O'NEAL, individually and as a)
partner of USA LADYCARE LIFETIME)
partnership; DOES 1 through 50, inclusive,

Defendants.

CASE NO.: _____

COMPLAINT FOR PRELIMINARY
INJUNCTION; PERMANENT INJUNCTION;
CIVIL PENALTIES AND ANCILLARY
RELIEF

VIOLATIONS OF CAL. CORP. CODE § 25110
(UNQUALIFIED SALES OF SECURITIES)

VIOLATIONS OF CAL. CORP. CODE § 25401
(FRAUD IN CONNECTION WITH THE
OFFER AND SALE OF SECURITIES)

VIOLATIONS OF DESIST AND REFRAIN
ORDERS

Date:
Time:
Dept:
Judge:
Action Filed:

1 THE PEOPLE OF THE STATE OF CALIFORNIA, by and through PRESTON
2 DuFAUCHARD, California Corporations Commissioner ("Commissioner"), allege as follows on
3 information and belief:

4 **JURISDICTION AND VENUE**

5 1. The Commissioner brings this action on behalf of Plaintiff, the People of the State of
6 California, to enjoin Defendants USA LadyCare Lifetime, a corporation; USA LadyCare Lifetime, a
7 limited liability company; USA LadyCare Lifetime, a partnership (collectively "USA LadyCare");
8 Otha Cole, ("Cole") individually, and doing business as USA LadyCare Lifetime; Otha Cole,
9 individually, and as a partner of USA LadyCare Lifetime partnership; Anthony O'Neal, ("O'Neal")
10 individually, and doing business as USA LadyCare Lifetime; Anthony O'Neal, individually, and as a
11 partner of USA LadyCare Lifetime partnership (collectively "Defendants") and DOES 1 through 50
12 inclusive, from violating the provisions of the California Corporate Securities Law of 1968, ("CSL")
13 (California Corporations Code §25000 et seq.) and to request necessary equitable and ancillary
14 relief. The Commissioner is authorized to administer and enforce the provisions of the CSL and the
15 regulations thereunder at Title 10, California Code of Regulations.

16 2. The Commissioner brings this action pursuant to California Corporations Code
17 section 25530 and California Government Code section 11180 et seq. in his capacity as head of the
18 California Department of Corporations.

19 3. Defendants, and each of them, have transacted and continue to transact business
20 within Los Angeles County and other counties in California. The violations of law herein have
21 occurred and will continue to occur, unless enjoined, within Los Angeles County and elsewhere
22 within the State of California.

23 **DEFENDANTS**

24 4. Plaintiff is informed and believes and thereupon alleges that defendant USA
25 LadyCare is a corporation, a limited liability company, or a partnership. Defendant USA
26 LadyCare's principal place of business is located at 600 E. Ocean Boulevard, #405, Long Beach,
27 California 90802.

1 5. Plaintiff is informed and believes and thereupon alleges that defendant Cole, also
2 known as O.T. Cole, is an individual who conducts business as USA LadyCare; and is a partner of
3 USA LadyCare partnership. Plaintiff is informed and believes and thereon alleges that at all relevant
4 times hereto, Cole was the chief executive officer and a control person of USA LadyCare within the
5 meaning of Corporations Code sections 160 and 25403. Pursuant to Corporations code section 160
6 subdivision (a), "control" means the possession, direct or indirect, of the power to direct or cause the
7 direction of the management and policies of the corporation. Defendant Cole is a resident of Los
8 Angeles County.

9 6. Plaintiff is informed and believes and thereupon alleges that defendant O'Neal is an
10 individual who conducts business as USA LadyCare; that O'Neal is a partner of USA LadyCare
11 partnership and that O'Neal was a control person of USA LadyCare within the meaning of
12 Corporations Code sections 160 and 25403. Defendant O'Neal is a resident of Los Angeles County.
13 Plaintiff is informed and believes and thereon alleges that O'Neal is, and was, at all relevant times
14 herein, employed by Cole and USA LadyCare.

15 7. Defendants DOES 1 through 50 are persons, corporations, partnerships, or other
16 entities who have done or will do acts otherwise alleged in this Complaint. Plaintiff is informed and
17 believes, and on such information and belief alleges, that Defendants DOES 1 through 50 inclusive,
18 at all times mentioned herein, have acted and are continuing to act in concert with the Defendants
19 named herein, and that each of them has participated in the acts and transactions which are the
20 subjects of this Complaint. The true names and capacities of DOES 1 through 50, whether
21 individual, corporate, or otherwise, are unknown to Plaintiff, who therefore sues such Defendants
22 under such fictitious names, pursuant to the provisions of Code of Civil Procedure section 474.
23 Plaintiff asks leave of the court to amend the Complaint to allege the true names and capacities of
24 such Defendants at such time as the same have been ascertained.

25 8. Plaintiff is informed and believes and on such information and belief alleges that, at
26 all relevant times, the Defendants named as officers, directors, agents or employees, acted in such
27 capacities in connection with the acts, practices and schemes of business set forth below.

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1 limited to, eleven members of the From The Heart Church Ministries ("FTHCM"), where Defendant
2 Cole served as a minister. The securities were in the form of investment contracts in USA LadyCare
3 referred to as "Principal Investment Agreement," which were offered to prospective investors in
4 return for their capital investments in USA Lady Care. The purpose of the investments was to raise
5 funds for Defendants' use in marketing, promoting, advertising and selling an allegedly new medical
6 device known as LadyCare, in Canada used in treating symptoms of menstrual cramps or discomfort.
7 Defendants promised investors a 100% return on their investment within six months.

8 17. Defendants provided each investor a document described as "Principal Investment
9 Agreement" ("Agreement"). Defendants represented that within six months of investing in USA
10 LadyCare, investors would receive a 100% return on their capital investment, which they could re-
11 invest or withdraw along with their principal investment within twelve months. Further, the
12 Agreement stated that Defendants had knowledge and expertise in "marketing, sales, executive
13 business management and investments in corporate America, specifically in the State of California."
14 Under the Agreement, Defendants promised to devote time and effort as necessary to fulfill their
15 obligations and perform services specified in the Agreement, including but not limited to, using
16 investors' money to advertise and market the LadyCare product in order to generate profit for
17 investors.

18 18. Additionally, on or about April 2005, Cole offered and sold securities worth at least
19 \$100,000 to one of the investors mentioned herein. The security was in the form of an investment
20 contract known as the "C- Street Project." The purported purpose of the investment was to raise
21 funds to acquire vacant land located in Hesperia, California, on which Defendant Cole would build
22 manufactured homes that were to be sold. Cole told the investor that the investment in the C-Street
23 Project would yield a 400% return on the investor's money.

24 19. Defendants engaged in affinity fraud by offering and selling the securities to members
25 of their church.

26 20. Defendants did not disclose to investors that the Commissioner had issued desist and
27 refrain orders in March 1998 directing Defendant Cole to desist and refrain from selling or offering
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1 for sale unqualified non-exempt securities and any securities by means of fraud in violation of
2 sections 25110 and 25401 of the CSL.

3 **FIRST CAUSE OF ACTION**

4 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**
5 **IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25110**

6 **(Alleged Against All Defendants)**

7 21. Plaintiff incorporates by reference paragraphs 1 through 20 of this Complaint as
8 though fully set forth herein.

9 22. California Corporations Code section 25110 provides, in pertinent part:
10 It is unlawful for any person to offer or sell in this state any security in an issuer
11 transaction ... unless such sale has been qualified under Section 25111, 25112, or
12 25113 ... or unless such security or transaction is exempted or not subject to
13 qualification under Chapter 1 (commencing with Section 25100) of this part.

14 23. Commencing at least as early as October 2003, the Defendants, and each of them,
15 offered and sold securities in issuer transactions, in the State of California.

16 24. The investments offered and sold by Defendants, and each of them, are "securities"
17 within the meaning of California Corporations Code section 25019. The securities include, but are
18 not limited to, investment contracts in USA LadyCare referred to as "Principal Investment
19 Agreement."

20 25. The sales referred to herein, were "issuer transactions" within the meaning of sections
21 25010 and 25011 of the California Corporations Code.

22 26. The Defendants "offered and sold" the securities referred to herein in the state of
23 California within the meaning of California Corporations Code sections 25008 and 25017.

24 27. The Commissioner has not issued a permit or other form of qualification authorizing
25 the Defendants, and each of them, to offer and sell the securities referred to herein in the state of
26 California.

27 28. The offer and sale of securities referred to herein are not exempt from the requirement
28 of qualification under California Corporations Code section 25110.

1 29. Defendants and each of them, offered or sold, unqualified, non-exempt securities in
2 violation of California Corporations Code section 25110. Unless enjoined by this Court, Defendants
3 and each of them will continue to violate California Corporations Code section 25110.

4 **SECOND CAUSE OF ACTION**

5 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**
6 **IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25110**

7 **(Alleged Against Defendant Cole)**

8 30. Plaintiff incorporates by reference paragraphs 1 through 29 of this Complaint as
9 though fully set forth herein.

10 31. On or about April 2005, Cole offered and sold, securities in issuer transactions, in the
11 State of California.

12 32. The investments offered and sold by Cole are "securities" within the meaning of
13 California Corporations Code section 25019. The securities include, but are not limited to,
14 investment contracts referred to as the "C-Street Project."

15 33. The sales referred to herein, were "issuer transactions" within the meaning of sections
16 25010 and 25011 of the California Corporations Code.

17 34. Cole "offered and sold" the securities referred to herein in the state of California
18 within the meaning of California Corporations Code sections 25008 and 25017.

19 35. The Commissioner has not issued a permit or other form of qualification authorizing
20 Cole to offer and sell the securities referred to herein in the state of California.

21 36. The offer and sale of securities referred to herein are not exempt from the requirement
22 of qualification under California Corporations Code section 25110.

23 37. Cole offered or sold, unqualified, non-exempt securities in violation of California
24 Corporations Code section 25110. Unless enjoined by this Court, Cole will continue to violate
25 California Corporations Code section 25110.

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THIRD CAUSE OF ACTION

MISREPRESENTATIONS OR OMISSIONS OF MATERIAL

FACTS IN VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTION 25401

(Alleged Against All Defendants)

38. Plaintiff incorporates by reference paragraphs 1 through 37 of this Complaint as though fully set forth herein:

39. California Corporations Code section 25401 provides as follows:

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

40. In offering and selling the securities referred to herein, Defendants made untrue statements or misrepresentations, and omitted to state, material facts to some or all prospective or existing investors. The misrepresentations and/or omissions of material facts included, but are not necessarily limited to, the following:

- a. Defendant Cole's representation that the investment would yield high returns and that investors would receive a 100% return on investment within six months. These statements had no reasonable basis in fact. To date investors have not received either the promised return or their initial capital.
- b. Defendants' failure to disclose to investors that in or about March 1998, the Commissioner issued Orders to Defendant Cole to desist and refrain from offering for sale or selling unqualified non-exempt securities or any securities by means of fraud in the State of California in violation of sections 25110 and 25401 of the California Corporations Code.

41. The misrepresentations and omissions referred to herein were of "material facts" within the meaning of California Corporations Code section 25401 since they concerned matters which a "reasonable investor" would consider in deciding whether to invest.

42. Defendants' offer and sale of securities were by means of misrepresentations and omissions within the meaning of Section 25401.

1 43. Some or all of Defendants' misrepresentations and omissions of material fact took
2 place "within the state" of California within the meaning of Section 25008.

3 44. Unless enjoined by this Court, defendants and each of them will continue to violate
4 California Corporations Code section 25401.

5 **FOURTH CAUSE OF ACTION**

6 **VIOLATIONS OF DESIST AND REFRAIN ORDERS**

7 **(Alleged Against Defendant Cole)**

8 45. Plaintiff incorporates by reference paragraphs 1 through 44 of this Complaint as
9 though fully set forth herein.

10 46. Corporations Code sections 25532(a) provides, as follows:

11 If, in the opinion of the commissioner, (1) the sale of a security is subject to
12 qualification under this law and it is being or has been offered or sold without first
13 being qualified, the commissioner may order the issuer or offeror of the security to
14 desist and refrain from the further offer or sale of the security until qualification has
15 been made under this law or (2) the sale of a security is subject to the requirements of
16 Section 25100.1, 25101.1, or 25102.1 and the security is being or has been offered or
17 sold without first meeting the requirements of those sections, the commissioner may
18 order the issuer or offeror of that security to desist and refrain from the further offer
19 or sale of the security until those requirements have been met.

17 Corporations Code sections 25532(c) provides, as follows:

18 If, in the opinion of the commissioner, a person has violated or is violating Section
19 25401, the commissioner may order that person to desist and refrain from the
20 violation.

20 47. On March 29, 1998, the Commissioner issued Desist and Refrain Orders, against
21 Cole, directing him to desist and refrain from offering or selling or buying of offering to buy any
22 unqualified, non-exempt security and any security by means of fraud in the State of California in
23 violation of sections 25110 and 25401 of the Corporations Code.

24 48. On June 9, 1998, the Desist and Refrain Orders were personally served on Cole. Cole
25 did not request an administrative hearing to contest either of the Desist and Refrain Orders.

26 49. Notwithstanding receipt of the Desist and Refrain Orders, Cole continued to offer and
27 sell unqualified, non-exempt securities and securities by means of fraud in violation of the
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1 Commissioner's Orders. Unless enjoined by this Court, Cole will continue to violate the Desist and
2 Refrain Orders.

3 **PRAYER FOR RELIEF**

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

5 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS:**

6 1. For an order of preliminary injunction and a judgment of permanent injunction
7 enjoining, Defendants USA LadyCare, Cole, and O'Neal and such Does as may subsequently be
8 named, and each of them, their officers, directors, successors in interest, agents, employees,
9 attorneys in fact, and all persons acting in concert or participating with them, or any of them, from
10 directly or indirectly:

11 A. Violating California Corporations Code section 25110, by offering to sell, selling,
12 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of, or
13 otherwise in any way dealing or participating in the offer or sale of, any security of any kind,
14 including but not limited to the securities described in this Complaint, unless such security or
15 transaction is qualified or exempted or not subject to qualification;

16 B. Violating California Corporations Code section 25401 by offering to sell or selling
17 any security of any kind, including but not limited to, the securities described in this Complaint, by
18 means of any written or oral communication which includes any untrue statement of material fact or
19 omits or fails to state any material fact necessary in order to make the statements made, in the light
20 of the circumstances under which they are made, not misleading, including but not limited to the
21 misrepresentations and omissions alleged in this Complaint;

22 C. Violating any Desist and Refrain Orders issued by the Commissioner pursuant to
23 Section 25532 of the California Corporations Code.

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

1 E. Transferring, changing, disbursing, selling, dissipating, converting, pledging,
2 assigning, foreclosing, or otherwise disposing of any real property or personal property in their
3 possession or under their control, or in the possession of, or under the control of, any of the
4 Defendants, which property or other assets were derived or emanated from directly, or indirectly, the
5 sale and issuance of securities as alleged in this Complaint, without leave of the Court; and

6 F. Withdrawing, transferring, changing, disbursing, dissipating, converting, pledging, or
7 assigning any funds or other assets which were derived or emanated, directly or indirectly, from the
8 offer or sale of securities as alleged in this Complaint, from any accounts at any bank, savings and
9 loan association, broker-dealer or any other financial institution in the name of any of the
10 Defendants, or controlled by any of the Defendants, without leave of the Court.

11 **II. RESTITUTION**

12 1. For a Final Judgment requiring Defendants USA LadyCare, Cole, and O'Neal, and
13 such Does as may be subsequently named, and each of them, individually, jointly and severally, to
14 rescind each and all of the unlawful transactions alleged in this Complaint, as shall be determined by
15 this Court to have occurred, and further requiring all Defendants and such Does as may be
16 subsequently named, and each of them, individually, jointly and severally, to pay full restitution to
17 each person determined to have been subject to the Defendants' acts or practices which constitute
18 violations of the Corporate Securities Law, in an amount of at least \$200,000, or according to proof.
19 In addition, to pay either the contracted rate of interest or the legal rate of interest for the amounts
20 invested by the investors from the dates of their investments to the date of judgment herein.

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

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III. CIVIL PENALTIES

For a Final Judgment requiring Defendants USA LadyCare, Cole, and O'Neal, and such Does as may be subsequently named, and each of them, to pay to the Department of Corporations \$25,000 as a civil penalty for each act in violation of the Corporate Securities Law, as authorized by Corporations Code section 25535; in an amount of at least \$1,100,000 or according to proof.

IV. ORDER TO RETAIN JURISDICTION

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

V. OTHER RELIEF

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

Dated: October 21, 2006
Los Angeles, California

Respectfully submitted,

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
UCHE L. ENENWALI
Corporations Counsel
Attorneys for Plaintiff