

1 MARY ANN SMITH  
Deputy Commissioner  
2 ALEX M. CALERO (SBN 238389)  
Corporations Counsel  
3 CALIFORNIA DEPARTMENT OF CORPORATIONS  
4 1350 Front Street, Room 2034  
San Diego, California 92101  
5 Telephone: (619) 525-4044  
6 Facsimile: (619) 525-4045

FILED  
CIVIL BUSINESS OFFICE  
CENTRAL DIVISION  
2012 DEC 19 PM 4:01  
CLERK-SUPERIOR COURT  
SAN DIEGO COUNTY, CA

7 Attorneys for the People of the State of California

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 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  
28

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

12  
13 By: \_\_\_\_\_  
14 ALEX M. CALERO  
15 Corporations Counsel  
16 Attorney for the People of California  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28