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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER
FEB 01 2005
ALAN SLATER, Clerk of the Court
BY: MERCY DOMINGUEZ, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the COMMISSIONER OF CORPORATIONS, Plaintiff, vs. ALTERNATE BUSINESS CAPITAL, a Corporation; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO, individually, HELEN TKALEC, individually; BEN APARICIO, individually; FRANCISCO CANDEDO, individually; and DOES 1-20, inclusive. Defendants.	Case No.: 05CC00021 JUDGE JONATHAN H. CANNON DEPT. CX102 COMPLAINT FOR TEMPORARY RESTRAINING ORDER; PRELIMINARY INJUNCTION; PERMANENT INJUNCTION; CIVIL PENALTIES; AND ANCILLARY RELIEF (Corporations Code §§ 25110. 25210. 25230; and 25401)

William P. Wood, Commissioner of Corporations for the State of California, acting to protect the public from the unlawful and fraudulent sale of unqualified securities and unlicensed activity by a natural persons involved in the securities and escrow businesses, brings this action in the public interest in the name of the People of the State of California. The People of the State of California allege as follows:

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VENUE AND JURISDICTION

1. Plaintiff, by this action and pursuant to Corporations Code §25530, seeks to enjoin defendants: 1) from effecting transactions in securities in this state without having secured from the Corporations' Commissioner a certificate authorizing defendants to act in that capacity in violation of Corporations Code §25110; 2) from engaging in the offer and sale of securities in this state without being properly licensed as a broker-dealer in violation of Corporations Code §25210; 3) from engaging in the offer and sale of securities in this state without being properly licensed as an investment adviser in violation of Corporations Code §25230; and 4) from offering and selling unqualified, nonexempt securities by means of misrepresentations of material facts and/or omissions of material facts in violation of Corporations Code §25401. Plaintiff also seeks a permanent injunction, asset freeze, appointment of a receiver, restitution, disgorgement and civil penalties pursuant to Corporations Code §25535.

2. Defendant, NIA (NGHIA) S. CANO is a natural person residing in the County of Orange, State of California and at all times mentioned, was doing business as ALTERNATE BUSINESS CAPITAL, a Corporation; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC, and ASSET ACHIEVERS ASSOCIATES all having a principal place of business in Orange County. Cano at all times mentioned herein has engaged in unlawful activity throughout the State of California and in other states, specifically including Utah, while domiciled in the County of Orange, State of California. The transactions, which involved violations of law, hereinafter described, were conducted in various counties in the State of California. Plaintiff is informed and believes, and thereon alleges, that Cano was the principal control person of activities involving all defendants, which were intended to defraud investors with the offer and sale of securities.

3. Defendant, ALTERNATE BUSINESS CAPITAL, is and at all times mentioned herein, was a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that ALTERNATE BUSINESS CAPITAL was one of the many companies utilized by Cano and other defendants in a scheme to offer and sell unqualified, non-exempt securities to investors in California

and other states, including Utah and Nevada, and as an alter ego of Cano was used to defraud investors with sales of securities.

4. Defendant, PRO-FIN, LLC is and at all times mentioned herein, was a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that PRO-FIN, LLC was one of the various companies utilized by Cano and other defendants in a scheme to defraud investors with sales of securities.

5. Defendant, MUTUAL BENEFITS UNION CORPORATION at all times mentioned herein, was a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that MUTUAL BENEFITS UNION CORPORATION was one of the various companies utilized by Cano and other defendants in a scheme to defraud investors with the sales of securities.

6. Defendant, MRD NETWORK, LLC is a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that MRD NETWORK, LLC was one of the various companies utilized by Cano and other defendants in a scheme to defraud investors with the sales of securities.

7. Defendant, ABC, LLC is a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that ABC, LLC was one of the various companies utilized by Cano and other defendants in a scheme to defraud investors with the sales of securities.

8. Defendant SELL MORE, LLC is a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that SELL MORE, LLC was one of the various companies utilized by Cano and other defendants in a scheme to defraud investors with the sales of securities.

9. Defendant ASSET ACHIEVERS ASSOCIATES is a corporation licensed to conduct business in the State of California with a principal place of business in Orange County. Plaintiff is informed and believes, and thereon alleges, that ASSET ACHIEVERS ASSOCIATES is a successor company to Alternate Business Capital and was one of the various companies utilized by Cano and

State of California - Department of Corporations

other defendants in a scheme to defraud investors with the sales of securities.

10. Defendant, HELEN TKALEC at all times mentioned herein, is a natural person residing in Orange County, California on information and belief, was working along with Cano, and similarly engaged in the offer and sale of unqualified non-exempt securities in California and other states, specifically including Utah. Plaintiff is informed and believes, and thereon alleges, that TKALEC, working in conjunction with CANO, was an owner, principal, partner, joint venturer, or authorized agent in many of the various businesses also named as defendants, that were engaged in activities that resulted in a fraud on investors by means of the sale of unqualified non-exempt securities and unlicensed broker-dealer activities.

11. Defendant, BEN APARICIO at all times mentioned herein, is a natural persons residing in Orange County, California on information and belief, was working along with Cano, and was an owner, principal, partner, joint venturer, or authorized agent in many of the various businesses also named as defendants, that were engaged in the offer and sale of unqualified non-exempt securities in California and other states, specifically including Utah. Plaintiff is informed and believes, and thereon alleges, that APARICIO, working in conjunction with CANO, was engaged in activities that resulted in a fraud on investors by means of sales of unqualified non-exempt securities and unlicensed broker-dealer activities in violation of the California Corporate Securities Law.

12. Defendant, FRANCISCO CANDEDO at all times mentioned herein, is a natural persons residing in Orange County, California on information and belief, was working along with Cano, and was an owner, principal, partner, joint venturer, or authorized agent in many of the various businesses also named as defendants, that were engaged in the offer and sale of unqualified non-exempt securities in California and other states, specifically including Utah. Plaintiff is informed and believes, and thereon alleges, that CANDEDO, working in conjunction with CANO, was engaged in activities that resulted in a fraud on investors by means of sales of unqualified non-exempt securities and unlicensed broker-dealer activities in violation of the California Corporate Securities Law.

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State of California - Department of Corporations

DEFENDANTS

13. At all relevant times hereto, CANO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES, engaged in the unlicensed business of effecting transactions in unqualified, nonexempt securities in this state by means of misrepresentations or omissions of material facts, in violation of Corporations Code §§ 25110, 25210, 25230 and 25401. While unlawfully engaged, CANO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES sold more than $3 million in unlawful securities to at least 100 investors. On November 16, 2004, CANO pled guilty to criminal securities fraud charges in Utah, based on the operation of various businesses, including Alternate Business Capital, and stipulated that she defrauded investors, under factual circumstances substantially the same as those alleged herein.

14. At all relevant times hereto, TKALEC, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES engaged in the unlicensed business of effecting transactions in unqualified, nonexempt securities in this state by means of misrepresentations or omissions of material facts, in violation of Corporations Code §§ 25110, 25210, 25230 and 25401. Plaintiff is informed and believes, and thereon alleges that, while unlawfully engaged, TKALEC, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES sold more than $3 million in unlawful securities to investors, for which she charged and received commissions from Cano.

15. At all relevant times hereto, APARICIO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES, engaged in the unlicensed business of effecting transactions in

unqualified, nonexempt securities in this state by means of misrepresentations and omissions of material facts, in violation of Corporations Code §§ 25110, 25210, 25230 and 25401. Plaintiff is informed and believes, and thereon alleges that, while unlawfully engaged, APARICIO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES sold more than $3 million in unlawful securities to investors, for which he charged and received commissions from Cano.

16. At all relevant times hereto, CANDEDO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES, engaged in the unlicensed business of effecting transactions in unqualified, nonexempt securities in this state by means of misrepresentations or omissions of material facts, in violation of Corporations Code §§ 25110, 25210, 25230 and 25401. Plaintiff is informed and believes, and thereon alleges that, while unlawfully engaged, CANDEDO, individually and doing business as ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES, sold more than $3 million in unlawful securities to investors, for which he charged and received commissions from Cano.

17. At all relevant times hereto, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES were engaged in the unlicensed business of effecting transactions in unqualified, nonexempt securities in this state by means of misrepresentations or omissions of material facts, in violation of Corporations Code §§ 25110, 25210, 25230 and 25401. While unlawfully engaged, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES were not licensed to offer or sell securities, nor were they exempt.

18. Plaintiff is informed and believes, and thereon alleges, that all defendants,

State of California - Department of Corporations

ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES, LLC; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO were at all times mentioned, principals, agents, employers, employees, co-venturers, or co-conspirators, and were acting in their respective capacities in doing the acts complained of, thereby imputing liability to each other and jointly and severally liable for the violations of the Corporate Securities Law as alleged herein.

19. Plaintiff alleges upon information and belief that at all times mentioned herein, all defendants, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO were each alter egos of the other, being concurrently engaged and cooperating with each other in the offer and sale of unqualified, nonexempt securities in the State of California, namely securities in the form of investment contracts under the Mutual Benefits Union company, to investors in California and Utah and, upon belief, other states as well, based on misrepresentations and omissions of material facts that resulted in a fraud on investors. As a result, each defendant should be held jointly and severally liable for the acts and omissions, misrepresentations and fraud, of all other defendants.

20. Plaintiff is unaware of the identities of the defendants fictitiously-named as DOES 1 through 20, inclusive, and alleges upon information and belief that at all times mentioned herein, that these DOE defendants, along with all other defendants, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC and ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO were each alter egos of the other, being concurrently engaged and cooperating with each other in the offer and sale of unqualified, nonexempt securities in the State of California, namely securities in the form of investment contracts under the Mutual Benefits Union company, to investors in California and Utah and, upon belief, other states as well, based on misrepresentations and omissions of material facts that resulted in a fraud on investors.

State of California - Department of Corporations

As a result, each defendant should be held jointly and severally liable for the acts and omissions, misrepresentations and fraud, of all other defendants. Upon learning of the true identities of those named as DOES 1 through 20, inclusive, plaintiff will amend the complaint as appropriate.

FACTS

21. Within past four years Defendants, and each of them, engaged in a course of conduct utilizing various business entities that ultimately created investment opportunities involving unqualified nonexempt securities in the State of California in violation of Corporations Code section 25110. Through the use of the businesses including but not limited to Alternate Business Capital, Pro-Fin, Mutual Benefits Union Corporation, MRD Network, ABC, Sell More, and Asset Achievers Associates, defendants solicited members of the general public for membership in the ABC company, and once members in ABC, defendants encouraged the members to utilize MBU as an investment company to invest in speculative and allegedly high yield investments in non specified "foreign" bank deposit accounts. Defendants further solicited membership in ABC through seminars located at upscale hotels, offering lavish meals, and yacht trips all to create the illusion of wealth and financial success of the promoters. Investors were promised "100% of principal and interest guaranteed." They were promised returns at rates up to and exceeding 11% per month.

22. In offering these investment opportunities in the high yield off shore accounts the individual defendants and their affiliated companies were engaged in unlicensed broker/dealer activities in violation of Corporations Code section 25210.

23. The promotional materials touted the success of the companies as follows: "After five decades in the business, MBU Management is now managing fund assets of over $3 billion for more than 3600 private and business owner investors worldwide." Defendants claim that they are "affiliated with over 300 investment professionals" in numerous countries around the world. Defendants failed however, to disclose that in October 1997 the Federal Trade Commission ("FTC") issued an injunction against Defendant Cano and others for operating a pyramid scheme and Cano stipulated to a permanent injunction by the FTC on June 23, 1998. Defendants further failed to inform investors that they had no license to offer or sell securities in or from the State of California and failed to inform investors that the securities in the form of investment of contracts could not be

State of California - Department of Corporations

sold in California without obtaining a qualification from the Commissioner of Corporations and that no qualification statement had been obtained. As a result the defendants misrepresented and/or omitted material facts in conjunction with the offer or sale of securities in violation of Corporations Code section 25401.

24. As part of the investment strategy defendants created various corporations purportedly designed to fully service professional and business needs of the members, by offering business services including, bill paying services, credit cards, and vehicle lease programs. However, Plaintiff is informed and believes and therefore alleges that the entire business planning scheme is nothing more than a scheme to entice members to invest more money into the defendants' companies. Members who obtained credit cards through defendants companies were urged to charge cash advances to the cards and use that money to investment in defendants' companies, with the promised returns to be used to pay off the monthly credit card bills. However, many members who utilized these services were disappointed by the defendant's failure to perform the services offered, because credit card bills went unpaid and investors lost not only their investment money, but in some cases were faced with massive debt and forced into bankruptcy.

25. Defendants actively recruited members through affiliation with various ethnic, religious and community groups, utilizing the leaders of the various groups as recruiters for defendants' business ventures. Recruiters were paid a significant amount of money as an inducement to bring others into the scheme. Additionally, the defendants' offered a Friends and Family Incentive Plan that paid current members cash for bringing in friends and family. This fostered trust and confidence in the investors that defendants' business opportunities were legitimate when in fact they were simply a scheme to separate investors' money for defendants' own purposes. As a result, when the business services were not performed or the investments failed, the members were reluctant to report these failures to the appropriate authorities and, in fact, were urged by the alleged trustworthy recruiters to believe defendants' assurances that the services would be provided or that the investments would pay the promised returns. Many of the members have gone more than a year with no payments made or services provided resulting in significant financial losses.

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State of California - Department of Corporations

26. The plaintiff is informed and thereon alleges that all of the defendants and their affiliated companies are interrelated as follows: Nia Cano is recorded in secretary of State documents as the managing member of Sell More owned by Fancisco Candedo and the organizer of Sell More LLC is ABC, LLC aka Alternate Business Capital, LLC. Jelena Tkalec owns Pro-Fin, LLC and Cano is listed as a manager. Mutual Benefits Union Corporation lists Nia Cano as President and Helen Tkalec as Treasurer. Alternate Business Capital and Asset Achievers Associates are owned by Nia Cano and the current fictitious name registration lists MRD Network as the owner. MRD Network, LLC lists Nia Cano as the registered agent. The fictitious business name filed for Alternate Business Capital, LLC lists the owner as Pro-Fin, LLC, owned by Tkalec and "managed" by Cano.

27. By employing professionals such as accountants and lawyers who speak various foreign languages, defendants are able to obtain client lists to use for recruiting "members" of ABC and future investors in the defendants' scheme of companies.

FIRST CAUSE OF ACTION

UNLAWFUL OFFER AND SALE OF UNQUALIFIED, NONEXEMPT SECURITIES
(Corporations Code §25110)
AS AGAINST ALL DEFENDANTS

28. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 27, inclusive, as though set forth at length herein.

29. Corporations Code §25110 makes it unlawful to offer or sell nonexempt, unqualified securities. That section states:

> It is unlawful for any person to offer or sell in this state any security in an issuer transaction (other than in a transaction subject to Section 25120), whether or not by or through underwriters, unless such sale has been qualified under Section 25111, 25112 or 25113 (and no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification) or unless such security or transaction is exempted or not subject to qualification under Chapter 1 (commencing with Section 25100) of this part.

Corporations Code §25535 states:

> (a) Any person who violates any provision of this law, or who violates any rule or order under this law, shall be liable for a civil penalty not to exceed twenty-five thousand dollars ($25,000) for each violation, which shall be 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.

State of California - Department of Corporations

30. Beginning at an exact date that is unknown to plaintiff; but at least since October 2000, and continuing through the present, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, unlawfully offered and sold to more than 20 residents of the State of California and Utah unqualified, nonexempt securities.

31. Defendants' pattern of conduct, as set forth above, demonstrates the necessity for granting injunctive and ancillary relief restraining such and similar acts in violation of §25110, and providing restitution or disgorgement to investors, as well as imposition of appropriate civil penalties.

WHEREFORE, Plaintiff prays for judgment against defendants, and each of them, as set forth below.

SECOND CAUSE OF ACTION

UNLICENSED BROKER-DEALER ACTIVITY
(Corporations Code §25210)
AS AGAINST ALL DEFENDANTS

32. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 27, inclusive, as though set forth at length herein.

33. Corporations Code § 25210(a) sets forth the securities broker-dealer licensure requirement as follows:

> Unless exempted under the provisions of Chapter 1 (commencing with Section 25200) of this part, no broker-dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of; any security in this state unless the broker-dealer has first applied for and secured from the commissioner a certificate, then in effect, authorizing that person to act in that capacity.

Corporations Code §25535 states:

> (a) Any person who violates any provision of this law, or who violates any rule or order under this law, shall be liable for a civil penalty not to exceed twenty-five thousand dollars ($25,000) for each violation, which shall be 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.

State of California - Department of Corporations

34. Defendants, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, are not licensed to offer or sell securities by the Corporations Commissioner or any other similar licensing entity. Beginning at an exact date unknown to Plaintiff, but at least since October 2000, and continuing until the present, defendants unlawfully engaged in the business of effecting transactions in the State of California by acting in such capacity without securing from the Corporations Commissioner or any similar licensing entity an authorizing broker-dealer certificate. Defendants' unlawful acts include, but are not limited to, engaging in a course of business of offering and selling unregistered and nonexempt securities within the state to more than 20 people, most residents of California and Utah. Plaintiff is informed and believes, and thereon alleges, that the scheme defrauded hundreds of investors and millions of dollars invested have been lost.

35. Defendants' pattern of conduct, as set forth above, demonstrates the necessity for granting permanent injunctive and ancillary relief restraining such and similar acts in violation of §25210, and providing restitution to investors and disgorgement of all profits obtained, as well as imposition of appropriate civil penalties.

WHEREFORE, Plaintiff prays for judgment against defendants, and each of them, as set forth below.

THIRD CAUSE OF ACTION

UNLICENSED INVESTMENT ADVISER ACTIVITY
(Corporations Code §25230)
AS AGAINST ALL DEFENDANTS

36. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 27, inclusive, as though set forth at length herein.

37. Corporations Code § 25230(a) sets forth the investment adviser licensure requirement as follows:

> It is unlawful for any investment adviser to conduct business as an investment adviser in this state unless the investment adviser has first applied for and secured from the commissioner a certificate, then in effect, authorizing the investment adviser to do so or unless the investment adviser is exempted by the provisions of Chapter 1

State of California - Department of Corporations

(commencing with Section 25200) of this part, or unless the investment adviser is subject to Section 25230.1.

Corporations Code §25009 defines an investment advisor as: "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as a part of regular business, publishes analyses or reports concerning securities.

Corporations Code §25535 states:

(a) Any person who violates any provision of this law, or who violates any rule or order under this law, shall be liable for a civil penalty not to exceed twenty-five thousand dollars ($25,000) for each violation, which shall be 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.

38. Defendants, ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, are not licensed to as investment advisors, nor are they exempt. Beginning at an exact date unknown to Plaintiff, but at least since October 2000, and continuing until the present, defendants unlawfully engaged in the business of advising others, as to the value of securities or as to the advisability of investing in, purchasing or selling securities for compensation and as part of their regular business. Defendants' unlawful acts include, but are not limited to, engaging in a course of business of offering and selling unregistered and nonexempt securities within the state to more than 20 people, most residents of California and Utah. Plaintiff is informed and believes, and thereon alleges, that the scheme defrauded hundreds of investors and millions of dollars invested have been lost.

39. Defendants' pattern of conduct, as set forth above, demonstrates the necessity for granting permanent injunctive and ancillary relief restraining such and similar acts in violation of §25230, and providing restitution to investors and disgorgement of all profits obtained, as well as imposition of appropriate civil penalties.

WHEREFORE, Plaintiff prays for judgment against defendants, and each of them, as set forth below.

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State of California - Department of Corporations

FOURTH CAUSE OF ACTION

UNLAWFUL OFFER AND SALE OF SECURITIES BY MEANS OF UNTRUE STATEMENTS OR OMISSIONS OF MATERIAL FACT (Corporations Code §25401) AS AGAINST ALL DEFENDANTS

40. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 27, inclusive, as though set forth at length herein.

41. Corporations Code §25401 makes it unlawful to offer or sell securities by means of untrue statements or omissions of material fact. This section states:

> 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.

42. Beginning at an exact date that is unknown to plaintiff; but at least since October 2000 and continuing through the present, defendants ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, offered and sold to California's investing public securities issued by

43. ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, offered and sold the securities by representing to these prospective investors that they had professional skill and work experience relating to investments and management of personal finances.

44. Defendants, and each of them, made the above misrepresentations of fact to the investors with full knowledge of the truth, as indicated in Paragraphs 1 through 27. To date, none of the investors have received a return of their principal or interest, as promised.

45. Defendants' pattern of conduct, as set forth above, demonstrates the necessity for granting injunctive and ancillary relief restraining such and similar acts in violation of §25401, and providing restitution or disgorgement to investors, as well as imposition of appropriate civil penalties.

46. Corporations Code §25535 states:

> (a) Any person who violates any provision of this law, or who violates any rule or order under this law, shall be liable for a civil penalty not to exceed twenty-five thousand dollars ($25,000) for each violation, which shall be 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.

47. Defendants, and each of them, have violated the securities laws in the State of California, as alleged in the First, Second and Third Causes of Action, alleged above. As a result, defendants' pattern of conduct, as set forth above, demonstrates the necessity for granting permanent injunctive and ancillary relief restraining such and similar acts in violation of §25401, and providing restitution or disgorgement to investors, as well as imposition of appropriate civil penalties.

WHEREFORE, Plaintiff prays for judgment against defendants, and each of them, as follows:

AS AGAINST ALL DEFENDANTS ON ALL CAUSES OF ACTION:

1. For a temporary restraining order and order of preliminary injunction restraining and enjoining all Defendants, their officers, directors, successors in interest, agents, employees, attorneys in fact, and all persons acting in concert or participating with them, or any of them, except the Receiver in the lawful exercise of his duties under the receivership, from directly or indirectly:

a. Violating Corporations Code Section 25110 by offering or selling or buying or offering to buy investment contracts or any other securities without that security being qualified pursuant to the Corporate Securities Law of 1968, or unless exempt;

b. Violating Corporations Code Section 25210 by effecting transactions in, attempting to induce or attempt to induce the purchase or sale of any security without having obtained a license as a broker-dealer from the Commissioner of Corporations;

c. Violating Corporations Code Section 25230 by engaging in the business of advising others, directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, without having obtained a license as an investment adviser from the Commissioner of Corporations;

d. Violating Corporations Code Section 25401 by offering or selling or buying or offering to buy investment contracts or any other securities by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact

State of California - Department of Corporations

necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

e. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, any books, records, documents, correspondence, brochures, manuals, or other documentation of any kind in the possession, custody or control of any of the Defendants.

f. Transferring, changing, disbursing, selling, dissipating, converting, pledging, assigning, foreclosing or otherwise disposing of any real or personal property or other assets, in their possession or under their control, or in the possession of, or under the control of, any of them, which property or other assets are or were to be held for the benefit of defendants' investors and/or creditors, or by any person for the benefit of any investors and/or creditors of defendants, and each of them, whether in trust or otherwise.

g. Withdrawing from any bank account, transferring, changing, disbursing, selling, dissipating, converting, pledging, assigning, foreclosing, or otherwise disposing of any real property or personal property in their possession or under their control, or in the possession of, or under the control of, any of the Defendants, which property or other assets were derived or emanated from directly, or indirectly, the sale or purchase or offer to sell or purchase securities under California law.

2. For an Order that, pursuant to section 25535(a) of the Corporations Code Defendants, and each of them, individually, jointly and severally, pay to the Department of Corporations, a civil penalty in the maximum sum of $25,000 (Twenty-five Thousand Dollars) for each act in violation of Corporations Code Section 25110, a maximum penalty of $25,000 (Twenty-five Thousand Dollars) for each act in violation of Corporations Code Section 25210, a maximum penalty of $25,000 (Twenty-five Thousand Dollars) for each act in violation of Corporations Code Section 25230, and a maximum penalty of $25,000 (Twenty-five Thousand Dollars) for each act in violation of Corporations Code Section 25401.

3. That pursuant to section 25530(b) of the Corporations Code defendants, and each of them, be ordered to disgorge all profits and compensation obtained as a result of the violations of law

State of California - Department of Corporations

complained of herein, all in the amounts and manner provided for by law.

4. For a Temporary Restraining Order and Permanent Injunction placing an immediate freeze on all funds, negotiable instruments and/or assets held in any bank or other accounts, certificates of deposit or otherwise, without limitation, in the name of or for the benefit of defendants ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, directly or indirectly, and each of them.

5. For an Order pursuant to Corporations Code section 25530(a) Appointing a Receiver ex parte, without notice, immediately and during the pendency of this action or until further order of the court, to take possession of all real and personal property and assets of defendants ALTERNATE BUSINESS CAPITAL; PRO-FIN, LLC; MUTUAL BENEFITS UNION CORPORATION; MRD NETWORK, LLC; ABC, LLC; SELL MORE, LLC; ASSET ACHIEVERS ASSOCIATES; NIA (NGHIA) S. CANO; HELEN TKALEC; BEN APARICIO; and FRANCISCO CANDEDO, and DOES 1 through 20, inclusive, whether directly or indirectly owned, beneficially or otherwise by, or in the possession, custody or control of defendants, and each of them, and such Does as may be subsequently named (hereinafter "receivership defendants"), and their respective subsidiaries and affiliates, and their successors and assigns wherever situated, or to which receivership defendants have any right of possession, custody or control, beneficially or otherwise, irrespective of whosoever holds such assets, including all such assets which receivership defendants carry or maintain, or which may be received during the pendency of this receivership, in order to obtain an adequate accounting of receivership defendants' assets and liabilities and to secure a marshalling of said assets, as more fully set forth in the Ex Parte Application for an Order Issuing a Temporary Restraining Order and Appointing a Receiver, filed herewith;

6. For an Order of restitution comprising all money taken in from investors;

7. For an Order that all defendants disgorge all profits arising from or generated through the use of the money taken in from investors;

8. That plaintiff recover its costs of suit herein, including costs of investigation; and;

State of California - Department of Corporations

9. For such and further relief as the court may deem just and proper.

Dated: January 31, 2005

WILLIAM P. WOOD
California Corporations Commissioner

State of California - Department of Corporations