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12 ANONYMOUS INVESTOR

13
14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15
16 **IN AND FOR THE COUNTY OF RIVERSIDE**

17 ANONYMOUS INVESTOR,)
18 and similarly situated persons)
19 in the public interest,)
20 Plaintiff/Petitioner,)
21 vs.)
22 JOVANE INVESTMENTS;)
23 COMMUNITY FIRST BANK;)
24 GMAC MORTGAGE CORP.;)
25 SUNTRUST MORTGAGE;)
26 AURORA LOAN SERVICES;)
27 HOME EQ SERVICING;)
28 SLS LOAN SERVICING;)
29 SUNBURST FINANCIAL)
30 SYSTEMS; OETTING)
31 ENTERPRISES, INC.;)
32 DOES 1 through 250, Inclusive,)
33 Defendants/Respondents.)

CASE NO. RIC463483

FIRST AMENDED
COMPLAINT FOR FRAUD,
UNFAIR BUSINESS PRACTICES,
DISSOLUTION OF PARTNERSHIP
[Corporations Code § 2000], DECLARATORY
RELIEF; FRAUDULENT CONVEYANCE

Unlimited Civil Jurisdiction

Assigned for All Purposes to:
JUDGE DALLAS HOLMES

34 ***Plaintiff and Petitioner, ANONYMOUS INVESTOR, hereby petitions and***
35 ***alleges as follows:***

- 36 1. ANONYMOUS INVESTOR (“INVESTOR”) is a resident of the City of Temecula,
37 County of Riverside, State of California. INVESTOR is similarly situated to at least
38 400 other victims of the fraud of Defendant JOVANE INVESTMENTS (“JOVANE”)

1 and STONEWOOD CONSULTING, INC., (“STONEWOOD”) or related entities, as
2 alleged herein. Plaintiff previously sued under a pseudonym because notice of the
3 name of the Plaintiff, at that time, would foreseeably cause harm to her and/or her
4 family because of previous perceived threats made by Defendants or persons related
5 to business dealings of JOVANE and STONEWOOD and the fact that financial
6 privacy is a huge concern in this case. INVESTOR continues to seek protective
7 orders as necessary to the protection of her and her family, in the interest of
8 preventing harm to ongoing investigations, and in the interest of preserving assets
9 held by the Defendants. The true name of INVESTOR is VICKY REISS.

10 2. Defendants COMMUNITY FIRST BANK, GMAC MORTGAGE CORP., AURORA
11 LOAN SERVICES, HOME EQ SERVICING, SLS LOAN SERVICING, and DOES 1
12 through 20, Inclusive, are mortgage lending companies who have an interest in the
13 adjudication of this matter and who regularly conduct business within the borders
14 of the State of California, and in the County of Riverside. As many as several
15 hundred loans with said mortgage providers, or other lenders, may be affected by
16 this litigation and said lenders have a direct and equitable interest in the
17 constructive trust to be established by this Court as against Defendant JOVANE
18 INVESTMENTS, STONEWOOD CONSULTING, INC., PACIFIC WEALTH,
19 OETTING ENTERPRISES, SUNBURST FINANCIAL SYSTEMS, and
20 companies/persons related to the same. Most of these hundreds of loans have been
21 originated in the Murrieta/Temecula Valley.

22 3. Defendant JOVANE INVESTMENTS, is a business entity of unknown origin or form,
23 that operates within the County of Riverside, State of California. Upon information
24 and belief, it is alleged that JOVANE INVESTMENTS is ostensibly operating from
25 an address commonly known and located at 26555 Mahonia Way, Murrieta, CA
26 92562. Plaintiff will amend this complaint if new or different information comes to
27 light. JOVANE INVESTMENTS, while purporting to be a legitimate business
28 enterprise, has failed to identify its true address, place of business, or location on the

1 Internet. Defendants SUNBURST FINANCIAL SYSTEMS and OETTING
2 ENTERPRISES, INC., are alleged to be business operating within the State of
3 California, but of unknown true form and identity. These two defendants appear
4 throughout JOVANE INVESTMENTS-related activities as documented by
5 INVESTOR and other class members.

6 4. JOVANE INVESTMENTS is not known to plaintiffs to be licensed as a securities
7 investment firm, certified financial planning firm, law firm, currency broker, or
8 other licensed entity relating to the type of business, which ordinarily requires a
9 license to operate within the State of California, in which JOVANE INVESTMENTS
10 (“JOVANE”) is currently claims to be engaged.

11 5. Defendant DOE 21 is HENDRIX MONTECASTRO is an individual who is the
12 president of STONEWOOD CONSULTING, INC., and a licensed real estate
13 professional. HENDRIX MONTECASTRO is the principal operator of the entire
14 scheme mentioned herein and he directed, advised, and supervised the activities of
15 the other defendants accused of fraud in this complaint. HENDRIX
16 MONTECASTRO set up and maintained all relevant connections between the
17 Plaintiff and all Defendants, including the innocent lenders.

18 6. DOE 22, HELEN MONTECASTRO, is DOE 21's mother and co-conspirator. She was
19 largely responsible for advertising the activities of her son and his fraud scheme.

20 7. DOE 23 is PACIFIC WEALTH MANAGEMENT, (“PACIFIC WEALTH”) a Nevada
21 company, and co conspirator of the other defendants. PACIFIC WEALTH is not
22 related to a legitimate California company located in San Diego. The misuse of
23 Pacific Wealth Management’s name and license is the subject of related litigation in
24 Riverside County Superior Court Case No. RIC462505 in the matter of *Pacific*
25 *Wealth Management LLC v. Pacific Wealth Management LLC*. PACIFIC WEALTH
26 is headed up by Defendants JAMES DUNCAN and MAURICE McLEOUD.

27 8. DOE 24 is now known to be STONEWOOD CONSULTING, INC. (“STONEWOOD”),
28 a California corporation licensed to do real estate business in the State of California.

1 DOES 21-30 and 32 have worked in participation and concert with STONEWOOD
2 to steal money from innocent investors, to misrepresent STONEWOOD's legal ability
3 to sell and transfer investments and securities (notes). STONEWOOD is not a
4 licensed securities or investments broker within the State of California.
5 STONEWOOD employees, agents and principals have regularly used the name of
6 Pacific Wealth Management, the plaintiff in Case No. RIC 462505 in an unlawful,
7 misleading, and unfair manner to the detriment of the victims and Pacific Wealth
8 Management of San Diego. Members of the public, including Defendant JAMES
9 DUNCAN's neighbors, know him to be the perceived head of STONEWOOD, even
10 though DUNCAN is not know to be a licensed real estate professional.

11 9. DOE 25 is known to be MAURICE McLEOUD (phonetic). He purports to be a
12 principal agent of PACIFIC WEALTH. Mr. McLEOUD has regularly represented
13 himself as being connected with PACIFIC WEALTH and STONEWOOD and capable
14 of managing investments for the victims of the fraud described herein. McLEOUD
15 was personally responsible for "investor relations" and would regularly lie to victims
16 in an effort to keep afloat the fraud alleged below. He would do so by leaving
17 telephonic messages and the like in furtherance of the scheme. He was the contact
18 person for many of the victims who wished to raise questions about their
19 involvement with the Defendants.

20 10. DOE 26 is now known to be JAMES DUNCAN, the ostensible principal operator of
21 illegal business enterprises otherwise known as STONEWOOD CONSULTING,
22 PACIFIC WEALTH, SUNBURST FINANCIAL SYSTEMS, JOVANE INVESTMENTS,
23 something commonly known as www.hensongroup.net, and other entities involved
24 in the fraud alleged herein. Mr. DUNCAN ostensibly has a history of being involved
25 in fraud-related businesses.

26 11. DOE 27 is now known to be CHRIS OETTING. OETTING is alleged to be the
27 principal operator of the business defendant known as OETTING ENTERPRISES.
28 OETTING is the recipient of hundreds of fraudulent wire transfers from and to

1 victims of an elaborate “investment” and real estate fraud case as alleged herein.
2 MR. OETTING and OETTING ENTERPRISES were essentially laundering money
3 for the other Defendants at all relevant times.

4 12. DOE 28 is now known to be LINDA BROOKS, the alleged mother-in-law of
5 Defendant JAMES DUNCAN. She regularly represented herself as an agent of the
6 other corporate and business defendants listed herein. She was also responsible for
7 contacting disgruntled investors and furthering lies to keep the investors at bay. She
8 left recorded messages with Plaintiff and others as well.

9 13. DOE 29 now known to be JEAN LEVITT is a licensed California public notary. She
10 regularly and knowing presented false document for fraud victims to sign so that the
11 other Defendants could continue in their fraudulent activities. She regularly
12 represented herself, in voice-mail messages, which were recorded and saved, as
13 being associated with PACIFIC WEALTH. It is alleged that some of these messages
14 were left even after the related *Pacific Wealth Management LLC* case was instituted
15 against the Defendant PACIFIC WEALTH.

16 14. DOE 30 now known to be CRYSTAL FINGERS is a licensed California public notary.
17 She regularly and knowing presented false document for fraud victims to sign so that
18 the other Defendants could continue in their fraudulent activities.

19 15. DOE 31 is commonly known as www.hensongroup.net. This is a business
20 pseudonym for JAMES DUNCAN. DUNCAN regularly communicates with victims
21 of his fraud through an e-mail address originating from this website.

22 16. DOE 32 is now known to be ARBOR TERRACE REAL ESTATE, a California
23 corporation doing business in the City of Murrieta. It falsely represents itself to the
24 victims as being a legitimate property management company that handles
25 STONEWOOD and PACIFIC WEALTH assets and management for the alleged
26 benefit of the victims described in this complaint.

27 17. Plaintiff incorporates by specific reference all pleadings, allegations, and filings,
28 including exhibits, in the pending matter of Riverside County Superior Court Case

1 No. 462505 (*Pacific Wealth Management LLC v. Pacific Wealth Management LLC*).

2 18. DOES 21 through 250, to the extent no otherwise mentioned above, are other
3 persons, agents, representatives, employees, principals, parties acting in concert
4 with, or business entities associated with the tortious and illegal activities of the
5 other identified Defendants. Each of these DOE defendants conspired with,
6 formulated schemes with, acted with, worked with, or acted in a representative
7 capacity as to the others.

8 19. Serious irreparable harm will occur if the JOVANE and STONEWOOD defendants
9 are not stopped from engaging in the illegal behavior complained of herein. Said
10 Defendants are engaged in a nuisance per se' and bond may not be required for
11 issuance of writs of attachment, injunctive relief, and receiverships.

12 20. Defendants have been on notice of the illegality of their activities for a period of
13 years and have consistently threatened to sue or silence anyone who comes against
14 them. Moreover, specific notice under Section 1782 of the *California Code of Civil*
15 *Procedure* was given to STONEWOOD CONSULTING in January of 2007. Said
16 Defendant promised, in writing, to cease and desist all "investment" related
17 activities. However, they have breached that promise and continue to call
18 "investment group" meetings relating to JOVANE, PACIFIC WEALTH, and JAMES
19 DUNCAN (who purport to be able to sell and manage securities and currency
20 investments).

21 21. The original complaint was filed in this action on or about January 5, 2007. The
22 allegations and exhibits of which Plaintiff seeks judicial notice of and incorporates
23 the same as though fully set forth herein.

24 **STATEMENT OF RELEVANT FACTS**

25 **APPLICABLE TO ALL CAUSES OF ACTION**

26 22. Plaintiff hereby incorporates paragraphs 1 through 21 as though fully set forth and
27 alleged herein.

28 23. In fall of 2004, Plaintiff joined an alleged investment group based out of Murrieta.

1 The principals and agents of JOVANE, STONEWOOD, PACIFIC WEALTH and
2 related mortgage company representatives, were the entities/persons responsible for
3 establishing the group and finding interested investors. REISS was a member of the
4 “investment group” created by the Defendants or their agents. REISS and HELEN
5 MONTECASTRO both worked at Rancho Springs hospital in Murrieta, California.
6 HELEN MONTECASTRO abused her position and fiduciary responsibility as a nurse
7 supervisor at Rancho Springs to accomplish the involvement and inducement of
8 victim REISS and others in the STONEWOOD scheme.

9 24. JOVANE and PACIFIC WEALTH are not licensed real estate companies, licensed
10 securities firms, licensed financial institutions, or licensed currency brokers within
11 the United States or California. The “investment group” is a fraud and Plaintiff did
12 not find out about the same until many months later. The investment group
13 commonly lured investors by sponsoring sales and information meetings at a Marie
14 Callendars’ food establishment located on Ynez and Rancho California streets in the
15 City of Temecula, County of Riverside, State of California. At these meetings,
16 HELEN MONTECASTRO and other would get potential investor-victims excited
17 about investing and would give the testimonies of allegedly successful investors
18 (some of whom worked with the new inductees). Said investor meetings took place
19 in and around fall of 2004 and thereafter. Meetings have occurred as recently as
20 just weeks ago. The purpose of these meetings is to have potential investors become
21 involved in the fraudulent schemes referenced in Exhibits “1” and “2” to the original
22 complaint filed in this action. The schemes all bear the hallmarks of what the
23 Federal Bureau of Investigation views as “property-flipping” and “skimming” real
24 estate activities. (See Exhibit “4” to the original complaint as sought to be
25 incorporated as though fully set forth herein). Lately, meetings have been called by
26 Defendants for the purpose of lying to “investors” about the meaning and
27 importance of this suit and the related action in the *Pacific Wealth Management*
28 *LLC* matter. One such meeting was held by Defendants on Wednesday, January 10,

1 2006, at 5:00 pm. At such recent meetings, promises of continued payments on the
2 primary residence mortgages of victims are promised and victims are told that
3 foreclosures on other properties are because of an inability to release investment
4 funds or other false excuses.

5 25. Many of the innocent persons brought into the “investment” group are of Filipino
6 descent and work within the hospital nursing community in the Temecula-Murrieta
7 area and Northern San Diego County. Rancho Springs Medical Center presently
8 employs many of the victims and at least one perpetrator of the fraud described and
9 alleged herein. Specifically HELEN MONTECASTRO worked for Rancho Springs
10 Medical Center at relevant times. Moreover, HELEN MONTECASTRO was the point
11 person on the “investment group” meetings in Temecula and perhaps elsewhere.
12 Furthermore, HENDRIX & HELEN MONTECASTRO are alleged to have sucked in
13 victims at the Temecula Church of Christ and caused congregants to lose hundreds
14 of thousands of dollars to the fraud alleged in this complaint. Indeed at least one
15 retired couple lost just about everything they own as a result of the fraud perpetrated
16 at Church of Christ.

17 26. In or about November 2004, the principals of JOVANE, PACIFIC WEALTH, and
18 STONEWOOD represented to Plaintiff and other similarly situated persons at
19 “investor meetings” that the investors could invest and buy into real estate. Also, at
20 some point in time thereafter, Plaintiff class members apparently gave some kind of
21 written power of attorney, or similar document, over to the defendants who used the
22 power to open hundreds of thousands of dollars in open lines of credit with now-
23 victim credit card companies. The victims would then receive, in some cases, dozens
24 of new credit cards in the mail in 2004-2006 and Defendants would instruct the
25 victims on how to activate and maintain the accounts that were set up without the
26 victims’ knowledge. At the time, Defendants represented to Plaintiff and the other
27 victims that the accounts were “necessary to build credit ratings.” This was false.
28 The lines of credit were intended to be used in a second phase of the fraud herein

1 where Defendants would demand that the victims use cash advance funds against
2 such accounts for emergency investment purposes and for payment on late or soon-
3 to-be late mortgages. Specifically, in late 2006, the victims of what appears to be
4 identity theft or misuse of powers of attorney, were demanded by Defendants to cash
5 out all open lines of credit, pay the proceeds to the JOVANE, STONEWOOD and
6 PACIFIC WEALTH related defendants, or face imminent foreclosure and financial
7 disaster. Other class members were told to cash out retirement accounts or other
8 accounts or be destroyed financially. The persons who made telephonic threats to
9 this effect were associated with the Defendants. One victim was told by JAMES
10 DUNCAN that her family would be “crushed” if she failed to comply with DUNCAN’s
11 requests relating to the alleged investment scheme. REISS was told she could be put
12 into bankruptcy if she did not follow the commands of the Defendants.
13 Transcriptions of various messages left with Plaintiff, and which were recorded by
14 Plaintiff, with full knowledge of the recorded persons, are attached hereto as Exhibit
15 “1” to this amended complaint.

16 27. As part of the scheme, from November 2004 to the present day, alleged “investors,”
17 including Plaintiff, with great credit rating histories would utilize their credit history
18 to qualify for multiple homes in the SW Riverside County. STONEWOOD would
19 find the homes, write the loans on the same, and manage these “investment” homes.
20 The “investment homes” would be rented out to members of the public and
21 STONEWOOD promised to pay the difference between the rent and the amounts
22 actually owed on first and second mortgages taken out against the property. In cases
23 such as Plaintiff’s, the difference was as much as \$3,000-4,000 on five homes, every
24 month, for a total of about \$20,000.00 that STONEWOOD promised to pay as the
25 rent to loan shortfall. After Plaintiff became suspicious of Defendants activities in
26 late 2006 and expressed her concerns to the Defendants, STONEWOOD cut off all
27 funding and sent the properties in a downward spiral toward foreclosure. Plaintiff
28 has ten loans that are about to default and foreclose. The lenders will lose much of

1 the value on the first trust deed mortgages and all of the money on the second loans
2 taken out on said properties. Plaintiff specifically had a credit score of over 760 at
3 the time she was first sucked into the Defendants' scheme. Her score is now less
4 than 600.

5 28. In November 2004 to the present day STONEWOOD and HENDRIX
6 MONTECASTRO would present false or incomplete loan documents to the investors,
7 including Plaintiff, for signature. STONEWOOD submitted loan documents on
8 behalf of REISS in November 2004, January 2005, and between September and
9 March 2006. Plaintiff did not know at the time that the loan documents were signed
10 that they were false or misleading. STONEWOOD did not list income on the
11 standard loan forms and filled those portions out later. References to SUNBURST
12 FINANCIAL in the loan documents were false. Specifically, STONEWOOD and the
13 MONTECASTROS were represent to REISS and other victims that "other investors"
14 had put money into an account for REISS and that the money listed as a asset on the
15 loan applications belonged to REISS but was an investment made on the part of the
16 "investment group." This later turned out to be false and the lenders involved in 10
17 loans involving REISS were misled into lending money that presupposed assets that
18 did not and could not have existed as represented on the loan applications.

19 29. STONEWOOD presented, unbeknownst to Plaintiff, false information on at least 12-
20 14 loan applications for Plaintiff alone for a total of approximately \$3,000,000.00
21 in bad loans that can never be repaid by Plaintiff. The false loans, that went through,
22 were for properties located at 38703 Falkirk Drive, Murrieta; 42171 East View,
23 Murrieta; 38537 Clearbrook Drive, Murrieta; 23876 Cloverleaf Way, Murrieta; and
24 29336 Gandolph Court, Murrieta. All such properties face foreclosure at this time
25 and amount to over \$3,000,000.00 in loan amounts and other damages associated
26 with the failure of the loans. (See Exhibit "3"). Exhibit "4" is a true and correct list
27 of properties that were also involved in the STONEWOOD scheme.

28 30. There are ostensibly over 400 other investors who were brought into the scheme of

1 the Defendants within the last three calendar years. The inflation of home values,
2 fraudulent appraisals, fraudulent loan applications, effects on credit histories of
3 victims, foreclosures, and other deleterious effects will severely damage Plaintiff and
4 the other investors affected by Defendants' egregious conduct as herein described.
5 There may be as many as 5000 loans, and/or loan purchase transactions by other
6 lenders affected by this matter. This is because married couples were typically
7 qualified for the purchase of 8-10 homes by STONEWOOD and single investors or
8 those without willing spouses would qualify for 2-5 homes by STONEWOOD.

9 31. The activities of STONEWOOD, JOVANE, and PACIFIC WEALTH are essentially a
10 Ponzi scheme whereby those "investors" who came in early in 2003 profited some
11 from the activities and the newer investors are paying for the mortgage obligations
12 of the older investors. New victims are alleged to have been brought in at meetings
13 in just the last 60 days.

14 32. **Description of the basic fraud scheme:** During November 2004 to the present
15 day, STONEWOOD has worked to "help" investors purchase hundreds of properties
16 at above-value prices. In some cases, values were inflated by 20-30%. Sellers would
17 be offered this inflated price and would give a kickback to Defendants in escrow. The
18 lenders affected by this were loaning more money that was needed on the
19 transactions alleged herein. Moreover, STONEWOOD was paid commissions far in
20 excess of normal rates in final escrow. STONEWOOD approached appraisers in the
21 Murrieta area with as much as 160 appraisals to be started in a single day. (See
22 Exhibit "2," a true and correct copy of e-mail received by Plaintiff's counsel).

23 33. STONEWOOD arranged for appraisers who would inflate the value of homes and
24 charge, in some cases, 10 times more than the appraisal should cost. Such monies
25 would come out of escrow and STONEWOOD and their corrupt appraisal teams
26 would benefit directly to the detriment of the "investment group." Not all
27 appraisers, as Exhibit "2" shows, were lured into the scheme.

28 34. All told, the "investors" in Plaintiff's group never see any of the excess proceeds from

1 any of the fraudulent sales described above. Moreover, STONEWOOD would later
2 refinance the homes for the victims and keep the proceeds from second trust deed
3 loans for “investments” with PACIFIC WEALTH and JOVANE. STONEWOOD
4 would promise a 300% return in three-year “investment plans” with what the
5 Defendants called “core investors” such as Plaintiff and other proposed class
6 members.

7 35. **The Iraq Dinars Scam:** As a separate and distinct scam, STONEWOOD and
8 JOVANE were offering the purchase of Iraqi dinars at a cost of approximately sixty
9 (60) times the actual dollar value/exchange rate for such currency. In this scam,
10 over the last several years, Defendants would take money directly from cash
11 “investors,” out of the alleged second trust deed loan proceeds, or from transfers
12 from credit card companies. However, Defendants never delivered any dinars, to
13 plaintiffs’ knowledge, to any victim who was induced to purchase the same.
14 Defendants would use the JOVANE agreement originally attached to the original
15 complaint filed herein.

16 36. After investors, such as Plaintiff REISS, would question the investment activities of
17 the Defendants, Defendants and their representatives would send out notary
18 Defendants (LEVITT and FINGERS) to have documents signed and back-dated
19 indicating that dinars have been purchase in prior months and delivered for the
20 benefit of the investors. This was and is false. No dinars were delivered and the
21 alleged purchase price is 60 times the actual dollar value of the same dinars.
22 Moreover, Defendants cut off all funding to pay for mortgages after Plaintiff refused
23 to play along with the dinar scam being perpetrated by Defendants.

24 37. JOVANE INVESTMENTS and DOES 21 through 30 are alleged to be currently in
25 possession, custody or control of excess funds received from escrow on the bad loans
26 with the mortgage company/holder Defendants, and any “investment” returns or
27 interest on the money belong to the other mortgage-holder Defendants who have a
28 beneficial, equitable or security interest in the same. STONEWOOD, PACIFIC

1 WEALTH, OETTING ENTERPRISES, SUNBURST FINANCIAL, and JOVANE's
2 funds are alleged to be on deposit with UNION BANK OF CALIFORNIA or other
3 California banking institutions. Funds have and continue to be wired by and
4 through a companies known as SUNBURST FINANCIAL SYSTEMS and OETTING
5 ENTERPRISES, INC., Both companies are believed to have been involved in prior
6 investigations by private and/or governmental entities.

7 38. STONEWOOD, PACIFIC WEALTH, JOVANE, SUNBURST and OETTING
8 ENTERPRISES are not registered currency exchange representatives or authorized
9 agents of the United States Treasury Department or Iraqi government.

10 39. STONEWOOD, PACIFIC WEALTH, JOVANE, SUNBURST and OETTING
11 ENTERPRISES are not registered securities brokers.

12 40. STONEWOOD, PACIFIC WEALTH, JOVANE, SUNBURST and OETTING
13 ENTERPRISES are not licensed banking institutions.

14 41. STONEWOOD, PACIFIC WEALTH, JOVANE, SUNBURST and OETTING
15 ENTERPRISES are not a licensed financial planning entities.

16 42. STONEWOOD is misusing its real estate license to perpetrate fraud.

17 43. Plaintiff seeks relief necessary to prevent STONEWOOD or related Defendants from
18 engaging in any further real estate sales or transactions within the State of California
19 and will move ex parte for such relief forthwith.

20 44. Money allegedly held by JOVANE was, in part, to be used to pay mortgage payments
21 to the other mortgage-holder Defendants. Alternatively, the money held by JOVANE
22 is purchase money and the other Defendants maintain a security interest in the
23 same. JOVANE or its representatives have represented in loan documentation that
24 the monies in JOVANE INVESTMENTS, SUNBURST FINANCIAL SYSTEMS, or
25 OETTING ENTERPRISES "accounts" are that of Plaintiff's and there are bank
26 records with wire transfer information *and* loan documentation held by the innocent
27 mortgage-holder co-defendants which confirms the same as well.

28 45. Plaintiff seeks the imposition of a constructive trust as against all assets of JOVANE

1 and any alter-egos, principals, or operators of the JOVANE INVESTMENTS
2 business.

3 46. As a result of the actions of Defendants, the Plaintiff and potential members of a
4 plaintiff class have been personally and severely damaged in an amount far
5 exceeding \$1,000,000.00 per victim. It is alleged herein that the total value and
6 economic effect of the fraud against Plaintiff, class members, neighbors of homes in
7 foreclosure or about to be in foreclosure, and the Riverside County Assessor's office,
8 and the Temecula/Murrieta community (bad loans, stolen money, damaged credit
9 histories, lost retirement accounts, interest in fraudulent credit, foreclosure costs,
10 lost home values, diminution of neighborhood values) likely exceeds
11 \$1,200,000,000.00. The plaintiff class seeks damages in said amount plus punitive
12 damages not to exceed 10 times the value of the case. Plaintiff alleges that there are
13 over 400 investors in JOVANE-related fraud schemes and that each "owns" at least
14 several properties with individual loan values of \$550,000-\$800,000.
15 Conservatively, the fraud value is in the hundreds of millions of dollars. The
16 decreasing value of real property in the region, inventory of available homes for sale,
17 building permits, and continuing activities of the defendants could cause this
18 number to go much higher. It should also be noted that not all JOVANE-related
19 plaintiffs own real estate. Some were defrauded through direct cash investments in
20 JOVANE-related investments. However, the fraud on all anticipated class members
21 bears core similarities in fact and legal analysis. Class certification will be necessary
22 to efficiently dispose of all relevant claims and to prevent inundation of an already
23 overcrowded civil justice system in this Court.

24 47. The conduct of the Defendants was reckless, intentional, fraudulent and done with
25 the desire to oppress the rights of the plaintiff class and its members.

26 /////

27 /////

28 /////

1 **FIRST CAUSE OF ACTION**

2 **FOR FRAUD**

3 **As Against JOVANE INVESTMENTS and DOES 21-250**

4 48. Plaintiff hereby incorporates paragraphs 1 through 47 as though fully set forth
5 herein.

6 49. The statements of fact set forth in the loan applications presented by STONEWOOD
7 to its “investment group” members for signature are and were completely
8 misleading, false, and intended to induce investors into using money borrowed from
9 the mortgage-holder Defendants for investment in alleged Iraqi dinars and other
10 indelible “investments.”

11 50. JOVANE, STONEWOOD and PACIFIC WEALTH are representing themselves as a
12 part of legitimate currency exchange markets and have no such qualifications.

13 51. JOVANE and PACIFIC WEALTH for all intensive purposes, are not a “real”
14 companies. Moreover, STONEWOOD never intended on carrying through with the
15 following verbal promises made to investors:

16 A. That all mortgage payments would be made on time for the benefit of
17 investors;

18 B. That investors would see a return on monies invested through escrow
19 disbursements or through direct cash investment;

20 C. That dinars would be delivered to victims who had allegedly invested directly
21 or through real estate transactions with the Defendants.

22 52. The Defendants’ misrepresentations are alleged herein are intentional and
23 fraudulent. Defendants are not making mortgage payments as promised, are not
24 returning monies or returns on monies invested, and have not delivered dinars as
25 promised. Moreover, Defendants had never had an intention to carry through with
26 promises as made. Defendants, on the other hand, have benefitted themselves and
27 their families with the illicit profits and stolen assets of the victims.

28 53. Defendant’s representations, as effectuated by their notary public representatives,

1 as named above, were related to material facts concerning the investments holdings
2 of INVESTOR and other members of the plaintiff class. The public notary
3 defendants, FINGERS and LEVITT, breached their oaths as notaries and must be
4 stopped from engaging in further such activities. It is further demanded that the
5 Court order the sequestering of their notary books for use as evidence by the parties
6 herein.

7 54. Defendants, and each of them, owed a fiduciary duty to plaintiff class members since
8 Defendants claimed to be financial advisers, sworn notaries, and currency exchange
9 brokers. A high duty of disclosure accompanied any and all representations about
10 “investments” made by the Defendants to plaintiff “investment group” members.

11 55. Each and every averment, statement of fact, and presumed circumstances
12 surrounding the presentation of “investments” or “investment opportunities” to
13 members of the plaintiff class were and are false when taken as a whole and given
14 their reasonable meanings and interpretations.

15 56. Each of the defendants, knew that the presentation, language, represented legal
16 effect of, and circumstances of STONEWOOD-related investments were false,
17 misleading, and intended to cause financial harm to recipients, including members
18 of the plaintiff class.

19 57. The falsity alleged above was known by relevant defendants at the time the
20 documents were presented to members of the plaintiff class.

21 58. The presentation and explanation of STONEWOOD, JOVANE and PACIFIC
22 WEALTH documents to class members was made with the intent to defraud the
23 members of the plaintiff class including, but not limited to, INVESTOR.

24 59. The plaintiff class members and INVESTOR were not aware of the falsity of the
25 claims of Defendants at the time representations were made concerning the real
26 estate investment program and JOVANE activities.

27 60. As a direct and foreseeable result of the fraud of the defendants, plaintiffs were
28 sustained damages as alleged above. Moreover, the conduct and representations

1 made in the effort to perpetrate the fraud alleged herein were malicious, oppressive
2 and in conscious disregard of the rights of the plaintiffs.

3 **SECOND CAUSE OF ACTION**
4 **FOR UNFAIR BUSINESS PRACTICES**

5 **As Against all Defendants, except the lender Defendants, and DOES 21-250**

6 61. Plaintiff hereby incorporates paragraphs 1 through 60 as though fully set forth
7 herein.

8 62. The practices of the defendants, as alleged above, are in direct violation of *California*
9 *Business & Professions Code* § 17200, 17500, as such acts are unfair, fraudulent, and
10 injurious to California consumers. Such acts also violate the California Consumer
11 Legal Remedies Act as found at *California Civil Code* § 1760, et seq.

12 63. The practices of the defendants, as alleged above, fall squarely within the meaning
13 of *California Business & Professions Code* § 17203, and are subject to immediate
14 injunction with or without bond. Plaintiff also demands that Defendants and related
15 companies be put into receivership immediately, with or without notice. Imposition
16 of a constructive trust in conjunction with the same is sought herewith.

17 64. The practices of the defendants, as alleged above, are subject to restitution to the
18 members of the plaintiff class and the mortgage-holder defendants.

19 65. Plaintiff and class members seek all equitable, legal or other relief appropriate to
20 making them and the mortgage-holder defendants whole.

21 **THIRD CAUSE OF ACTION**
22 **FOR DISSOLUTION OF PARTNERSHIP**

23 **As Against All Defendants, except lender defendants, and DOES 21-250**

24 66. Plaintiff hereby incorporates paragraphs 1 through 65 as though fully set forth
25 herein.

26 67. The real estate fraud scheme perpetrated by Defendants has the markings of an
27 intended partnership inasmuch as Defendants and their principals became
28 connected with the plaintiff class and its members for the purpose of doing business

1 with each other for a common purpose and alleged shared profits.

2 68. To the extent that any partnership or joint venture exists as a matter of law or fact,
3 Plaintiff class members seek, by way of petition, dissolution of any existing
4 partnership pursuant to *California Corporations Code* § 2000 or related provisions
5 of law as may be applicable to this case.

6 69. Plaintiff seeks a receivership of Defendants named in this cause of action and all
7 related companies. Imposition of a constructive trust in conjunction with the same
8 is sought herewith.

9 **FOURTH CAUSE OF ACTION**

10 **FOR DECLARATORY RELIEF**

11 **As Against All Defendants**

12 70. There exists a legitimate controversy over the facts and legal allegations contained
13 in Paragraphs 1 through 69 above.

14 71. There is a legal controversy as to the meaning and legal importance of any executed
15 documents that exist between other class members and the Defendants as related to
16 any happenings with Defendants and their principals (including mortgage brokers,
17 appraisers, agents, title companies, escrow companies and other related entities).

18 72. The controversy cannot be resolved without judicial intervention.

19 73. Plaintiff and related class members seek a decree as to the rights, obligations,
20 privileges, benefits and meaning of any related loan documents and the legal duties
21 of the parties as alleged herein.

22 74. Plaintiff seeks indemnity against Defendants with respect to her obligations under
23 any mortgages with any other named defendants herein.

24 75. The mortgage-holder defendants have already given notices to INVESTOR relating
25 to defaults on the loans referenced herein. A total of 10 separate loans, at a loan
26 value exceeding \$3,000,000.00, are affected as to INVESTOR alone. The total
27 number of loans affected by Defendant-related activities is likely in the hundreds,
28 if not thousands, within the Temecula/Murrieta area. The enforceability and

1 collection of the same are dependent on this Court's rulings and protective orders
2 as sought herein.

3 76. Plaintiff has placed the mortgage-holder defendants on notice of the intent to file
4 this action. This action is necessary to prevent future harm to other investors and
5 to prevent interference with complete investigation and adjudication of all possible
6 claims against the Defendants.

7 77. Notice has been given to all related persons or parties with respect to the duty to
8 preserve evidence necessary to the prosecution of this matter by Plaintiff,
9 prospective class members, or the mortgage-holder defendants. Judicial relief is
10 sought as to the handling, administration, and scope of release of information to said
11 parties or others.

12 **FIFTH CAUSE OF ACTION**

13 **FOR FRAUDULENT CONVEYANCE**

14 **(As Against JOVANE INVESTMENTS, SUNBURST FINANCIAL SYSTEMS,**
15 **OETTING ENTERPRISES, INC., STONEWOOD and DOES 21-200)**

16 78. Plaintiff hereby incorporates paragraphs 1 through 77 as though fully set forth and
17 alleged herein.

18 79. The transfers of excess loan proceeds from transactions, as described in Exhibit "1,"
19 made between Defendants, and each of them except for the lenders, and was made
20 with the intent to hinder, delay and defraud the mortgage-holder defendants named
21 herein, who are creditors of Plaintiff INVESTOR and class members.

22 80. At all relevant times Plaintiffs were creditors of PACIFIC WEALTH MANAGEMENT,
23 STONEWOOD CONSULTING, INC., JOVANE INVESTMENTS, SUNBURST
24 FINANCIAL SYSTEMS, and OETTING ENTERPRISES, INC., as a matter of law.

25 81. Claims arose before the transfers alleged in this case. Transfers of assets that could
26 have been used to satisfy the lenders or plaintiffs, as creditors, were made without
27 lawful consideration by the Defendants and in conjunction with persons and
28 companies commonly known as HENDRIX MONTECASTRO, HELEN

1 MONTECASTRO, STONEWOOD CONSULTING, JAMES DUNCAN, PACIFIC
2 WEALTH MANAGEMENT, CHRIS SMITH, KRIS SMITH, CRYSTAL FINGERS, Bob
3 Montecastro, MAURICE McCLEOD, LINDA BROOKS, and one Terri Aime. The
4 exact involvement of these persons is yet unknown as to full scope and effect.
5 Plaintiffs reserve the right to amend this complaint as appropriate depending on the
6 culpability or non-culpability of these persons and entities.

7 82. The transfers alleged herein are avoidable per *California Civil Code* §§ 3439.04(a)
8 and 3439.04(b).

9 83. The transfers alleged herein are avoidable per *California Civil Code* § 3439.05.

10 84. Payments made to JOVANE INVESTMENTS, SUNBURST FINANCIAL SYSTEMS,
11 OETTING ENTERPRISES, INC., STONEWOOD CONSULTING, PACIFIC WEALTH,
12 or any other Defendant were made without giving reasonably equivalent value in
13 exchange.

14 85. But for the shady transactions mentioned in this complaint, JOVANE
15 INVESTMENTS, SUNBURST FINANCIAL SYSTEMS, OETTING ENTERPRISES,
16 PACIFIC WEALTH were otherwise insolvent entities.

17 86. Plaintiffs are entitled to damages from each of the defendants in a sum not less than
18 \$400,000,000.00 (\$1,000,000.00 for each investor harmed by the conduct of the
19 Defendants).

20 87. Plaintiff is entitled to interest on principal balance running from Fall 2004 to
21 judgment.

22 88. Plaintiff seeks the imposition of a constructive trust for the benefit of all creditors
23 affected by this action.

24 89. Plaintiff seeks imposition of a receivership over the Defendants named herein for
25 purposes of disgorging any funds received by way of unlawful transfers.

26 **PRAYER FOR RELIEF**

27 ***WHEREFOR, Plaintiff prays for the following relief:***

28 1. Certification of this case as a class action upon proper motion or application. In the

1 alternative a designation of complex or provisionally complex is sought for this case
2 because of the complexity of legal and factual issues and the number of parties and
3 witnesses likely to present herein.

4 2. Dissolution of Defendants, except the lender companies, who are brought into this
5 case by way of later amendment.

6 3. The placement of Defendants, except the lender defendants, into receivership.

7 4. Issuance of injunctive relief to protect plaintiff, certain lender co-defendants, the
8 public, and prospective class members.

9 5. Damages in the amount of \$1,200,000,000.00 to be placed in constructive or actual
10 trust to be distributed to victims of the Defendants' fraud and to those governmental
11 agencies who incur costs as a result of the investigation of any matters against the
12 defendants (except lender defendants), whether named or unnamed.

13 6. The granting of any requests for intervention by any governmental or regulatory
14 agency who seeks the same in this case, if at all.

15 7. Punitive damages as to the first cause of action, not to exceed 10 times the value of
16 any proven fraud herein.

17 8. Costs of suit.

18 9. Restitution, constructive trust, and rescission where appropriate to make Plaintiff
19 whole on any or all of the causes of action as alleged.

20 10. Any and all other relief as necessary or deemed appropriate in this case.

21 11. Attorneys' fees pursuant to *California Code of Civil Procedure* § 1021.5 and the
22 provisions of *California Business & Professions Code* § 17200, et seq.

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Respectfully submitted:

DATED : 1/12/07

ACKERMAN, COWLES & LINDSLEY

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