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 CENTRAL DISTRICT OF CALIFORNIA
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LODGED
 CLERK, U.S. DISTRICT COURT
 SEP 20 2017
 CENTRAL DISTRICT OF CALIFORNIA
 DEPUTY

**UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA**

CV 17 - 06929 - PA (JEMx)
 Case No.

15 SECURITIES AND EXCHANGE
 COMMISSION,

16 Plaintiff,

17 vs.

18 EDWARD CHEN, JEAN CHEN,
 19 HOME PARADISE INVESTMENT
 CENTER LLC, GH INVESTMENT
 20 LP, GH DESIGN GROUP, LLC,
 21 GOLDEN GALAXY LP, AND MEGA
 HOME, LLC,

22 Defendants.
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COMPLAINT

(FILED UNDER SEAL)

COMPLAINT

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COMPLAINT

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1 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

2 **JURISDICTION AND VENUE**

3 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
4 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
5 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
6 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
7 78u(d)(3)(A), 78u(e) & 78aa(a). Defendants have, directly or indirectly, made use of
8 the means or instrumentalities of interstate commerce, of the mails, or of the facilities
9 of a national securities exchange in connection with the transactions, acts, practices
10 and courses of business alleged in this Complaint.

11 2. Venue is proper in this district pursuant to Section 22(a) of the Securities
12 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),
13 because certain of the transactions, acts, practices and courses of conduct constituting
14 violations of the federal securities laws occurred within this district. In addition,
15 venue is proper in this district because all of the defendants reside in this district.

16 **SUMMARY**

17 1. This matter concerns two fraudulent securities offerings carried out by
18 Edward Chen, his wife, Jean Chen, and several entities they control. In doing so,
19 they have misappropriated millions of dollars of investor money, much of it in cash
20 and cashier’s checks.

21 2. The Chens offered and sold securities in two projects under the federal
22 EB-5 immigration program administered by the United States Citizenship and
23 Immigration Services (“USCIS”), which allows foreign investors to apply for green
24 cards as long as their investments meet certain criteria under the program. Home
25 Paradise Investment Center LLC (“Home Paradise”), an entity controlled by Edward
26 Chen, is the “regional center” designated by USCIS to sponsor these EB-5 offerings.

27 3. As of April 2017, Home Paradise has raised over \$22.5 million from 45
28

1 investors in two offerings: (1) a \$9.5 million offering by GH Investment LP (“GH
2 Investment”), which was supposed to invest in the development, renovation and
3 operation of an interior design center in Ontario, California; and (2) a \$13 million
4 offering by Golden Galaxy LP (“Golden Galaxy”), to invest in a five-floor, 80-unit
5 condominium project in Los Angeles, California. Home Paradise continues to
6 promote these two projects on the Chinese language website of its Chinese affiliate
7 aimed at investors in China.

8 4. The Chens’ misappropriation of investor money has been staggering.
9 On the GH Investment offering alone, the defendants misappropriated at least \$8.6
10 million, more than 91% of the approximately \$9.5 million raised. In doing so, they:
11 (1) diverted millions of dollars to fund the Chens’ purchase of residential real estate;
12 (2) transferred investor money to Chen-controlled entities; and/or (3) withdrew
13 investor funds in cash and to purchase cashier’s checks in Jean Chen’s name. The
14 offering proceeds were supposed to be used to develop and operate a design center,
15 but no center is being renovated or operated; in fact, Home Paradise has done little
16 more than rent space in a half empty warehouse. And the Chens misled investors
17 (and the USCIS) about the size of that space, the square footage of which was a
18 critical component to the estimated number of new jobs the project would support. A
19 doctored lease for the warehouse, signed by Edward Chen, on behalf of GH Design,
20 as the lessee, was provided to investors and submitted to the USCIS. This fake lease
21 vastly overstated the warehouse’s size and monthly rent, and replaced the name of the
22 true lessor with Four Star Realty Group, an entity controlled by Jean Chen, which
23 received approximately \$3.7 million of investors’ money.

24 5. The Chens have similarly misappropriated investor funds on the Golden
25 Galaxy offering. Of the approximately \$13 million raised to date for the Golden
26 Galaxy offering, about \$3.5 million was diverted to the Chens in the form of cashier’s
27 checks to Jean Chen that she has used toward the purchase of residential real
28 property, taken in cash, or transferred to other Chen-controlled entities.

1 Approximately \$2.7 million of Golden Galaxy investor funds has not been spent yet.

2 6. Of the funds raised to date between the two EB-5 offerings, the Chens
3 have misused and/or misappropriated approximately \$12.1 million. In addition,
4 there are millions of dollars of investor funds still under the Chens' control. Given
5 their past conduct, there is every reason to believe that the Chens, unless immediately
6 enjoined, will continue to misuse and misappropriate investor funds.

7 7. By engaging in this conduct, the defendants have violated, and continue
8 to violate, the antifraud provisions of Sections 17(a)(1), (2) & (3) of the Securities
9 Act, 15 U.S.C. § 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),
10 and Rules 10b-5(a) and (c) thereunder, 17 C.F.R. 240.10b-5(a) & 240.10b-5(c), and
11 defendants Edward Chen, Home Paradise, GH Investment and Golden Galaxy have
12 violated, and continue to violate Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-
13 5(b).

14 THE DEFENDANTS

15 8. **Edward Chen**, a/k/a Jianqiao Chen, Jian Qiao Chen, and Jian Chen, age
16 49, is a resident of Arcadia, California and the husband of defendant Jean Chen.
17 Edward Chen is the chief executive officer ("CEO"), sole or managing member and
18 president of defendant Home Paradise Investment Center LLC, which is the general
19 partner of defendants GH Investment LP and Golden Galaxy LP.

20 9. **Jean Chen**, a/k/a Jing Jiang and Jean Jiang, age 48, is a resident of
21 Arcadia, California and the wife of defendant Edward Chen. Jean Chen is the
22 managing member of defendant Mega Home, LLC. Jean Chen also owns, directly
23 and indirectly through Four Star Realty Group Inc., 50% of Mega Home.

24 10. **Home Paradise Investment Center LLC** ("Home Paradise") is a
25 California limited liability corporation with its principal place of business in
26 Commerce, California. Home Paradise is a "Regional Center" designated by the
27 USCIS. Edward Chen is the CEO, sole member, and president/manager of Home
28 Paradise.

1 **11. GH Investment LP** (“GH Investment”) is a California limited
2 partnership with its principal place of business in Ontario, California. Home Paradise
3 is its general partner. GH Investment is the issuer that loans investor proceeds to GH
4 Design Group, LLC.

5 **12. GH Design Group, LLC** (“GH Design”) is a California limited liability
6 corporation with its principal place of business in Ontario, California. GH Design is
7 the EB-5 project company purportedly funded by GH Investment for the home design
8 center project. Edward Chen is the CEO and president/manager of GH Design.

9 **13. Golden Galaxy LP** (“Golden Galaxy”) is a California limited
10 partnership with its principal place of business in Los Angeles, California. Home
11 Paradise is its general partner. Golden Galaxy is the issuer that invests the investor
12 proceeds with Mega Home, LLC in the form of preferred equity.

13 **14. Mega Home, LLC** (“Mega Home”) is a California limited liability
14 corporation with its principal place of business in Commerce, California. Mega
15 Home is the EB-5 project company, purportedly funded by Golden Galaxy, for the
16 condominium project. Jean Chen owns, directly and indirectly through Four Star
17 Realty Group Inc., 50% of Mega Home and is its managing member.

AFFILIATED ENTITIES

18
19 15. The following entities are controlled by either Edward Chen and/or Jean
20 Chen and have received investor funds from the accounts of defendants GH Design
21 and/or Mega Home:

22 **16. Four Star Realty Group Inc.** (“Four Star”) is a California corporation
23 with its principal place of business in Arcadia, California. It is purportedly a real
24 estate development company. Jean Chen is its CEO, Secretary, CFO, sole director,
25 and agent for service of process. It is the “lessor” in GH Design’s fabricated lease for
26 the warehouse, and received investor money from the GH Investment offering

27 **17. Home Paradises LLC** is a California limited liability corporation with
28 its principal place of business in Commerce, California. It is purportedly a

1 construction company and the general contractor for Mega Home. Edward Chen is
2 its CEO, manager and agent for service of process. Home Paradises LLC received
3 investor money from both the GH Investment and Golden Galaxy offerings.

4 18. **US Grandhood, LLC** (“US Grandhood”) is a California limited liability
5 corporation with its principal place of business in Commerce, California. Jean Chen
6 is its manager, sole member and agent for service of process. US Grandhood, LLC
7 received investor money from both the GH Investment and Golden Galaxy offerings.

8 19. **First Financial Investment Group, LLC** (“First Financial”) is a
9 California limited liability corporation with its principal place of business in
10 Commerce, California. Edward Chen is its managing manager and agent for service
11 of process. Jean Chen purchased real property in First Financial’s name using
12 investor money from both the GH Investment and the Golden Galaxy offerings.

13 THE ALLEGATIONS

14 20. From June 2014 through the present, defendants raised at least \$22.5
15 million from 45 investors participating in two EB-5 projects sponsored by the Home
16 Paradise regional center. The first project, financed by GH Investment and operated
17 by GH Design Group, purportedly involves the development and operation of an
18 interior design center in Ontario, California. The second project, financed by Golden
19 Galaxy and operated by Mega Home, involves the development, construction, and
20 operation of an 80-unit condominium complex in Los Angeles, California.

21 **A. The EB-5 Immigrant Investor Program**

22 21. The federal EB-5 Immigrant Investor Program sets aside EB-5 visas for
23 participants who invest in commercial enterprises associated with regional centers
24 approved by the USCIS based on proposals for promoting economic growth.

25 22. Under the EB-5 Immigrant Investor Program, foreign investors who
26 invest capital in a “commercial enterprise” in the United States may petition the
27 USCIS (called an “I-526 Petition”) and receive conditional permanent residency
28 status for a two-year period. USCIS defines a “commercial enterprise” as any for-

1 profit activity formed for the ongoing conduct of lawful business.

2 23. The regulations governing the EB-5 Immigrant Investor Program require
3 a showing that the foreign investor has placed the required amount of capital at risk
4 for “the purpose of generating a return” on the capital placed at risk. C.F.R. §
5 204.6(j)(2). The foreign investor must invest at least \$500,000 in a “Targeted
6 Employment Area” and thereby create at least ten full-time jobs for United States
7 workers. If the foreign investor satisfies these and other conditions within the two-
8 year period, the foreign investor may apply to have the conditions removed from his
9 or her visa and live and work in the United States permanently.

10 24. Many EB-5 investments are administered by entities called “regional
11 centers.” EB-5 regional centers are designated by USCIS to administer the EB-5
12 investment projects based on proposals for promoting economic growth.

13 25. Regional center investment vehicles are typically offered as limited
14 partnership interests or limited liability company units, which are managed by a
15 person or entity other than the foreign investor, who acts as a general partner or
16 managing member of the investment vehicle. To become a regional center, the entity
17 must demonstrate, with supporting economic and statistical studies, how it will
18 promote economic growth, including job creation.

19 26. As of September 23, 2011, the USCIS had designated Home Paradise as
20 an approved “regional center” that can sponsor EB-5 projects.

21 27. For each of the GH Investment and Golden Galaxy projects, Home
22 Paradise submitted an application on Form I-924 seeking the USCIS’s approval.
23 These applications attached various documents, including offering memoranda,
24 business plans, economic impact analyses, limited partnership agreements, and
25 subscription agreements.

26 28. As a regional center, Home Paradise is required to annually certify to the
27 USCIS its continued compliance with the EB-5 program, including its compliance
28 with the program’s requirements regarding the use of proceeds and job creation.

1 **B. The GH Design Offering**

2 29. From June 2014 through November 2015, Edward Chen, Home Paradise
3 and GH Investment raised at least \$9.5 million from 19 Chinese investors through the
4 sale of limited partnership interests in GH Investment for an interior design center
5 project.

6 30. GH Investment lent the investor proceeds to GH Design at an annual
7 interest rate of 1% per year for GH Design's development and construction of the
8 interior design center project.

9 31. GH Investment's limited partners may, in the partnership's sole
10 discretion, receive distributions based on its revenues, which, according to GH
11 Investment's limited partnership agreement and confidential private offering
12 memorandum ("POM"), are derived primarily from the loan to GH Design. GH
13 Investment's limited partnership agreement provides that limited partners are to be
14 paid distributions before Home Paradise, the general partner.

15 32. Each investor wired a \$500,000 capital contribution as an investment
16 into GH Investment's bank account in the United States, where the monies were
17 pooled with other GH Investment investors' monies.

18 33. According to the POM, investor funds would be released to GH Design
19 upon the filing of an I-526 petition with USCIS for temporary residency. As of
20 February 2016, all of those investments had been released to GH Design.

21 34. GH Investment also collected approximately \$45,000 in administrative
22 fees from each investor. Under GH Investment's limited partnership agreement,
23 Home Paradise, as the general partner, may use the administrative fees for
24 compensation, organizational, operational and marketing expenses.

25 35. As part of the offering, prospective investors were provided with the
26 following documents, which are included in the investors' visa applications submitted
27 to the USCIS: (a) a GH Investment POM; (b) a business plan for the interior design
28 center project; (c) an economic impact analysis report; (d) a subscription booklet,

1 including a subscription agreement signed by each investor and Edward Chen; (e) the
2 GH Investment Limited Partnership Agreement; and (f) the loan agreement between
3 GH Investment and GH Design.

4 36. The GH Investment offering materials, including the POM, the
5 subscription agreements, and the limited partnership agreement, reflect that the
6 limited partnership interests are securities, that is, an investment of money, in a
7 common enterprise, with the expectation of profits derived solely through the effort
8 of others. Indeed, the limited partnership agreement states that no limited partner
9 would be involved in the day-to-day management of the business.

10 37. The GH Investment offering documents state that the investor's capital
11 contribution is to be used to develop, renovate and operate the interior design center:

12 (a) The POM states that GH Investment was established "for the
13 purposes of making a loan to [GH Design] for the establishment of a home and
14 commercial design center that will offer interior design supplies and products, design
15 advice, and contracts for installation services in the City of Ontario, California";

16 (b) The POM directs that GH Design can use the investor's capital
17 contribution only towards the building lease, employees of the center, administrative
18 overhead, marketing and promotion, office supplies, renovation costs, services and
19 maintenance, and inventory;

20 (c) The business plan states that investor funds will be used to "lease,
21 renovate the space, and operate a 111,513 [square foot] home and commercial design
22 center";

23 (d) The limited partnership agreement states that GH Investment's
24 business "shall be to make a loan to [GH Design] for purposes of establishing a home
25 and commercial design center and funding its subsequent operations"; and

26 (e) The loan agreement between GH Investment and GH Design, in
27 the section "Mandatory Use of Proceeds," states that GH Design "agrees that the
28 proceeds of the Loan shall only be used for the development, construction and

1 operation of” the “home and commercial design center.”

2 38. GH Design leased warehouse space in Ontario, California for its
3 purported interior design center, for a space of 23,842 square feet at a rent of between
4 \$8,583 and \$9,108 per month, according to the true lease with the property’s owner.

5 39. A different, doctored version of GH Design’s lease for this space,
6 however, was given to investors and the USCIS. The lease that was provided to
7 investors, which in turn was included in their visa applications submitted to USCIS,
8 falsely stated the lessor was Four Star Realty, a company controlled by Jean Chen.
9 The doctored lease also stated that the leased space was five times larger: 111,513
10 square feet at a rent of between \$10,000 and \$49,400 per month. This inflated square
11 footage was referenced in GH Investment’s business plan, and used as a basis to
12 support the economic impact analysis and job creation numbers for the project.

13 40. Edward Chen signed both the fabricated lease and real lease on behalf of
14 GH Design.

15 41. In the annual reports on Form I-924A for the fiscal years ending
16 September 30, 2015 and September 30, 2016, Home Paradise represented to the
17 USCIS that the “111,513 square foot” “home and commercial design center” has
18 been in full operation since at least 2015, that it has created 345 jobs, and that it “is
19 currently in operations and the design office and retail space square footage was built
20 as originally projected.”

21 42. Home Paradise’s Form I-924A for the fiscal year ending September 30,
22 2014 stated that the project had “335 [jobs] in progress,” and the annual reports for
23 2015 and 2016 state that “345.3 jobs in total have been created through renovation
24 and operation” of the home and commercial design center.

25 43. The interior design center project, however, is a sham. Rather than
26 being a functioning design center of over 111,000 square feet with nearly 350
27 employees, it is a less-than 25,000 square foot undecorated, half-empty warehouse
28 with some scattered random floor samples and one apparent employee, a receptionist.

1 44. Edward Chen controls Home Paradise, GH Investment and GH Design.
2 GH Investment's POM states that it was prepared by the general partner, Home
3 Paradise, of which Edward Chen is the sole member and control person. The POM
4 also identifies Edward Chen as the sole contact person for the issuer and the lead
5 person in the management team. Edward Chen signed the limited partnership
6 agreement and the loan agreement as the president of Home Paradise, the general
7 partner. In addition, Edward Chen signed the subscription agreements, which
8 identify him as Home Paradise's president. Further, Edward Chen owns and controls
9 GH Design and signed the loan agreement and lease as its manager or CEO.

10 45. Edward and Jean Chen also controlled the bank accounts of Home
11 Paradise, GH Investment, GH Design, and Four Star Realty, as authorized signatories
12 for such accounts.

13 **C. The Golden Galaxy Offering**

14 46. From November 2015 through April 2017, Edward and Jean Chen,
15 Home Paradise and Golden Galaxy raised \$13 million from 26 Chinese investors for
16 a condominium project, through the sale of limited partnership interests in Golden
17 Galaxy.

18 47. Golden Galaxy provided the proceeds of the offering in the form of a
19 preferred equity investment to the project company, Mega Home, to partially pay for
20 the development, construction, and operation of the condominium complex project.

21 48. According to the Golden Galaxy private placement memorandum
22 ("PPM"), Golden Galaxy's preferred equity investment entitles it to receive interest
23 from Mega Home at a rate of 4% annually rate, increasing to 5% after five years and
24 to 6% after six years.

25 49. Golden Galaxy's limited partners may, as determined by the general
26 partner, Home Paradise, receive net cash flow distributions. According to the PPM,
27 these distributions are to be made to limited partners before they are made to the
28 general partner.

1 50. Investors wired their \$500,000 investments to Golden Galaxy's account
2 in the United States, where the monies were pooled with other Golden Galaxy
3 investors' funds. An investor's funds could only be transferred to Mega Home upon
4 an investor's submission of an I-529 petition to the USCIS for temporary residency.
5 To date, all of the \$13 million raised from investors has been transferred to Mega
6 Home.

7 51. Separately, each investor paid Golden Galaxy an administrative fee in
8 the amount of approximately \$50,000. Under Golden Galaxy's limited partnership
9 agreement, Home Paradise, as the general partner, may use the administrative fees for
10 compensation, organizational, operational and marketing expenses.

11 52. Although the Chens have raised \$13 million for the Golden Galaxy
12 project, the maximum size of the offering, Home Paradise's Chinese affiliate's
13 website continues to promote the project.

14 53. As part of the offering, prospective investors received the following
15 documents, which are included in the investors' visa applications to the USCIS: (a) a
16 PPM; (b) a business plan; (c) an economic impact analysis report; (d) a subscription
17 booklet, including a subscription agreement signed by each investor and by Edward
18 Chen; (e) the Golden Galaxy Investment LP limited partnership agreement; and (f)
19 the administrative agreement among Home Paradise, Golden Galaxy and Mega
20 Home, which was signed by both Edward Chen and Jean Chen.

21 54. The Golden Galaxy offering materials, including the subscription
22 agreement, the PPM, and the limited partnership agreement, reflect that the limited
23 partnership interests sold to investors are securities, that is, an investment of money,
24 in a common enterprise, with the expectation of profits derived solely through the
25 effort of others. Indeed, the limited partnership agreement states that no limited
26 partner would be involved in the day-to-day management of the business.

27 55. Golden Galaxy's offering documents provide that the investment
28 proceeds were to be used to develop, construct, and operate the Golden Galaxy

1 condominium complex, a 37,156 square feet luxury building with five floors and 80
2 apartment units in downtown Los Angeles:

3 (a) The PPM states that “the proceeds ... shall be used by [Mega
4 Home] to develop, construct and thereafter sell the Project,” and that Mega Home
5 will use the proceeds it receives from Golden Galaxy “for the sole purpose of
6 financing, in part, the development and construction of the Golden Galaxy
7 Condominium”;

8 (b) The business plan states that “EB-5 funds will be utilized for both
9 the construction phase and operation phase of the Project”; and

10 (c) The administrative agreement between Home Paradise, Mega
11 Home and Golden Galaxy states that Mega Home seeks to borrow up to \$13 million
12 “to use to partially cover the cost of construction and initial operation of the Project.”

13 56. Edward and Jean Chen controlled each of the entities related to the
14 Golden Galaxy offering. The PPM identifies Home Paradise as the general partner of
15 Golden Galaxy and Edward Chen as the managing member of Home Paradise. Both
16 the Golden Galaxy PPM and subscription agreement direct that all inquiries be made
17 to Edward Chen. Edward Chen signed the subscription agreement, limited
18 partnership agreement, and administrative agreement as the president of Home
19 Paradise. He also signed the administrative agreement in his capacity as the president
20 of Golden Galaxy.

21 57. Jean Chen signed the administrative agreement as the manager of Mega
22 Home, and the PPM states that she controls Mega Home’s day-to-day management
23 and operations.

24 58. Edward and Jean Chen also controlled the bank accounts of Home
25 Paradise, Golden Galaxy and Mega Home, as authorized signatories for these
26 accounts.

27 59. Construction of the condominium complex appears to be ongoing.
28

1 **D. The Misappropriation of Investor Funds**

2 **a. The GH Investment offering**

3 60. The GH Investment offering raised \$9.5 million in capital contributions
4 from investors (not including administrative fees).

5 61. The Chens misappropriated or misused at least \$8.6 million, or 91%, of
6 those funds. Specifically:

7 (a) Jean Chen withdrew cash in the amount of \$2,348,326, which
8 consisted of almost 25% of the offering proceeds.

9 (b) Jean Chen wrote cashier's checks to herself totaling \$1.35 million,
10 or approximately 14% of the offering proceeds. Of that amount, Jean Chen has used
11 at least \$1.24 million to purchase residential real estate in southern California. Of the
12 three properties purchased with these funds, two are titled to GH Design and one is
13 titled to First Financial. Nothing in any of the offering documents informs investors
14 that their proceeds might be used to purchase residential real estate in the name of
15 Chen-controlled entities or otherwise.

16 (c) The Chens transferred over \$4.93 million, or 52% of the amount
17 raised, to Four Star, US Grandhood, and Home Paradises LLC. This includes a June
18 2015 transaction, in which the Chens transferred \$463,470 of GH Design Investment
19 funds to Four Star Realty, then to Mega Home, from which they applied the funds
20 towards the purchase of title insurance for the land used for the Golden Galaxy
21 project.

22 **b. The Golden Galaxy offering**

23 62. As of the end of April 2017, Golden Galaxy had raised \$13 million from
24 investors (not including administrative fees).

25 63. Of that amount, the Chens have misappropriated and misused over \$3.5
26 million to date. Specifically:

27 (a) Jean Chen wrote at least \$2.7 million in cashier's checks to herself
28 and used those checks to, among other purposes, purchase foreclosed houses in

1 southern California. Title to seven properties was held in the name of GH Design,
2 and another is held in the name of First Financial.

3 (b) Mega Home transferred \$801,000 to Home Paradises LLC. Jean
4 Chen then applied those funds toward purchasing real properties unrelated to the
5 Golden Galaxy offering.

6 64. As of August 30, 2017, at least \$2.7 million remains in Mega Home's
7 bank account.

8 65. Between the two offerings, the Chens have misappropriated at least
9 \$12.1 million—approximately \$8.6 million from the GH Investment offering, and
10 approximately \$3.5 million from the Golden Galaxy offering.

11 **E. The Misrepresentations and Omissions**

12 66. Defendants made materially false and misleading statements and
13 omissions to the GH Design and Golden Galaxy investors, and obtained investor
14 proceeds by means of these misstatements and omissions.

15 67. The GH Investment offering materials (including the POM, the business
16 plan, and the subscription and limited partnership agreements) stated that investor
17 proceeds would be used to establish the interior design center, while the Golden
18 Galaxy offering materials (including the PPM, the business plan, and the subscription
19 and limited partnership agreements) stated that investor proceeds would be used to
20 develop and construct a condominium complex.

21 68. Instead, more than 91% of the funds raised in the GH Design offering
22 and more than 27% of the funds raised in the Golden Galaxy offering were taken by
23 the Chens through cash withdrawals, the issuance of cashier's checks (in many cases,
24 used to purchase residential real estate), and the transfer of proceeds to Chen-
25 controlled entities.

26 69. That their investment funds were being used for purposes other than
27 those disclosed in the offering materials would have been important to investors, as
28 the misuse and misappropriation of investor funds could jeopardize investors'

1 expected returns on their investment, as well as their expected immigration benefits.

2 70. The GH Investment offering materials also represented that the home
3 design warehouse would be over 111,000 square feet, suggesting a substantially
4 larger project capable of generating the necessary jobs under the EB-5 program for
5 investors to obtain residency. Instead, the actual leased space was less than 24,000
6 square feet. The doctored lease also showed that a Chen entity was the lessor and
7 was to be paid up to more than five times the true rent under the real lease.

8 71. This information would have been important to investors. The fact that
9 the actual center was much smaller than reported made the project less likely to
10 generate the necessary income to provide the expected return on their investments, as
11 well making it less likely that the required number of jobs would be created by the
12 project, thereby jeopardizing investors' EB-5 visa applications.

13 72. Edward Chen, Home Paradise, GH Investment and Golden Galaxy were
14 the makers of these false and misleading statements. GH Investment and Golden
15 Galaxy are the issuers, and both the offering memoranda and business plans were
16 prepared in their names. Home Paradise, as the general partner, had ultimate
17 authority over GH Investment's and Golden Galaxy's statements. Edward Chen is
18 the president, CEO, and sole member of Home Paradise, and had ultimate authority
19 over the statements in the offering documents for both offerings.

20 73. The Chens also received money from the GH Investment and Golden
21 Galaxy offerings by means of these false and misleading statements. The Chens
22 directly received money from both offerings in the form of cash, cashier's checks and
23 transfers to their controlled entities and to their entities' bank accounts, over which
24 the Chens had joint control. The Chens also indirectly received monies from both
25 offerings through their controlled entities. GH Investment and Golden Galaxy, as the
26 issuers, received investor funds wired to their bank accounts, of which Edward and/or
27 Jean Chen are authorized signatories. GH Design and Mega Home, as the project
28 companies, received all of the investor funds in their bank accounts, which were

1 controlled by the Chens, while Home Paradise received the administrative fees
2 associated with both offerings.

3 **F. Additional Fraudulent Conduct**

4 74. As the architects of the GH Investment and Golden Galaxy offerings, the
5 Chens, individually and through their controlled entities, have engaged in and are
6 continuing to engage in additional fraudulent conduct to exploit the EB-5
7 immigration program in order to mislead and defraud investors.

8 75. Edward and Jean Chen, and the entity defendants they control, have
9 misappropriated at least \$12.1 million in investor funds from both offerings,
10 including as recently as April 2017.

11 76. As the signatories on the accounts of their controlled entities through
12 which investor money was expended, the Chens misappropriated investor funds by
13 transferring them to affiliated entities, withdrawing the investor funds, or writing
14 cashier's checks to Jean Chen. Significant amounts of the funds were used to
15 purchase residential real estate unrelated to the EB-5 offerings.

16 77. In addition to misappropriating and misusing vast sums of investor
17 money, the Chens engaged in further deceptive conduct through the use of the fake
18 GH Investment lease. The doctored lease for GH Investment's interior design center
19 project was provided to investors and in turn submitted to the USCIS, and the inflated
20 warehouse square footage in the lease was used as the basis for the economic impact
21 analysis of how many jobs the project could create for EB-5 investors to obtain
22 permanent residency.

23 78. Edward Chen also submitted documents and reports to USCIS that
24 falsely represented the use of proceeds for both offerings and falsely certified that
25 Home Paradise operated a large commercial design center that created 345 jobs.
26 Submitting those reports created the false appearance that Home Paradise and the GH
27 Investment project were successful and in compliance with EB-5 regulations.

1 **G. Defendants' Roles in Carrying Out the Fraud**

2 79. At all relevant times, the Chens knowingly, recklessly and/or negligently
3 carried out their fraud in the GH Investment and Golden Galaxy offerings. Their
4 scienter and negligence is imputed to the entity defendants they controlled.

5 80. Edward Chen knew or was reckless in not knowing that he and his wife
6 were misappropriating and misusing investor funds to purchase residential real estate,
7 because the offering documents that his companies issued required investor proceeds
8 to be used for the interior design center and condominium complex.

9 81. Edward Chen also knew or was reckless in not knowing that the lease
10 provided to GH Investment investors was fabricated because he signed both the fake
11 lease and the actual warehouse lease for a much smaller footprint and rental amount.

12 82. Edward Chen, in turn, also knew or was reckless in not knowing that the
13 offering materials falsely misrepresented how the investor proceeds were going to be
14 used (and, in the case of the GH Investment offering, misrepresented the true nature
15 of the design center lease) because, as alleged above, these materials were submitted
16 and created on behalf of entities he and his wife controlled, the money was being
17 diverted to them or their controlled entities and he signed both the real and fake
18 leases.

19 83. Jean Chen also had direct knowledge, or was reckless in not knowing of
20 the fraud. With respect to the GH Investment offering, she controlled GH Design's
21 bank account, withdrew the cash and wrote the cashier's checks to herself. She is the
22 sole control person of the fake lessor Four Star Realty, and made rent payments for
23 GH Design from Four Star Realty's account to the real lessor. She thus knew or was
24 reckless or negligent in not knowing that she misappropriated investor money from
25 the interior design center project.

26 84. Jean Chen was directly involved in the Golden Galaxy condominium
27 project and knew or was reckless in not knowing that she was misappropriating and
28 misusing investor funds in Mega Home's bank accounts to purchase residential real

1 estate. Jean Chen was specifically named as the “manager” of the condominium
2 project, and signed the administrative agreement on behalf of Mega Homes which
3 was provided to investors and which states that such funds were to be used for the
4 construction and operation of the condominium complex.

5 85. The proposed defendants also acted negligently in committing this fraud.
6 By taking millions of dollars of investor money for their own use, Edward and Jean
7 Chen did not act with reasonable care. Edward Chen also acted unreasonably in
8 submitting a doctored lease that was materially different than the actual lease that he
9 signed for the GH Design space.

10 **FIRST CLAIM FOR RELIEF**

11 **Fraud in the Offer or Sale of Securities**

12 **Violations of Section 17(a)(1) and (3) of the Securities Act**

13 **(against all Defendants)**

14 86. The SEC realleges and incorporates by reference paragraphs 1 through
15 85 above.

16 87. Defendants engaged in a fraudulent EB-5 offering scheme. In two
17 separate projects, defendants raised at least \$22.5 million in funds from investors,
18 representing their funds would be used for purposes of an interior design center and a
19 condominium complex, and create necessary jobs under the EB-5 program. In
20 reality, defendants misappropriated over \$12.1 million of those funds, and used them
21 for transfers to their related entities, cashier’s checks, cash, and residential real estate
22 purchases. Defendants created the false appearance that they were carrying out the
23 investment projects described in the offering materials, whereas they were
24 misappropriating investors’ funds. Defendants also submitted false documentation to
25 the USCIS and to investors, including a doctored lease for their design center.

26 88. By engaging in the conduct described above, Defendants Edward Chen,
27 Jean Chen, Home Paradise, GH Investment, GH Design, Golden Galaxy and Mega
28 Home, and each of them, directly or indirectly, in the offer or sale of securities, and

1 by the use of means or instruments of transportation or communication in interstate
2 commerce or by use of the mails directly or indirectly, employed devices, schemes, or
3 artifices to defraud and engaged in transactions, practices, or courses of business
4 which operated or would operate as a fraud or deceit upon the purchaser.

5 89. Defendants Edward Chen, Jean Chen, Home Paradise, GH Investment,
6 GH Design, Golden Galaxy and Mega Home, employed devices, schemes and
7 artifices to defraud with scienter and, with scienter or negligence, engaged in
8 transactions, practices, or courses of business which operated or would operate as a
9 fraud or deceit upon the purchaser.

10 90. By engaging in the conduct described above, Defendants Edward Chen,
11 Jean Chen, Home Paradise, GH Investment, GH Design, Golden Galaxy and Mega
12 Home violated, and unless restrained and enjoined will continue to violate, Sections
13 17(a)(1) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & 77q(a)(3).

14 **SECOND CLAIM FOR RELIEF**

15 **Fraud in the Offer or Sale of Securities**

16 **Violations of Section 17(a)(2) of the Securities Act**

17 **(against all Defendants)**

18 91. The SEC realleges and incorporates by reference paragraphs 1 through
19 85 above.

20 92. Defendants, with scienter or negligence, also obtained money by means
21 of untrue statements of material fact and by omissions to state material facts
22 necessary in order to make the statements made, in light of the circumstances under
23 which they were made, not misleading. Specifically, they obtained investor funds by
24 means of materially false and misleading representations to investors in the offering
25 materials for the GH Investment and Golden Galaxy projects, which misrepresented
26 the uses of proceeds and the sham design center. The purported design center was in
27 reality a half empty warehouse a fifth of the size it was represented to be, with lower
28 rent and fewer potential jobs that it could or did create.

1 93. Both Edward and Jean Chen, as well as the entity defendants, directly
2 and indirectly, obtained money by means of materially false and misleading
3 representations and omissions. The entity defendants received investor funds, either
4 directly through deposits from investors, or through transfers of investor funds to and
5 among the entity defendants' bank accounts. Through the entity defendants' bank
6 accounts, which the Chens controlled, Edward and Jean Chen also obtained millions
7 of dollars from investors, both in the form of capital contributions as well as in
8 administrative fees. In addition, through their misuse and misappropriation of
9 investor funds, Edward and Jean Chen obtained investor funds, in the form of cash,
10 cashier's checks, and residential real estate purchases, including through their other
11 affiliated entities.

12 94. By engaging in the conduct described above, Defendants Edward Chen,
13 Jean Chen, Home Paradise, GH Investment, GH Design, Golden Galaxy and Mega
14 Home violated, and unless restrained and enjoined will continue to violate, Sections
15 17(a)(2) of the Securities Act, 15 U.S.C. §§ 77q(a)(2).

16 **THIRD CLAIM FOR RELIEF**

17 **Fraud in the Connection with the Purchase and Sale of Securities**
18 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c)**
19 **(against all Defendants)**

20 95. The SEC realleges and incorporates by reference paragraphs 1 through
21 85 above.

22 96. Defendants engaged in a fraudulent EB-5 offering scheme. In two
23 separate projects, defendants raised at least \$22.5 million in funds from investors,
24 representing their funds would be used for purposes of an interior design center and a
25 condominium complex, and would create the necessary number of jobs under the EB-
26 5 program. In reality, defendants misappropriated over \$12.1 million of those funds,
27 and used them for transfers to their related entities, cashier's checks, cash, and
28 residential real estate purchases. Defendants created the false appearance that they

1 were carrying out the investment projects described in the offering materials, whereas
2 they were misappropriating investors' funds. Defendants also submitted false
3 documentation to the USCIS and to investors, including a doctored lease for their
4 design center.

5 97. By engaging in the conduct described above, Defendants Edward Chen,
6 Jean Chen, Home Paradise, GH Investment, GH Design, Golden Galaxy and Mega
7 Home, and each of them, directly or indirectly, in connection with the purchase or
8 sale of a security, by the use of means or instrumentalities of interstate commerce, of
9 the mails, or of the facilities of a national securities exchange: (a) employed devices,
10 schemes, or artifices to defraud; and (c) engaged in acts, practices, or courses of
11 business which operated or would operate as a fraud or deceit upon other persons.

12 98. Defendants Edward Chen, Jean Chen, Home Paradise, GH Investment,
13 GH Design, Golden Galaxy and Mega Home, with scienter, (a) employed devices,
14 schemes, or artifices to defraud; and (c) engaged in acts, practices, or courses of
15 business which operated or would operate as a fraud or deceit upon other persons, by
16 the conduct described in detail above.

17 99. By engaging in the conduct described above, Defendants Edward Chen,
18 Jean Chen, Home Paradise, GH Investment, GH Design, Golden Galaxy and Mega
19 Home violated, and unless restrained and enjoined will continue to violate, Section
20 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and 10b-5(c)
21 thereunder, 17 C.F.R. §§ 240.10b-5(a) & 240.10b-5(c).

22 **FOURTH CLAIM FOR RELIEF**

23 **Fraud in Connection with the Purchase or Sale of Securities**

24 **Violations of Section 10(b) of the Exchange Act**

25 **and Rule 10b-5(b) Thereunder**

26 **(against Defendants Edward Chen, Home Paradise, GH Investment**
27 **and Golden Galaxy)**

28 100. The SEC realleges and incorporates by reference paragraphs 1 through

1 85 above.

2 101. Defendants made materially false and misleading representations to
3 investors in the offering materials for their two EB-5 offerings, misrepresenting the
4 use of proceeds and the sham design center. In reality, defendants misappropriated
5 over \$12.1 million of the investors' funds, and used them for transfers to their related
6 entities, cashier's checks, cash, and residential real estate purchases. The design
7 center was in reality a half empty warehouse a fifth of the size it was represented to
8 be, with lower rent and fewer potential jobs that it could or did create.

9 102. By engaging in the conduct described above, Defendants Edward Chen,
10 Home Paradise, GH Investment, and Golden Galaxy, and each of them, directly or
11 indirectly, in connection with the purchase or sale of a security, by the use of means
12 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
13 national securities exchange, made untrue statements of a material fact or omitted to
14 state a material fact necessary in order to make the statements made, in the light of
15 the circumstances under which they were made, not misleading.

16 103. By engaging in the conduct described above, Defendants Edwards Chen,
17 Home Paradise, GH Investment and Golden Galaxy violated, and unless restrained
18 and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. §
19 78j(b), and Rules 10b-5(b) thereunder, 17 C.F.R. § 240.10b-5(b).

20 **PRAYER FOR RELIEF**

21 WHEREFORE, the SEC respectfully requests that the Court:

22 **I.**

23 Issue findings of fact and conclusions of law that defendants committed the
24 alleged violations.

25 **II.**

26 Issue orders, in forms consistent with Rule 65(d) of the Federal Rules of Civil
27 Procedure, temporarily, preliminarily and permanently enjoining: (1) defendants
28 Edward Chen, Jean Chen, Home Paradise, GH Investment, GH Design, Golden

1 Galaxy and Mega Home, and their officers, agents, servants, employees, and
2 attorneys, and those persons in active concert or participation with any of them, who
3 receive actual notice of the orders by personal service or otherwise, and each of them,
4 from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a), and Section
5 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule 10b-5(a) and (c)
6 thereunder, 17 C.F.R. § 240.10b-5(a) and (c); and (2) defendants Edward Chen,
7 Home Paradise, GH Investment, and Golden Galaxy, and their officers, agents,
8 servants, employees, and attorneys, and those persons in active concert or
9 participation with any of them, who receive actual notice of the orders by personal
10 service or otherwise, and each of them, from violating Section 10(b) of the Exchange
11 Act, 15 U.S.C. §§ 78j(b), and Rule 10b-5(b) thereunder, 17 C.F.R. § 240.10b-5(b).

12 **III.**

13 Issue orders, in forms consistent with Rule 65(d) of the Federal Rules of Civil
14 Procedure, permanently enjoining defendants Edward Chen, Jean Chen, Home
15 Paradise, GH Investment, GH Design Group, Golden Galaxy, and Mega Home, and
16 their officers, agents, servants, employees, attorneys, and those persons in active
17 concert or participation with any of them, who receive actual notice of this Order, by
18 personal service or otherwise, and each of them, be and hereby are permanently
19 restrained and enjoined from, directly or indirectly, participating in the offer or sale
20 of any security which constitutes an investment in a “commercial enterprise” under
21 the United States Government EB-5 visa program administered by USCIS, including
22 engaging in activities with a broker, dealer, or issuer, or a Regional Center designated
23 by the USCIS, for purposes of issuing, offering, trading, or inducing or attempting to
24 induce the purchase or sale of any such EB-5 investment.

25 **IV.**

26 Issue in a form consistent with Fed. R. Civ. P. 65, a temporary restraining order
27 and a preliminary injunction freezing the funds and assets of defendants and their
28 affiliates; appointing a receiver over the entity defendants and the individual

1 defendants' affiliated entities; prohibiting each of the defendants from destroying
2 documents; ordering accountings by each of the defendants; and ordering expedited
3 discovery.

4 **V.**

5 Order defendants to disgorge all funds received from their illegal conduct,
6 together with prejudgment interest thereon.

7 **VI.**

8 Order defendants to pay civil penalties under Section 20(d) of the Securities
9 Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. §
10 78u(d)(3).


11 **VII.**

12 Retain jurisdiction of this action in accordance with the principles of equity and
13 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
14 all orders and decrees that may be entered, or to entertain any suitable application or
15 motion for additional relief within the jurisdiction of this Court.

16 **VIII.**

17 Grant such other and further relief as this Court may determine to be just and
18 necessary.

19
20
21 Dated: September 20, 2017


/s/ Donald W. Searles

Donald W. Searles
Attorney for Plaintiff
Securities and Exchange Commission

ORIGINAL

I. (a) PLAINTIFFS (Check box if you are representing yourself)
 SECURITIES AND EXCHANGE COMMISSION

DEFENDANTS (Check box if you are representing yourself)
 EDWARD CHEN, JEAN CHEN, HOME PARADISE INVESTMENT CENTER LLC, GH INVESTMENT LP, GH DESIGN GROUP LLC, GOLDEN GALAXY LP, AND MEGA HOME LLC

(b) County of Residence of First Listed Plaintiff _____ County of Residence of First Listed Defendant Los Angeles
 (EXCEPT IN U.S. PLAINTIFF CASES) (IN U.S. PLAINTIFF CASES ONLY)

(c) Attorneys (Firm Name, Address and Telephone Number) If you are representing yourself, provide the same information.
 Donald W. Searles / Kristin S. Escalante / Junling Ma (323) 965-3998
 Securities and Exchange Commission
 444 S. Flower Street, Suite 900
 Los Angeles, CA 90071

II. BASIS OF JURISDICTION (Place an X in one box only.)

1. U.S. Government Plaintiff 3. Federal Question (U.S. Government Not a Party)

2. U.S. Government Defendant 4. Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES-For Diversity Cases Only
 (Place an X in one box for plaintiff and one for defendant)

| | | | | | |
|---|--------------------------------|--------------------------------|---|--------------------------------|--------------------------------|
| Citizen of This State | <input type="checkbox"/> PTF 1 | <input type="checkbox"/> DEF 1 | Incorporated or Principal Place of Business in this State | <input type="checkbox"/> PTF 4 | <input type="checkbox"/> DEF 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN (Place an X in one box only.)

1. Original Proceeding 2. Removed from State Court 3. Remanded from Appellate Court 4. Reinstated or Reopened 5. Transferred from Another District (Specify) 6. Multidistrict Litigation - Transfer 8. Multidistrict Litigation - Direct File

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check "Yes" only if demanded in complaint.)

CLASS ACTION under F.R.Cv.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 The Complaint alleges violations of the federal securities laws. 15 U.S.C. § 77q(a); 15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5 thereunder.

VII. NATURE OF SUIT (Place an X in one box only).

| OTHER STATUTES | CONTRACT | REAL PROPERTY CONT. | IMMIGRATION | PRISONER PETITIONS | PROPERTY RIGHTS |
|--|--|---|--|--|--|
| <input type="checkbox"/> 375 False Claims Act | <input type="checkbox"/> 110 Insurance | <input type="checkbox"/> 240 Torts to Land | <input type="checkbox"/> 462 Naturalization Application | Habeas Corpus: | <input type="checkbox"/> 820 Copyrights |
| <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) | <input type="checkbox"/> 120 Marine | <input type="checkbox"/> 245 Tort Product Liability | <input type="checkbox"/> 465 Other Immigration Actions | <input type="checkbox"/> 463 Alien Detainee | <input type="checkbox"/> 830 Patent |
| <input type="checkbox"/> 400 State Reapportionment | <input type="checkbox"/> 130 Miller Act | <input type="checkbox"/> 290 All Other Real Property | TORTS | <input type="checkbox"/> 510 Motions to Vacate Sentence | <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application |
| <input type="checkbox"/> 410 Antitrust | <input type="checkbox"/> 140 Negotiable Instrument | TORTS | PERSONAL PROPERTY | <input type="checkbox"/> 530 General | <input type="checkbox"/> 840 Trademark |
| <input type="checkbox"/> 430 Banks and Banking | <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment | PERSONAL INJURY | <input type="checkbox"/> 370 Other Fraud | Other: | SOCIAL SECURITY |
| <input type="checkbox"/> 450 Commerce/ICC Rates/Etc. | <input type="checkbox"/> 151 Medicare Act | <input type="checkbox"/> 310 Airplane | <input type="checkbox"/> 371 Truth in Lending | <input type="checkbox"/> 540 Mandamus/Other | <input type="checkbox"/> 861 HIA (1395ff) |
| <input type="checkbox"/> 460 Deportation | <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Vet.) | <input type="checkbox"/> 315 Airplane Product Liability | <input type="checkbox"/> 380 Other Personal Property Damage | <input type="checkbox"/> 550 Civil Rights | <input type="checkbox"/> 862 Black Lung (923) |
| <input type="checkbox"/> 470 Racketeer Influenced & Corrupt Org. | <input type="checkbox"/> 153 Recovery of Overpayment of Vet. Benefits | <input type="checkbox"/> 320 Assault, Libel & Slander | <input type="checkbox"/> 385 Property Damage Product Liability | <input type="checkbox"/> 555 Prison Condition | <input type="checkbox"/> 863 DIWC/DIWW (405 (g)) |
| <input type="checkbox"/> 480 Consumer Credit | <input type="checkbox"/> 160 Stockholders' Suits | <input type="checkbox"/> 330 Fed. Employers' Liability | BANKRUPTCY | <input type="checkbox"/> 560 Civil Detainee Conditions of Confinement | <input type="checkbox"/> 864 SSID Title XVI |
| <input type="checkbox"/> 490 Cable/Sat TV | <input type="checkbox"/> 190 Other Contract | <input type="checkbox"/> 340 Marine | <input type="checkbox"/> 422 Appeal 28 USC 158 | FORFEITURE/PENALTY | <input type="checkbox"/> 865 RSI (405 (g)) |
| <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange | <input type="checkbox"/> 195 Contract Product Liability | <input type="checkbox"/> 345 Marine Product Liability | <input type="checkbox"/> 423 Withdrawal 28 USC 157 | <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 | FEDERAL TAX SUITS |
| <input type="checkbox"/> 890 Other Statutory Actions | <input type="checkbox"/> 196 Franchise | <input type="checkbox"/> 350 Motor Vehicle | CIVIL RIGHTS | <input type="checkbox"/> 690 Other | <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) |
| <input type="checkbox"/> 891 Agricultural Acts | REAL PROPERTY | <input type="checkbox"/> 355 Motor Vehicle Product Liability | <input type="checkbox"/> 440 Other Civil Rights | LABOR | <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609 |
| <input type="checkbox"/> 893 Environmental Matters | <input type="checkbox"/> 210 Land Condemnation | <input type="checkbox"/> 360 Other Personal Injury | <input type="checkbox"/> 441 Voting | <input type="checkbox"/> 710 Fair Labor Standards Act | |
| <input type="checkbox"/> 895 Freedom of Info. Act | <input type="checkbox"/> 220 Foreclosure | <input type="checkbox"/> 362 Personal Injury-Med Malpractice | <input type="checkbox"/> 442 Employment | <input type="checkbox"/> 720 Labor/Mgmt. Relations | |
| <input type="checkbox"/> 896 Arbitration | <input type="checkbox"/> 230 Rent Lease & Ejectment | <input type="checkbox"/> 365 Personal Injury-Product Liability | <input type="checkbox"/> 443 Housing/Accommodations | <input type="checkbox"/> 740 Railway Labor Act | |
| <input type="checkbox"/> 899 Admin. Procedures Act/Review of Appeal of Agency Decision | | <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability | <input type="checkbox"/> 445 American with Disabilities-Employment | <input type="checkbox"/> 751 Family and Medical Leave Act | |
| <input type="checkbox"/> 950 Constitutionality of State Statutes | | <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability | <input type="checkbox"/> 446 American with Disabilities-Other | <input type="checkbox"/> 790 Other Labor Litigation | |
| | | | <input type="checkbox"/> 448 Education | <input type="checkbox"/> 791 Employee Ret. Inc. Security Act | |

CIVIL COVER SHEET

VIII. VENUE: Your answers to the questions below will determine the division of the Court to which this case will be initially assigned. This initial assignment is subject to change, in accordance with the Court's General Orders, upon review by the Court of your Complaint or Notice of Removal.

| | | | |
|--|--|--|------------------------------|
| QUESTION A: Was this case removed from state court? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "no," skip to Question B. If "yes," check the box to the right that applies, enter the corresponding division in response to Question E, below, and continue from there. | STATE CASE WAS PENDING IN THE COUNTY OF: | | INITIAL DIVISION IN CACD IS: |
| | <input type="checkbox"/> Los Angeles, Ventura, Santa Barbara, or San Luis Obispo | | Western |
| | <input type="checkbox"/> Orange | | Southern |
| | <input type="checkbox"/> Riverside or San Bernardino | | Eastern |

| | | |
|---|--|---|
| QUESTION B: Is the United States, or one of its agencies or employees, a PLAINTIFF in this action? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "no," skip to Question C. If "yes," answer Question B.1, at right. | B.1. Do 50% or more of the defendants who reside in the district reside in Orange Co.? check one of the boxes to the right → | YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there. |
| | | <input checked="" type="checkbox"/> NO. Continue to Question B.2. |
| | B.2. Do 50% or more of the defendants who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.) check one of the boxes to the right → | YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there. |
| | | NO. Your case will initially be assigned to the Western Division. <input checked="" type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there. |

| | | |
|---|--|---|
| QUESTION C: Is the United States, or one of its agencies or employees, a DEFENDANT in this action? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "no," skip to Question D. If "yes," answer Question C.1, at right. | C.1. Do 50% or more of the plaintiffs who reside in the district reside in Orange Co.? check one of the boxes to the right → | YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there. |
| | | <input type="checkbox"/> NO. Continue to Question C.2. |
| | C.2. Do 50% or more of the plaintiffs who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.) check one of the boxes to the right → | YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there. |
| | | NO. Your case will initially be assigned to the Western Division. <input type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there. |

| | | | |
|---|----------------------------|---|---|
| QUESTION D: Location of plaintiffs and defendants? Indicate the location(s) in which 50% or more of <i>plaintiffs who reside in this district</i> reside. (Check up to two boxes, or leave blank if none of these choices apply.) Indicate the location(s) in which 50% or more of <i>defendants who reside in this district</i> reside. (Check up to two boxes, or leave blank if none of these choices apply.) | A. Orange County | B. Riverside or San Bernardino County | C. Los Angeles, Ventura, Santa Barbara, or San Luis Obispo County |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| | |
|---|---|
| D.1. Is there at least one answer in Column A? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "yes," your case will initially be assigned to the SOUTHERN DIVISION. Enter "Southern" in response to Question E, below, and continue from there. If "no," go to question D2 to the right. → | D.2. Is there at least one answer in Column B? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "yes," your case will initially be assigned to the EASTERN DIVISION. Enter "Eastern" in response to Question E, below. If "no," your case will be assigned to the WESTERN DIVISION. Enter "Western" in response to Question E, below. ↓ |
|---|---|

| | |
|--|---|
| QUESTION E: Initial Division? Enter the initial division determined by Question A, B, C, or D above: → | INITIAL DIVISION IN CACD WESTERN |
|--|---|

| |
|---|
| QUESTION F: Northern Counties? Do 50% or more of plaintiffs or defendants in this district reside in Ventura, Santa Barbara, or San Luis Obispo counties? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|---|

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

IX(a). IDENTICAL CASES: Has this action been previously filed in this court? NO YES

If yes, list case number(s): _____

IX(b). RELATED CASES: Is this case related (as defined below) to any civil or criminal case(s) previously filed in this court? NO YES

If yes, list case number(s): _____

Civil cases are related when they (check all that apply):

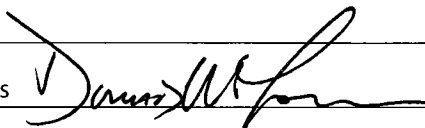
- A. Arise from the same or a closely related transaction, happening, or event;
- B. Call for determination of the same or substantially related or similar questions of law and fact; or
- C. For other reasons would entail substantial duplication of labor if heard by different judges.

Note: That cases may involve the same patent, trademark, or copyright is not, in itself, sufficient to deem cases related.

A civil forfeiture case and a criminal case are related when they (check all that apply):

- A. Arise from the same or a closely related transaction, happening, or event;
- B. Call for determination of the same or substantially related or similar questions of law and fact; or
- C. Involve one or more defendants from the criminal case in common and would entail substantial duplication of labor if heard by different judges.

X. SIGNATURE OF ATTORNEY

(OR SELF-REPRESENTED LITIGANT): /s/ Donald W. Searles  DATE: September 20, 2017

Notice to Counsel/Parties: The submission of this Civil Cover Sheet is required by Local Rule 3-1. This Form CV-71 and the information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. For more detailed instructions, see separate instruction sheet (CV-071A).

Key to Statistical codes relating to Social Security Cases:

| Nature of Suit Code | Abbreviation | Substantive Statement of Cause of Action |
|---------------------|--------------|--|
| 861 | HIA | All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b)) |
| 862 | BL | All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923) |
| 863 | DIWC | All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g)) |
| 863 | DIWW | All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g)) |
| 864 | SSID | All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended. |
| 865 | RSI | All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g)) |