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11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **SOUTHERN DIVISION**

14 **SECURITIES AND EXCHANGE**
15 **COMMISSION,**

16 Plaintiff,

17 vs.

18 **PAUL A. GARCIA, CALIBER**
19 **CAPITAL MANAGEMENT, LLC,**
20 **CALIBER PARTNERSHIP I, LLC,**
21 **PARTNER MEDICAL SOLUTIONS,**
22 **LLC, and RICHARD T. WOODS,**

23 Defendants, and

24 **ACER CAPITAL GROUP, INC. and**
25 **GREENEONE.COM, INC.,**

26 Relief Defendants.

Case No.:

COMPLAINT

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

2 **SUMMARY OF THE ACTION**

3 1. During 2014 and 2015, Defendants Paul A. Garcia and Caliber Capital
4 Management, LLC (“CCM”) raised \$675,000 in a fraudulent securities offering by
5 Defendant Caliber Partnership I, LLC (“Caliber”). The investors included an eighty-
6 two-year-old who invested \$250,000 in Caliber.

7 2. Through CCM, Garcia represented to the investors that Caliber would
8 use their money to purchase an unfinished golf resort in Colorado. He also claimed
9 that Caliber management had already committed \$2.7 million toward the golf resort
10 purchase and that once the purchase was completed, Caliber would join a planned
11 Real Estate Investment Trust (“REIT”) that was poised begin public trading of its
12 securities.

13 3. In truth, no one had committed the \$2.7 million as Garcia claimed. Also,
14 the key assets that the REIT would purportedly hold, several real estate properties,
15 were owned by third parties who had no plan to join the REIT. Defendant Richard T.
16 Woods drafted written marketing materials containing these misrepresentations,
17 which he based in part on unverified information from Garcia and otherwise knew or
18 should have known were false and misleading.

19 4. As investor money came into Caliber, Garcia misappropriated \$130,000
20 of it for his separate companies, Relief Defendants Acer Capital Group, Inc. and
21 Greeneone.com, Inc. Using Defendant Partner Medical Solutions, LLC, Garcia also
22 misappropriated \$1.2 million that he borrowed in Caliber’s name using Caliber’s
23 assets as collateral.

24 5. Caliber’s securities offering also violated the registration provisions of
25 the federal securities laws because it was neither covered by a registration statement
26 nor exempt from registration.

27 **JURISDICTION AND VENUE**

28 6. The Court has jurisdiction over this action pursuant to Sections 20(b),

1 20(d)(1), and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§
2 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of
3 the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d)(1),
4 78u(d)(3)(A), 78u(e), and 78aa(a)].

5 7. Venue is proper in this district pursuant to Section 22(a) of the Securities
6 Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. §
7 78aa(a)] because certain of the transactions, acts, practices and courses of conduct
8 constituting violations of the federal securities laws occurred within this district.

9 **DEFENDANTS**

10 8. Paul A. Garcia, age 53, is a resident of Newport Beach, Calif. Garcia
11 managed the entity Defendants and Relief Defendants from a single office in Irvine,
12 Calif.

13 9. Richard T. Woods, age 53, is a resident of Southlake, Texas.

14 10. Caliber Partnership I, LLC (“Caliber”) is a Delaware limited liability
15 company formed in June 2014. Its principal place of business is in Irvine, Calif.

16 11. Caliber Capital Management, LLC (“CCM”) is a Texas limited liability
17 company formed in October 2013. CCM served as the manager of Caliber. CCM is
18 owned by Garcia (50.1 percent) and Woods (49.9 percent) and primarily managed by
19 Garcia. Its principal place of business is in Irvine, Calif.

20 12. Partner Medical Solutions, LLC (“Partner Medical”) is a Nevada limited
21 liability company formed in July 2014 that is owned and controlled by Garcia. Its
22 principal place of business is in Irvine, Calif.

23 **RELIEF DEFENDANTS**

24 13. Acer Capital Group, Inc. (“Acer”) is a California corporation formed in
25 December 2006 that is controlled by Garcia. Its principal place of business is in
26 Irvine, Calif.

27 14. Greeneone.com, Inc. (“Greeneone”) is a California corporation formed
28 in May 2013 that is controlled by Garcia. Its principal place of business is in Irvine,

1 Calif.

2 **DEFENDANTS MADE MISREPRESENTATIONS TO CALIBER**
3 **INVESTORS**

4 15. Starting in approximately August 2014, Garcia solicited investors in
5 Caliber's securities offering with a private placement memorandum ("PPM") and
6 attached "Business Plan." These documents represented that Caliber was seeking to
7 raise \$5 million through the offering and that Caliber would use investor funds to
8 purchase a partially constructed golf resort in Colorado and otherwise invest in real
9 estate. According to the documents, as a possible "[e]xit strategy," Caliber would
10 "merg[e] with a public company listed on the Over-the-Counter ('OTC') exchange."

11 16. The PPM identified Garcia as "CEO" of Caliber and identified CCM as
12 the "Manager" of Caliber with control over Caliber's operations. It identified Garcia
13 and Woods as the owners and control persons of CCM.

14 17. Woods was the primary drafter of the PPM and Business Plan, based
15 significantly on information provided by Garcia. Garcia, through CCM, approved the
16 PPM and Business Plan and authorized another individual, who later invested in
17 Caliber, to distribute the PPM and Business Plan to prospective Caliber investors.
18 The individual and Garcia distributed the PPM and Business Plan to prospective
19 investors in seven states, typically by email or mail, from approximately August
20 through October 2014. During the same period, Garcia also promoted the Caliber
21 offering through interstate telephone calls and in-person meetings with prospective
22 investors.

23 18. Based on information provided by Garcia, the PPM falsely claimed that
24 Caliber management had already committed \$2.7 million toward the purchase of the
25 golf resort property. Included in the \$2.7 million was \$1 million that had been placed
26 in escrow, according to the PPM. Garcia knew this statement was false at the time he
27 and CCM distributed the PPM to prospective investors. Woods was a co-owner of
28 CCM, which was the manager of Caliber, and had access to information to determine

1 if the statement was true. Yet he negligently failed to take any steps to verify the
2 statement before including it in the PPM.

3 19. Also based on information provided by Garcia, the PPM claimed that
4 another part of the \$2.7 million was \$1.2 million that management had contributed to
5 acquire a “personal guarantee” from principals of a developer previously associated
6 with the property. This claim was false, as Garcia knew, and Woods negligently
7 failed to take any steps to verify the claim before including it in the PPM.

8 20. The Business Plan falsely claimed that Caliber was part of a “plan”
9 among “strategic partners and affiliates” to form a publicly traded Real Estate
10 Investment Trust. It further claimed that the REIT’s assets would include the golf
11 resort and four additional properties: a vacation home development in New York’s
12 Catskill Mountains, a tract on the InterCoastal Waterway of the Atlantic Coast, a
13 Caribbean resort, and a parcel of Northern California home-sites. Garcia and Woods
14 had no basis for claiming in the Business Plan that the owners of the additional
15 properties had agreed to join a venture with Caliber, had a “plan” to do so, or had any
16 “strategic” relationships among themselves or with Caliber.

17 21. As a result of Garcia’s efforts, Caliber received \$600,000 from 10
18 investors, including an eighty-two-year-old who invested \$250,000, from September
19 through November 2014. From December 2014 through September 2015, Caliber
20 raised an additional \$75,000 from three investors, bringing the total investment by all
21 13 investors to \$675,000. The investors resided in five states (Washington, Idaho,
22 Oregon, Montana, and Maine) and at least some of them were unaccredited and
23 unsophisticated in financial and business matters. Garcia paid Woods \$5,000 of the
24 money raised from Caliber investors.

25 **GARCIA AND CCM MISAPPROPRIATED CALIBER INVESTOR FUNDS**

26 22. In the fall of 2014, Garcia transferred \$80,000 of the investor money
27 from Caliber to Acer for no consideration and for Acer’s use. He also transferred
28 \$50,000 of the Caliber investor money to a Canadian company with ties to Greeneone

1 for no consideration and for Greeneone's benefit.

2 23. In addition to being a misappropriation of Caliber investor money, the
3 transfers to Acer and Greeneone were contrary to escrow provisions in the Caliber
4 PPM. Those provisions represented that the minimum amount to be raised by
5 Caliber's offering was \$1 million; that no investor funds would be spent until the
6 minimum was reached; and if the minimum was not reached, all investor funds would
7 be "promptly returned in full."

8 24. Caliber never reached the \$1 million threshold, and therefore investor
9 money should not have been spent for any purpose. To create the false appearance
10 that Caliber reached the threshold, Garcia signed a subscription agreement in or about
11 October 2014 falsely stating that he invested \$500,000 in Caliber. He also falsely
12 claimed he had made the \$500,000 investment in September 2015 emails to an
13 accountant working for Caliber.

14 **GARCIA AND CCM MISAPPROPRIATED AN ADDITIONAL**
15 **\$1.2 MILLION FROM CALIBER**

16 25. In late 2014, Garcia set the stage for bilking Caliber out of \$1.2 million
17 by means of a sham loan pay-off to Partner Medical.

18 26. In or about mid-November 2014, while Caliber continued raising funds,
19 Garcia signed a promissory note falsely stating that Partner Medical had loaned \$1.2
20 million to Caliber. As Garcia knew, the promissory note was false because Partner
21 Medical never loaned any money to Caliber.

22 27. At around the same time, Garcia caused Caliber to buy the golf resort,
23 and in January 2015 he caused Caliber to buy a Texas apartment complex. He caused
24 Caliber to finance these purchases with approximately \$480,000 in investor funds
25 plus about \$5.7 million he caused Caliber to borrow from third parties, using the golf
26 resort and apartment complex as collateral.

27 28. Between late December 2014 and March 2015, Garcia induced a title
28 company to disburse \$1.218 million of Caliber's borrowed funds to Partner Medical

1 as a purported pay-off (with interest) of the sham \$1.2 million loan. To accomplish
2 this, Garcia sent the title company emails and false transactional documents bearing
3 the name, signature, and initials of his spouse (who has a different surname) to create
4 the false appearance that she was directing Partner Medical in an arms-length
5 transaction.

6 29. Garcia ultimately transferred all but \$1,000 of the \$1.218 million from
7 Partner Medical to Greeneone. Greeneone provided no consideration for the
8 transfers, which had no legitimate purpose. Garcia then transferred \$869,500 of these
9 funds from Greeneone to Acer, also for no consideration or legitimate purpose.

10 **CALIBER, CCM, AND GARCIA VIOLATED REGISTRATION**

11 **PROVISIONS**

12 30. As described above, Caliber, through the actions of Garcia and CCM,
13 offered Caliber securities for sale and sold \$675,000 in Caliber securities.

14 31. Contrary to the requirements of the federal securities laws, no
15 registration statement was filed with the Commission or in effect for any of these
16 offers or sales, and no exemption from registration applied to the offers or sales.

17 **CALIBER INVESTORS HAVE RECEIVED NO RETURNS**

18 32. Caliber filed a voluntary Chapter 11 bankruptcy petition in the U.S.
19 Bankruptcy Court for the Northern District of Texas on January 4, 2016. The
20 bankruptcy court dismissed that proceeding on October 14, 2016, after all of
21 Caliber's assets were exhausted to satisfy claims of its secured creditors.

22 33. No Caliber investor has received any return on his or her investment.

23 **FIRST CLAIM FOR RELIEF**

24 **Fraud In Connection With the Purchase or Sale of Securities**

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

26 **and Rule 10b-5 Thereunder**

27 **(Garcia, CCM, and Caliber)**

28 34. The Commission realleges and incorporates by reference paragraphs 1

1 through 33 above.

2 35. Defendants Paul A. Garcia, Caliber Capital Management, LLC, and
3 Caliber Partnership I, LLC, by engaging in the conduct described above, directly or
4 indirectly, in connection with the purchase or sale of a security, by the use of means
5 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
6 national securities exchange, with scienter:

7 (a) employed devices, schemes, or artifices to defraud;

8 (b) made untrue statements of a material fact or omitted to state a
9 material fact necessary in order to make the statements made, in the light of the
10 circumstances under which they were made, not misleading; and

11 (c) engaged in acts, practices, or courses of business which operated
12 or would operate as a fraud or deceit upon other persons.

13 36. By engaging in the conduct described above, these Defendants violated
14 Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) through
15 10b-5(c) thereunder [17 C.F.R. §§ 240.10b-5(a) through 240.10b-5(c)].

16 **SECOND CLAIM FOR RELIEF**

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

18 **Violations of Section 17(a) of the Securities Act**

19 **(Garcia, CCM, and Caliber)**

20 37. The Commission realleges and incorporates by reference paragraphs 1
21 through 33 above.

22 38. Defendants Paul A. Garcia, Caliber Capital Management, LLC, and
23 Caliber Partnership I, LLC, by engaging in the conduct described above, in the offer
24 or sale of securities by the use of means or instruments of transportation or
25 communication in interstate commerce or by use of the mails, directly or indirectly:

26 (a) with scienter, employed devices, schemes, or artifices to defraud;

27 (b) obtained money or property by means of untrue statements of a
28 material fact or by omitting to state a material fact necessary in order to make the

1 statements made, in light of the circumstances under which they were made, not
2 misleading; and

3 (c) engaged in transactions, practices, or courses of business which
4 operated or would operate as a fraud or deceit upon the purchaser.

5 39. By engaging in the conduct described above, these Defendants violated
6 Sections 17(a)(1) through 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1)
7 through 77q(a)(3)].

8 **THIRD CLAIM FOR RELIEF**

9 **Aiding and Abetting**

10 **(Partner Medical)**

11 40. The Commission realleges and incorporates by reference paragraphs 1
12 through 33 above.

13 41. By engaging in the conduct above, Defendant Partner Medical Solutions,
14 LLC knowingly or recklessly provided substantial assistance to Defendants Paul A.
15 Garcia, Caliber Capital Management, LLC, and Caliber Partnership I, LLC in their
16 violations, set forth above, of Sections 17(a)(1) and 17(a)(3) of the Securities Act [15
17 U.S.C. §§ 77q(a)(1) and 77q(a)(3)], Section 10(b) of the Exchange Act [15 U.S.C. §
18 78j(b)], and Rules 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. §§ 240.10b-5(a) and
19 240.10b-5(c)].

20 42. By reason of the foregoing, Defendant Partner Medical Solutions, LLC
21 has aided and abetted violations of Sections 17(a)(1) and 17(a)(3) of the Securities
22 Act [15 U.S.C. §§ 77q(a)(1) and 77q(a)(3)], Section 10(b) of the Exchange Act [15
23 U.S.C. § 78j(b)], and Rules 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. §§ 240.10b-
24 5(a) and 240.10b-5(c)].

1 statements made, in light of the circumstances under which they were made, not
2 misleading.

3 49. By engaging in the conduct described above, Defendant Richard T.
4 Woods violated Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

5 **SIXTH CLAIM FOR RELIEF**

6 **(Relief Defendants)**

7 50. The Commission realleges and incorporates by reference paragraphs 1
8 through 33 above.

9 51. The Relief Defendants, Acer Capital Group, Inc. and Greeneone.com,
10 Inc., each received cash derived from funds that were obtained in violation of the
11 federal securities laws, and may continue to hold such cash or fruits derived
12 therefrom, as alleged above.

13 52. The Relief Defendants have no legitimate claim to such cash or fruits
14 derived therefrom.

15 **PRAYER FOR RELIEF**

16 WHEREFORE, the Commission respectfully requests that the Court:

17 I.

18 Enter an order permanently enjoining Defendants Paul A. Garcia, Caliber
19 Capital Management, LLC, Caliber Partnership I, LLC, and Partner Medical
20 Solutions, LLC from violating Section 10(b) of the Exchange Act [15 U.S.C. §
21 78j(b)], Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], and Section
22 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

23 II.

24 Enter an order permanently enjoining Defendants Paul A. Garcia, Caliber
25 Capital Management, LLC, and Caliber Partnership I, LLC from violating Section 5
26 of the Securities Act [15 U.S.C. § 77e].

27 III.

28 Enter an order permanently enjoining Defendant Richard T. Woods from

1 violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

2 IV.

3 Enter an order prohibiting Defendant Paul A. Garcia from acting as an officer
4 or director of any issuer that has a class of securities registered pursuant to Section 12
5 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to
6 Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

7 V.

8 Enter an order permanently enjoining Defendant Paul A. Garcia from directly
9 or indirectly, including, but not limited to, through any entity owned or controlled by
10 him, participating in the issuance, purchase, offer, or sale of any security; provided
11 however that such injunction shall not prevent Garcia from purchasing or selling
12 securities for his own personal account.

13 VI.

14 Enter an order requiring Defendants Paul A. Garcia, Caliber Capital
15 Management, LLC, Caliber Partnership I, LLC, Partner Medical Solutions, LLC, and
16 Richard T. Woods, and Relief Defendants Acer Capital Group, Inc. and
17 Greeneone.com, Inc., to disgorge their ill-gotten gains, plus prejudgment interest
18 thereon.

19 VII.

20 Enter an order requiring Defendants Paul A. Garcia, Caliber Capital
21 Management, LLC, and Partner Medical Solutions, LLC, to pay civil penalties
22 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)
23 of the Exchange Act [15 U.S.C. § 78u(d)], and requiring Defendant Richard T.
24 Woods to pay a civil penalty pursuant to Section 20(d) of the Securities Act [15
25 U.S.C. § 77t(d)].

VIII.

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

Dated: February 1, 2017

/s/ Steven D. Buchholz
Steven D. Buchholz
Attorney for Plaintiff
Securities and Exchange Commission

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