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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIF.

4 *v:

5 Attorneys for Plaintiff
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11 UNITED STATES DISTRICT COURT
12 SOUTHERN DISTRICT OF CALIFORNIA

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 THOMAS J. SAIZ, and CALDERON,
18 JAHAM & OSBORN, an accountancy
19 corporation,

20 Defendants.

Case No.

COMPLAINT FOR
VIOLATIONS OF THE
FEDERAL SECURITIES
LAWS

07 CV 2308 L JMA

21 Plaintiff Securities and Exchange Commission ("Commission") alleges as
22 follows:

23 JURISDICTION AND VENUE

24 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
25 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C.
26 §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of
27 the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78(u)(d)(1),
28 78u(d)(3)(A), 78u(e) & 78aa. Defendants have, directly or indirectly, made use of

1 the means or instrumentalities of interstate commerce, of the mails, or of the
2 facilities of a national securities exchange in connection with the transactions, acts,
3 practices and courses of business alleged in this Complaint.

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

9 **SUMMARY**

10 3. This case involves false and misleading statements by Defendants
11 Thomas J. Saiz, a certified public accountant, and his accountancy corporation,
12 Calderon, Jaham & Osborn in connection with municipal securities offerings by
13 the City of San Diego (the "City"). Defendants were the independent auditor for
14 the City for fiscal years ended June 30, 2001 and 2002. In that capacity,
15 Defendants drafted the footnote disclosures to the City's financial statements;
16 issued unqualified audit reports for these fiscal years stating that the City's
17 financial statements were presented in conformity with generally accepted
18 accounting principles ("GAAP") and that the audits were performed in accordance
19 with generally accepted auditing standards ("GAAS"); and consented to the City
20 including the audit reports in the offering documents for its five 2002 and 2003
21 municipal securities offerings that raised approximately \$261 million from
22 investors. Defendants violated the antifraud provisions of the Securities Act and
23 Exchange Act because:

24 (a) their footnote disclosures to the financial statements, which
25 were included in the City's offering documents, contained materially false and
26 misleading statements regarding the City's funding of its pension and retiree health
27 care obligations; and

28 (b) their audit reports were false and misleading because the City's

