

1 SANDRA J. HARRIS, Cal. Bar # 134153  
NICOLAS MORGAN, Cal. Bar # 166441  
2 RABIA A. CEBECI, Cal. Bar # 143634

3 Attorneys for Plaintiff  
Securities and Exchange Commission  
4 Valerie Caproni, Regional Director  
5670 Wilshire Boulevard, 11th Floor  
5 Los Angeles, California 90036-3648  
Phone: (323) 965-3998  
6 Fax: (323) 965-3908

7  
8 UNITED STATES DISTRICT COURT  
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA

10  
11 SECURITIES AND EXCHANGE COMMISSION,

Case No.

12 Plaintiff,

COMPLAINT FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

13 vs.

14 CONCORD CAPITAL ENTERPRISE, dba  
CONCORD CAPITAL INC. AND CONCORD  
15 CAPITAL ENTERPRISES INC., SCOTT  
YOSHIZUMI, ANN TA AND DIONISIA  
16 PAPPAS,

17 Defendants.

18  
19  
20 Plaintiff Securities and Exchange Commission ("Commission") for  
21 its Complaint alleges:

22  
23 JURISDICTION

24 1. The Commission brings this action pursuant to the  
25 authority conferred upon it by Section 20(b) of the Securities Act  
26 of 1933 ("Securities Act") [15 U.S.C. § 77t(b)] and Section 21(d) of  
27 the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C.  
28 § 78u(d)] seeking to permanently restrain and enjoin Defendants

1 Concord Capital Enterprise, doing business as Concord Capital  
2 Enterprises Inc. and Concord Capital Inc. ("Concord"), and Scott  
3 Yoshizumi ("Yoshizumi") from engaging in the transactions, acts,  
4 practices and courses of business alleged herein. The Commission  
5 further brings this case pursuant to Section 20(d) of the Securities  
6 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act  
7 [15 U.S.C. § 78u(d)(3)] seeking civil penalties against Defendants  
8 Concord and Yoshizumi. Defendants Concord and Yoshizumi have,  
9 directly or indirectly, made use of the means or instrumentalities  
10 of interstate commerce, of the mails, or of the facilities of a  
11 national securities exchange, in connection with the transactions,  
12 acts, practices and courses of business alleged herein. Defendants  
13 Ann Ta and Dionisia Pappas are named solely as relief defendants and  
14 are not alleged to have violated the federal securities laws.

15 SUMMARY

16 2. Concord purports to operate as a private investment  
17 banking and asset management firm. Since at least November 1999,  
18 however, Concord and its managing director, Yoshizumi, a twice-  
19 convicted felon, have placed investors in a fraudulent and  
20 nonexistent "bank debenture program." Concord has raised at least  
21 \$1.5 million from at least 25 investors located nationwide in this  
22 prime bank scheme.

23 3. Concord and Yoshizumi represent to investors that  
24 investors' funds will be utilized solely for the bank debenture  
25 program. They further state that the program "consists of the  
26 processing of purchases of senior bank obligations, such as standby  
27 letters of credit or bank guarantees," for the purpose of resale to  
28 other parties and purchasers of such instruments. According to

1 Concord and Yoshizumi, only the "top 200 world banks" will  
2 participate in the program. Investors are told that Concord will  
3 make monthly interest payments of two or four percent. Contrary to  
4 these representations, no such prime bank debenture program exists.  
5 Instead, Concord and Yoshizumi have used investors' funds for  
6 various business expenses and personal uses, including purchases of  
7 a \$1.3 million home by Yoshizumi and Ann Ta ("Ta") for Ta and a  
8 \$147,869 Mercedes Benz automobile by Dionisia Pappas ("Pappas"), the  
9 president of Concord.

10 THE DEFENDANTS

11 4. Concord Capital Enterprise, doing business as Concord  
12 Capital Enterprises Inc. and Concord Capital Inc. ("Concord"), was  
13 incorporated in Nevada in 1997 and is doing business in La Palma,  
14 California. Until recently, Concord's offices were located in  
15 Cerritos, California.

16 5. Scott Yoshizumi ("Yoshizumi"), age 39, resides in  
17 Fullerton, California, and is a managing director and Treasurer of  
18 Concord. Yoshizumi has two felony convictions. In October 1997, he  
19 was convicted of mail and wire fraud and was sentenced to two years  
20 imprisonment and three years supervised release. In January 1992,  
21 he was convicted of mail and wire fraud and was sentenced to 33  
22 months imprisonment. He is currently on supervised release.

23 THE RELIEF DEFENDANTS

24 6. Dionisia Pappas ("Pappas"), age 28, who is named solely  
25 for the purpose of obtaining full relief, resides in San Diego,  
26 California. Pappas is the president of Concord.

27  
28

1           7.         Ann Ta ("Ta"), age 25, who is named solely for the  
2 purpose of obtaining full relief, resides in Fullerton, California.  
3 Ta is employed as an administrative assistant at Concord.

4                                 GENERAL ALLEGATIONS

5         A.     Background

6           8.         Concord purports to operate as a private investment  
7 banking and asset management firm. Concord claims that it began  
8 operations in 1994 as a limited liability partnership to manage the  
9 assets of two unnamed large Japanese financial institutions. It  
10 states that its business is divided into four sections: investment  
11 banking and capital formation strategies; asset and fund management;  
12 merger and acquisitions and other specialized strategies; and  
13 consulting.

14          9.         Since at least November 1999, Concord has placed  
15 investors in its bank debenture program. Concord uses sales agents  
16 located nationwide who provide offering documents on the letterhead  
17 of the sales agent.

18          10.        The sales agents have told investors that their money  
19 will be pooled with other investors. The sales agents have stated  
20 in the offering documents that "the investor is guaranteed, through  
21 a contract with the program manager, to receive a specified yield on  
22 a monthly basis. Therefore the risk to our investors is virtually  
23 nonexistent." The offering materials also state that investors'  
24 funds can be aggregated to achieve minimum capital requirements of  
25 \$7.5 to \$100 million for the purchase of bank debentures.

26          11.        Investors have received two documents from Concord: a  
27 "Concord Capital Inc. Client Asset and Money Management Account  
28 Agreement" ("CAMA Agreement") and an "Addendum to Client Asset

1 Management Account Agreement" ("Addendum"). Yoshizumi signed both  
2 documents on behalf of Concord.

3 **B. Misrepresentations and Omissions**

4 12. In the CAMA Agreement and Addendum, Concord and  
5 Yoshizumi have made the following misrepresentations to investors in  
6 the bank debenture program:

7 a. That client funds shall be utilized solely for  
8 participating in the bank debenture program with the "top  
9 200 world banks" and that investors will receive two or  
10 four percent profit per month. In fact, funds have not  
11 been invested as represented. The prime bank debenture  
12 program does not exist. The transaction and investment  
13 programs contained in the CAMA Agreement and Addendum do  
14 not represent a legitimate investment scheme, have no  
15 commercial basis whatsoever, never existed as real  
16 transactions, and are not viable.

17 b. That client funds will be placed in a "special  
18 account" until sufficient funds are accumulated to enter  
19 into the program. Instead, investors make payments  
20 directly to Concord, which deposits the funds into various  
21 Concord accounts where investor funds are commingled with  
22 several million dollars from undetermined sources. From  
23 those accounts Concord has withdrawn money for various  
24 business expenses and personal uses. For example, funds  
25 have been withdrawn from Concord's bank accounts for the  
26 following purposes: 1) nearly \$1.3 million to purchase a  
27 home in Fullerton for Ta; 2) \$145,869 (plus a \$2,000  
28 credit card charge) to purchase a Mercedes Benz automobile

1 for Pappas; 3) \$1 million paid to various entities that do  
2 not appear to have any relation to the bank debenture  
3 program, i.e., not one of the "top 200 world banks;" and  
4 4) about \$800,000 paid as commissions to various  
5 individuals, including sales agents.

6 c. Concord and Yoshizumi also misrepresented to at least  
7 one investor that Concord is registered under "the  
8 'Investment Advisors Act of 1944' (sic) for a Series 65  
9 designation." In fact, Concord is not registered with the  
10 Commission in any capacity, including as an investment  
11 adviser under the Investment Advisors Act of 1940.

12 FIRST CLAIM FOR RELIEF

13 FRAUD IN THE OFFER OR SALE OF SECURITIES

14 Section 17(a) of the Securities Act

15 (Against Defendants Concord and Yoshizumi)

16 13. Paragraphs 1 through 12 are realleged and incorporated  
17 by this reference.

18 14. Defendants, by engaging in the conduct described above,  
19 directly or indirectly, in the offer or sale of securities, by the  
20 use of means or instruments of transportation or communication in  
21 interstate commerce or by the use of the mails:

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

24 (b) obtained money or property by means of untrue  
25 statements of material fact or by omitting to  
26 state material facts necessary in order to make  
27 the statements made, in light of the circumstances  
28 under which they were made, not misleading; or

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

5 15. By reason of the facts and circumstances described  
6 above, Defendants violated, and unless restrained and enjoined will  
7 continue to violate, Section 17(a) of the Securities Act [15 U.S.C.  
8 § 77q(a)].

9 SECOND CLAIM FOR RELIEF

10 FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

11 Section 10(b) of the Exchange Act

12 and Rule 10b-5 Thereunder

13 (Against Defendants Concord and Yoshizumi)

14 16. Paragraphs 1 through 12 are realleged and incorporated  
15 by this reference.

16 17. Defendants, by engaging in the conduct described above,  
17 directly or indirectly, in connection with the purchase or sale of  
18 securities, by the use of the means or instrumentalities of  
19 interstate commerce, or of the mails, or of a facility of a national  
20 securities exchange, with scienter:

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

22 (b) made untrue statements of material fact or omitted  
23 to state material facts necessary in order to make  
24 the statements made, in light of the circumstances  
25 under which they were made, not misleading; or

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

1 18. By reason of the facts and circumstances described  
2 above, Defendants violated, and unless restrained and enjoined will  
3 continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. §  
4 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

5 PRAYER FOR RELIEF

6 Wherefore, the Commission respectfully requests that the Court:

7 I.

8 Issue findings of fact and conclusions of law that  
9 Defendants Concord and Yoshizumi committed the alleged  
10 violations.

11 II.

12 Issue orders temporarily, preliminarily and permanently  
13 enjoining Defendants Concord and Yoshizumi and their officers,  
14 agents, servants, employees, and attorneys, and all persons in  
15 active concert or participation with them who receive actual  
16 notice of the injunction by personal service or otherwise, and  
17 each of them, from violating, directly or indirectly, Section  
18 17(a) of the Securities Act, Section 10(b) of the Exchange Act  
19 and Rule 10b-5 thereunder.

20 III.

21 Issue a temporary restraining order and a  
22 preliminary injunction and issue orders freezing the assets of  
23 each of the Defendants, requiring an accounting from each of  
24 the Defendants, and prohibiting defendants Concord and  
25 Yoshizumi from destroying evidence.

26

27

28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IV.

Order Defendants, and each of them, to disgorge all benefits gained and losses avoided as a result of their illegal conduct, and to pay prejudgment interest thereon.

V.

Issue an order imposing civil money penalties against Defendants Concord and Yoshizumi pursuant to Section 20(b) of the Securities Act and Section 21(d)(3) of the Exchange Act.

VI.

Issue an order granting such other and further relief as this Court may determine to be just, equitable and necessary.

VII.

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

DATED: November 16, 2000

Rabia A. Cebeci  
Rabia A. Cebeci  
Attorney for Plaintiff  
Securities and Exchange Commission