

ADMINISTRATIVE PROCEEDING
FILE NO. 3-18276

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of

**Patric Ken Baccam a/k/a Khanh
Sengpraseuth,**

Respondent

Judge James E. Grimes

**DIVISION OF ENFORCEMENT'S MOTION FOR SANCTIONS
AGAINST RESPONDENT PATRIC KEN BACCAM**

January 30, 2018

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I. INTRODUCTION

The Division of Enforcement (“Division”) requests, pursuant to Rule 250(a) of the Commission’s Rules of Practice, 17 C.F.R. § 201.250(a), that the Court issue a default judgment against respondent Patric Ken Baccam a/k/a Khanh Sengpraseuth (“Baccam”) and impose sanctions in this follow-on proceeding brought pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78o(b) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. § 80b-3(f). The U.S. District Court for the Central District of California has entered a default judgment against Baccam and permanently enjoined him from violating the federal securities laws. This Court also entered an order of default against Baccam for failing to respond to the Division’s Order Instituting Proceedings (“OIP”). Because Baccam’s conduct meets the factors set forth in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff’d on other grounds*, 450 U.S. 91 (1981), the Division requests that the Court impose full collateral and penny stock bars.

II. FACTUAL BACKGROUND

A. Procedural Background and the Permanent Injunction Against Baccam

On January 31, 2017, the Commission filed an injunctive action in the U.S. District Court for the Central District of California against Baccam and, as relief defendants, Precision Research Group LLC (“Precision Research”) and Prim Group LLC (“Prim Group”). The complaint alleged that from October 2010 through July 2013 Baccam conducted a fraudulent scheme to obtain investor money to use for his own benefit in violation of the federal securities laws. (Declaration of Nicholas C. Margida “Margida Decl.” ¶ 2). The complaint alleged that Baccam raised some \$963,000 through the offer and sale of 28 unsecured promissory notes to 18

investors by making material misrepresentations with the intent to defraud investors and by acting illegally as an unregistered broker. (*Id.*)

Baccam never answered or otherwise responded to the complaint, and the Commission moved for a default judgment. The district court granted the Commission's motion on June 14, 2017 and entered an order permanently enjoining Baccam from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), and Sections 10(b) and 15(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78o(a), along with Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5. (*Id.* ¶3) The district court ordered Baccam and Precision Research to pay disgorgement of \$203,756, prejudgment interest of \$29,881, and a civil penalty of \$203,756. To date, the monetary judgment remains unpaid.

This follow-on administrative proceeding, in which the Division seeks collateral and penny stock bars under Exchange Act Section 15(b) and Advisers Act Section 203(f) was brought on November 8, 2017 with the filing of an Order Instituting Proceedings. Baccam's responsive filing was due December 18, 2017. Baccam submitted no response and did not participate in the prehearing conference that took place the same day. (*Patric Ken Baccam*, Admin. Proc. Rulings Release No. 5430, at 1 (ALJ Jan. 2, 2018)). Nor did he respond to the Court's order to show cause as to why he should not be found in default. (*Id.*) On January 2, 2018, the Court held Baccam in default and deemed as true the allegations in the OIP, pursuant to Rule 155(a), 17 C.F.R. § 201.155(a). (*Id.*) For the reasons set forth below, the Division respectfully requests collateral and penny stock bars as a sanction in the public interest.

B. Baccam Violated the Federal Securities Laws.

1. Baccam and his controlled entities

Baccam, 46, resides in Highland, California. From February 22, 2002, until December 31, 2011, Baccam was a registered representative associated with Centaurus Financial, Inc. (“Centaurus”). (OIP at 1; Margida Decl. ¶ 9). Centaurus is registered with the Commission as a broker-dealer and investment adviser and is headquartered in Anaheim, California. Baccam has not been associated with any registered broker-dealer or investment adviser since leaving Centaurus. (OIP at 1.)

Prim Group is a single-member limited liability company that Baccam registered with the California Secretary of State on July 14, 2011 and is located in San Bernardino, California. (Margida Decl., ¶ 14; ¶ 5q) Baccam is the entity’s sole member, owner, and agent for service of process. (*Id.*, ¶ 5q) At all relevant times Baccam alone controlled and operated Prim Group. This included managing its solicitation of investors, its use of investor funds, and its business operations. Baccam sold one promissory note, in December 2011, with Prim Group as the issuer. (*Id.*, ¶¶ 4, 5r, 15)

Precision Research Group is a limited liability company located in San Bernardino, California, that Baccam used to issue promissory notes as early as February 2012 but did not register with the California Secretary of State until May 24, 2012. (*Id.* ¶¶ 5r, 14) At all relevant times Baccam alone controlled and operated Precision Research. This included managing its solicitation of investors, its use of investor funds, and its business operations. From February 2012 to July 2013, Baccam sold eight promissory notes with Precision Research as issuer. (*Id.*, ¶¶ 4, 17)

2. Baccam's fraudulent scheme

From October 2010 through July 2013, Baccam raised \$963,000 through the offer and sale of 28 unsecured promissory notes -- \$251,600 in Moret Group LLC note sales and \$711,400 in the sale of notes issued by himself and/or his entities -- to 18 investors, who were either his current or former brokerage customers or members of his family. (*Id.*, ¶¶ 4, 5h) In pitching the notes to investors, Baccam promised significant returns and represented that the notes would be used to fund real estate ventures in which experienced third-parties would buy, renovate, and resell houses for a profit. (*Id.*, ¶¶ 5n, 6, 7)

In 2010, Conley Moret, a church acquaintance, offered to pay Baccam a 10% commission on any funds Baccam raised from the sale of promissory notes issued by Moret's real estate development company, Moret Group. (*Id.*, ¶ 5g) In October 2010, Baccam began offering Moret Group notes to Centaurus customers for whom he had previously invested money in variable annuity contracts and other non-equity investments. (*Id.*, ¶¶ 5c, 5d) Baccam represented to potential investors that the funds would be used to buy, renovate, and "flip" residential properties and that the notes would pay annual returns of between 12 and 14%. In total, Baccam sold \$251,600 worth of Moret Group notes to his Centaurus customers and to a cousin. (*Id.*, ¶¶ 5h, 11)

In early 2011, Baccam began efforts to fund his own real estate venture by selling promissory notes under the names of his own entities. Initially, Baccam sold the notes through a DBA name, "PR Group." (*Id.*, ¶ 5o) By the end of 2011 he had formed a limited liability company, Prim Group, and sold one note issued by it. (*Id.*, ¶¶ 4, 5q, 15) During 2011, while still employed by Centaurus, Baccam raised \$407,300 through the sale of PR Group notes and another \$100,000 through the the Prim Group note. (*Id.*, ¶¶ 4, 12, 15)

As early as February, and no later than November 2011, Baccam became aware that Moret Group was failing. By February, Moret Group was not making full or timely promised monthly payments to Baccam's cousin, who had purchased a \$120,000 Moret Group note on November 28, 2010. (*Id.*, ¶¶ 5i, 11) By November of that year, Moret Group had failed to make promised annual payments to Baccam's customers who had purchased notes in 2010. (*Id.*, ¶ 5j) Covering for Moret's insolvency, Baccam used investor funds from PR Group note sales to make the payments owed to the earlier 2010 Moret Group noteholders. (*Id.*) In November 2011, Baccam convinced one Moret Group noteholder to use his \$9,600 annual interest payment, which Baccam, not Moret Group, had made, to purchase an additional Moret Group note in the same amount. (*Id.*, ¶¶ 5k, 7) Baccam made this sale, for which he received a commission, without disclosing that his own PR Group investors were covering the shortfall in Moret Group's interest obligation. A few months later, in March 2012, Conley Moret told Baccam that Moret Group would be unable to make further annual interest payments to Baccam's brokerage customers or further monthly interest payments to Baccam's cousin. (*Id.*, ¶ 5l) As a result, from March 2012 through 2014, Baccam used investor funds to make monthly payments, in the amount of \$2,900 to \$3,000, to his cousin. (*Id.*, ¶5m)

In 2012 and 2013, after leaving Centaurus, Baccam continued to offer and sell notes that he told investors would be used to buy, renovate, and sell residential properties. (*Id.*, ¶ 6) In early 2012, he began using the DBA name "Precision Research Group," -- a successor company to PR Group -- to sell notes, and in May 2012, he created a new limited liability company,

Precision Research Group. (*Id.*, ¶¶ 5r, 14) Between February 2012 and July 2013, Baccam sold \$204,100 worth of Precision Research Group notes.¹ (*Id.*, ¶¶ 4, 17)

3. Baccam acted as an unauthorized broker.

Between October 2010 and the end of 2011, Baccam was associated with Centaurus, which was registered with the Commission as both a broker-dealer and an investment adviser. (OIP at 1; Margida Decl., ¶ 9) In offering and selling Moret Group notes during this period, Baccam acted as an unregistered broker because he engaged in the business of effecting transactions in securities for the account of others. Baccam actively found Moret Group note purchasers from his base of Centaurus customers and relatives (Margida Decl., ¶ 5d); solicited investments in person at his customers' homes (*id.*, ¶ 5e); controlled the distribution of Moret Group notes to investors (*id.*); received a 10% transaction-based commission on the Moret Group sales (*id.*, ¶ 5g); and gave advice to his customers and cousin as to the merits of the Moret Group note investments (*id.*, ¶ 5e).

Baccam never disclosed to Centaurus that he was selling Moret Group notes to Centaurus investors or that he was being paid a 10% commission on those sales. (*Id.*, ¶¶ 5f, 10) In 2011, in filling out his required annual Centaurus compliance questionnaire, Baccam responded “no” when asked if he had engaged in any private securities transactions. (*Id.*, ¶ 10) In completing a 2011 Outside Business Activity Questionnaire for Centaurus, Baccam stated that he was engaged in “Flipping Property for Self” and falsely represented that this activity was not “investment related.” (*Id.*) Baccam acted as an unregistered broker by selling Moret Group notes outside the

¹ In sum, between October 2010 and July 2013, Baccam offered and sold a total of 28 notes issued by Moret Group, PR Group, Prim Group, and Precision Research Group, thereby raising \$963,000. A table of the notes sold by Baccam, setting forth the issue date, issuer, investor, note amount, and promised rate of return, is attached as Attachment A.

scope of his association with Centaurus and without disclosing the securities transactions or receiving approval from the firm to engage in them.

4. Baccam made material misrepresentations to investors.

In his offer and sale of the final Moret Group note in November 2011, and throughout the time he sold his own notes, Baccam made material misrepresentations to potential investors, and he omitted material information necessary to make his statements not misleading. His misrepresentations and omissions related to the safety of the investments, the viability of the real estate ventures, the experience of the note issuers, how investor funds would be used, and the rates of return that investors would receive.

In the case of the final Moret Group note, which Baccam sold in November 2011 while still associated with Centaurus, Baccam guaranteed the investor he would earn 10 to 12% annually, and he told the investor “don’t worry” and “everything will be fine.” (*Id.*, ¶ 7.) Baccam made these representations at a time when he knew, but did not disclose, that the underlying Moret venture was unable to make the interest payments to 2010 Moret Group noteholders. Baccam knew that as early as February and no later than November 2011, and he knew that the “returns” on the existing Moret Group notes were actually coming from new investor deposits in Baccam’s own venture. (*Id.*, ¶¶ 5i-5k)

Baccam assured investors of the safety and low-risk nature of the notes and of his real estate venture. He told investors that there was “no doubt” they would get their money and that their investments were “virtually risk free.” (*Id.*, ¶¶ 6-7.) He falsely guaranteed to a husband and wife that their note would include a death benefit, knowing that the benefit was important to their decision to invest. (*Id.*, ¶ 6.) Baccam told the investors that he had vetted and invested in the real estate venture. (*Id.*) He also told them that the third-party venture was located in Orange

County, was targeting Chinese buyers, and was soliciting investments of at least \$100,000. (*Id.*) Baccam knew that none of those statements was true. Moreover, Baccam failed to disclose that he, rather than a third party, stood behind the real estate venture and that he had no prior experience in speculative real estate investing. (*Id.*, ¶¶ 5n, 6) Baccam's statements led the couple to invest \$36,000 in a PR Group note in February 2011. (*Id.*, ¶¶ 6, 12)

In March 2011, Baccam drafted correspondence from PR Group signed by a friend as "Managing Member," that described PR Group as "a respected, established Investment Planning services provider" and a "customer-focused organization" that had "earned a reputation for experience, innovation, [and] customer satisfaction," even though PR Group was no more than a DBA name that Baccam had recently created to raise funds. (*Id.*, ¶ 13) Baccam sent the letter to two investors in March 2011, shortly after each had purchased a PR Group note. Each investor subsequently purchased additional notes. (*Id.*, ¶¶ 12, 17)

When Baccam sold the notes to fund his venture, he represented to investors that they would earn specific returns that varied between 7% and 15.6% annually. (*Id.*, ¶¶ 6-7, 12, 15, 17) Baccam told at least three investors that the rates of return were "guaranteed." (*Id.*, ¶¶ 6-7) And Baccam continued to represent that investors would see those returns even after he knew that previous investors were not being paid, other than with funds generated by subsequent note sales, and even after he knew that his real estate venture had failed. (*Id.*, ¶¶ 5v, 6-7) In one instance in early 2013, Baccam told an investor who had purchased a \$59,000 Precision Research Group note with a promised 10% annual rate of return that overdue interest payments under earlier notes had been "rolled up" into the custodial account through which the note investments had been made and thus "reinvested." (*Id.*, ¶ 7) The statement was false, and no interest payments were ever "rolled up" or paid into the investor's or his wife's custodial accounts. (*Id.*)

5. Baccam converted investor funds to his own use.

Baccam's real estate venture generated no returns for investors, but it did provide a chance for Baccam to convert the invested funds for his own use. Baccam's venture purchased two real estate properties. (*Id.*, ¶ 5s) One was a residential property in San Bernardino, California purchased in December 2011 for \$110,000. (*Id.*, ¶¶ 5t, 16) Baccam subsequently spent between \$190,000 and \$250,000 of investor funds on renovations. (*Id.*, ¶ 5t) After the renovations were completed in April 2012, Baccam converted the home to his own use by moving into it with his wife. (*Id.*) In June 2012, Baccam purported to sell the property to his niece but continued to live there. The transfer price was set at \$200,000, far less than the investors' cost of purchase and renovation. (*Id.*) Baccam used investor funds to make the mortgage payments on what was then his own residence. (*Id.*, ¶ 8.)

The second property was a small house in Belleville, Illinois that Prim Group acquired on June 8, 2012, for \$3,000, via quitclaim deed. (*Id.*, ¶ 5u) He used over \$30,000 in investor funds to renovate the property and another approximately \$600 per month make the monthly mortgage payment. (*Id.*) The property was foreclosed upon in 2014, and in April 2015 was sold for \$39,900. (*Id.*, ¶ 16)

Despite the failure of his real estate venture to generate any economic return other than to provide free housing for Baccam and his family, Baccam continued to offer and sell notes on the venture through July 2013. (*Id.*, ¶¶ 6-7, 17) He did so by representing to investors that their funds would be used to purchase, renovate, and sell real estate for profit. (*Id.*, ¶ 6)

III. ARGUMENT

Section 15(b) of the Exchange Act authorizes sanctions against Baccam, and the factual record in this proceeding shows that such sanctions are appropriate and in the public interest.

The Court has entered an order of default against Baccam and has deemed the allegations of the OIP to be true. *See* January 2, 2018 Order citing Rule of Practice 155(a), 17 C.F.R.

§ 201.155(a). The facts as alleged in the OIP, together with the uncontested evidence presented in support of this motion, much of which consists of Baccam’s own sworn testimony, establish that Baccam’s misconduct was egregious and that a bar is in the public interest. The Division therefore seeks the imposition of full collateral and penny stock bars against Baccam.

A. The Factual Record Authorizes the Imposition of Sanctions Against Baccam.

Section 15(b)(6)(A) of the Exchange Act provides in relevant part:

With respect to any person who . . . , at the time of the alleged misconduct, . . . was associated . . . with a broker or dealer . . . the Commission, by order, shall . . . bar any such person from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock, if the Commission finds, on the record after notice and opportunity for hearing, that such . . . bar is in the public interest and that such person . . . (iii) is enjoined from any action, conduct, or practice specified in [Section 15(b)(4)(C)].

15 U.S.C. § 78o(b)(6).² Conduct “specified in Section 15(b)(4)(C)” in turn includes being “permanently or temporarily enjoined . . . from engaging in . . . any conduct or practice . . . in connection with the purchase or sale of any security.” 15 U.S.C. § 78o(b)(4)(C).³

Thus, under the statute the Division must establish that: (1) Baccam has been enjoined from any conduct or practice in connection with the purchase or sale of any security; (2) at the time of the charged misconduct he was associated with a broker or dealer; and (3) the collateral and penny stock bars the Division seeks are in the public interest.

² Section 203(f) of the Investment Advisers Act, 15 U.S.C. § 80b-3(f), contains substantially identical language.

³ Section 203(e)(4) of the Advisers Act, 15 U.S.C. § 80b-3(e)(4), contains substantially identical language.

Baccam has been permanently enjoined from violating the antifraud provisions of Exchange Act Section 10(b), 15 U.S.C. § 78j(b), and Securities Act Section 17(a), 15 U.S.C. § 77q(a), along with the unregistered broker prohibition of Exchange Act Section 15(a), 15 U.S.C. § 78o(a). (Margida decl. ¶ 3, Ex. 2) A significant portion of Baccam’s misconduct took place while he was associated with a broker-dealer registered with the Commission. And Baccam’s degree of scienter, the egregiousness of his violations, and the other factors in *Steadman*, 603 F.2d at 1140, establish that it is in the public interest to impose associational and penny stock bars. Because there is no genuine issue as to these facts, the Court should grant the Division’s motion. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986).

1. Baccam has been permanently enjoined from violating Exchange Act Sections 10(b) and 15(a) and Securities Act Section 17(a).

On January 31, 2017, the Commission filed a civil injunctive action in the Central District of California alleging that Baccam had violated Exchange Act Section 10(b), Exchange Act Rule 10b-5, Securities Act Section 17(a), and Exchange Act Section 15(a) in raising approximately \$963,000 through the offer and sale of 28 promissory notes to 18 investors by making material misrepresentations, scheming to defraud investors, and acting illegally as an unregistered broker. Baccam did not answer the Commission’s complaint, and on June 14, 2017, the District Court entered a final judgment by default against him. (Margida Decl. ¶ 3) The District Court’s judgment imposed a permanent injunction against future violations of the same statutory provisions identified in the complaint: Exchange Act Section 10(b), Exchange Act Rule 10b-5, Securities Act Section 17(a), and Exchange Act Section 15(a). (*Id.*) The injunction in both its antifraud and unauthorized broker provisions implicates a “conduct or practice . . . in

connection with the purchase or sale of [a] security” within the meaning of Exchange Act Section 15(b)(4)(C).

2. Baccam was associated with a broker-dealer during a substantial portion of his charged misconduct.

Exchange Act Section 3(a)(18) defines a “person associated with a broker or dealer” to include “any employee” of such broker or dealer. 15 U.S.C. § 78c(a)(18). During a substantial part of the time that Baccam engaged in his fraud -- specifically, from October 2010 through December 31, 2011 -- Baccam was employed by Centaurus, a broker-dealer registered with the Commission. (OIP at 1; Margida Decl. ¶ 9, Ex. 4.)

B. It is in the Public Interest to Issue Full Collateral and Penny Stock Bars Against Baccam.

Baccam’s conduct and scienter establish that it is in the public interest to permanently bar him from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and from participating in any offering of penny stock. *See Steadman*, 603 F.2d at 1140 (listing the public interest factors for a permanent bar).

This proceeding was instituted pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act, which grant the Commission the power to limit the activities of a person in the interest of the public. The Commission typically considers the following factors in determining the appropriate sanction in the public interest:

the egregiousness of the [respondent’s] actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the [respondent’s] assurances against future violations, the [respondent’s] recognition of the wrongful nature of his conduct, and the likelihood that the [respondent’s] occupation will present opportunities for future violations.

Steadman, 603 F.2d at 1140. The deterrent effect of administrative sanctions is also a relevant factor. *In the Matter of Schield Management Co.*, Exchange Act Rel. No. 53021, 2006 SEC Lexis 195, at *35 (Jan. 31, 2006). The inquiry “into the appropriate sanction to protect the public interest is a flexible one, and no one factor is dispositive.” *In re Conrad P. Seghers*, Advisers Act Release No. 2656, 2007 SEC Lexis 2238, at *13 (Sept. 26, 2007), *aff’d*, 548 F.3d 129 (D.C. Cir. 2008). The Court may use the entire record to determine what sanction is in the public interest, and “conduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions.” *See In the Matter of Marshall E. Melton*, Advisers Act Release No. 2151, 2003 WL 21729839, at *9 (July 25, 2003). The *Steadman* factors favor the issuance of full collateral and penny stock bars against Baccam.

Baccam’s fraudulent conduct was egregious. Baccam raised nearly \$1 million from investors by falsely representing that their funds would be used to invest in real estate development deals conducted by experienced third parties. Baccam instead used the investor funds, much of which came from retirement accounts, to fund his own lifestyle. This included using investor funds to purchase and renovate a home that Baccam converted to his own use. Baccam sold promissory notes that he promised were “safe” without disclosing that the underlying real estate development project was insolvent and unable to meet its payment obligations. And Baccam affirmatively misrepresented his own involvement in the development projects. *See In the Matter of Wayne L. Palmer*, Initial Decisions Rel. No. 1025, 2016 SEC Lexis 2089, at *15 (June 13, 2016) (egregiousness evidenced by the respondent’s lies to investors “about facts that were unquestionably material to their decisions to invest -- the safety of their investment and what [respondent] planned to do with their money”).

Baccam's conduct was recurrent, not isolated. Baccam defrauded approximately 18 investors over a period of more than three years. *See, In the Matter of Stephen L. Kirkland*, Initial Decisions Rel. No. 875, 2015 SEC Lexis 3583, at *17 (Sept. 2, 2015) (false statements that were made to at least ten investors over a two-year period found to be recurrent).

Baccam's actions evince a high degree of scienter. Baccam stole investors' funds and repeatedly lied to them about the safety of their investments. He lied to his employer to conceal his unauthorized transactions. And he blatantly misappropriated investor funds to purchase and renovate a home that he and his family occupied rent-free, using his niece as a straw purchaser.

Baccam's unwillingness to accept the wrongful nature of his conduct and his failure to provide any assurances against future violations also support barring him from the securities industry. Baccam never answered or otherwise responded to the Commission's complaint in federal district court. He has made no visible effort to pay the judgment entered against him in that action. Nor has he answered or otherwise responded to the OIP here. At no time has Baccam expressed remorse for his actions, made any effort to compensate his investor victims for their losses, or offered assurances that he will refrain from future violations. To the contrary, Baccam's "failure to recognize the wrongfulness of his conduct presents a significant risk that, given th[e] opportunity, he would commit further misconduct in the future." *In the Matter of Michael J. Markowski*, Exchange Release No. 34-44086, 2001 WL 267660 at *4 (Mar. 20, 2001); *accord In the Matter of Herbert Steven Fouke*, Initial Decisions Rel. No. 660, 2014 WL 4258244 at *7 (Aug. 29, 2014) (bar imposed against respondent who failed to appear in follow-on administrative proceeding). Baccam's relatively young age of 46 and his ability to generate significant income for himself present opportunities for him to violate the federal securities laws in the future unless he is barred.

The full range of collateral bars should be imposed to protect the investing public from the continuing threat that Baccam poses. Baccam's repeated efforts to defraud investors for his own benefit presents a danger to investors across the securities industry. The Division requests that Baccam, who was associated with a broker-dealer at the time he engaged in a substantial portion of his fraud, be barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, as well as from participating in an offering of penny stock.

IV. CONCLUSION

The Supreme Court has explained that “[t]he primary objective of the federal securities laws [is the] protection of the investing public and the national economy through the promotion of a ‘high standard of business ethics . . . in every facet of the securities industry.’” *Bateman Eichler, Hill Richards, Inc. v. Berner*, 472 U.S. 299, 315 (1985). Baccam willfully violated the antifraud and unregistered broker provisions of the federal securities laws and has been permanently enjoined from further violating those provisions. His conduct readily establishes that the *Steadman* factors warrant significant sanctions. The Division's motion should be granted, and the requested bars should be ordered against Baccam.

Dated: January 30, 2018

Respectfully submitted,

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Promissory Notes Sold by Baccam

Issue Date	Issuer	Investor	Note Amount	Rate of Return
10/19/10	Moret Group LLC	[REDACTED]	\$79,000	12%
10/19/10	Moret Group LLC	[REDACTED]	\$13,000	12%
10/28/10	Moret Group LLC	[REDACTED]	\$10,000	12%
10/28/10	Moret Group LLC	[REDACTED]	\$10,000	12%
11/15/10	Moret Group LLC	[REDACTED]	\$10,000	12%
11/28/10	Moret Group LLC	[REDACTED]	\$120,000	14%
01/28/11	PR Group	[REDACTED]	\$29,000	12%
01/28/11	PR Group	[REDACTED]	\$7,000	10%
02/03/11	PR Group	[REDACTED]	\$5,000	10%
02/16/11	PR Group	[REDACTED]	\$36,000	10%
03/23/11	PR Group	[REDACTED]	\$10,500	9%
04/08/11	PR Group	[REDACTED]	\$34,200	8%
05/11/11	PR Group	[REDACTED]	\$74,500	12%
10/31/11	PR Group	[REDACTED]	\$32,750	12%
10/31/11	PR Group	[REDACTED]	\$66,000	12%
11/08/11	Moret Group LLC	[REDACTED]	\$9,600	12%
11/15/11	PR Group	[REDACTED]	\$16,350	[unknown]
11/18/11	PR Group	[REDACTED]	\$76,000	12%
11/29/11	Prim Group LLC	[REDACTED]	\$100,000	15.6%
12/07/11	PR Group	[REDACTED]	\$20,000	12%
02/23/12	Precision Research Group	[REDACTED]	\$30,000	10%
02/23/12	Precision Research Group	[REDACTED]	\$7,700	10%
05/24/12	Precision Research Group LLC	[REDACTED]	\$2,800	10%
05/31/12	Precision Research Group LLC	[REDACTED]	\$13,800	8%
06/05/12	Precision Research Group LLC	[REDACTED]	\$4,300	8%
01/18/13	Precision Research Group LLC	[REDACTED]	\$44,000	10%
03/19/13	Precision Research Group LLC	[REDACTED]	\$59,000	10%
07/16/13	Precision Research Group LLC	[REDACTED]	\$42,500	7%

In the Matter of Patric Ken Baccam a/k/a Khanh Sengpraseuth

Administrative Proceeding File No. 3-18276

Service List

Pursuant to Commission Rule of Practice 151, 17 C.F.R. § 201.151, I certify that the attached:

Division of Enforcement's Motion for Sanctions Against Respondent Patric Ken Baccam

was filed with the Office of the Secretary of the Commission and served by email and U.S. Mail, on January 30, 2018, as follows:

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE, Mail Stop 1090
Washington, DC 20549

(by hand)
(original and three copies)

Honorable James E. Grimes
Administrative Law Judge
Securities and Exchange Commission
100 F Street, NE, Mail Stop 2585
Washington, DC 20549
Email: alj@sec.gov

(by Email)

Patric Ken Baccam
2724 Lomita Place
Highland, CA 92346

(by U.S. Mail)

Pro se

Patric Ken Baccam

(by U.S. Mail)

██████████
Riverside, CA ██████████

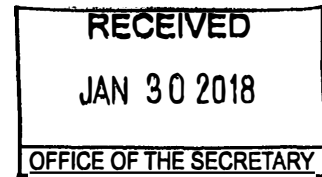
Pro se

Dated: January 30, 2018



Robert I. Dodge

ADMINISTRATIVE PROCEEDING
FILE NO. 3-18276



UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of

**Patric Ken Baccam a/k/a Khanh
Sengpraseuth,**

Respondent

Judge James E. Grimes

**DECLARATION OF NICHOLAS C. MARGIDA IN SUPPORT
OF THE DIVISION OF ENFORCEMENT'S MOTION FOR
SANCTIONS AGAINST RESPONDENT PATRIC KEN BACCAM**

January 30, 2018

Division of Enforcement
Robert I. Dodge
Nicholas C. Margida
100 F Street, NE
Washington, DC 20549
(202) 551-4421 (Dodge)
(202) 772-9282 (facsimile)

DECLARATION OF NICHOLAS C. MARGIDA

I, Nicholas C. Margida, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am an attorney at law admitted to practice law in the District of Columbia. I am employed as a Trial Counsel, in the Division of Enforcement, for the Home Office of the U.S. Securities and Exchange Commission (“Commission”), 100 F Street, N.E., Washington, DC 20549, Telephone: (202) 551-8504. I have personal knowledge of the each of the facts set forth in this Declaration and if called as a witness could and would competently testify thereto.

Procedural Background

2. Attached hereto as Exhibit 1 is a true and correct copy of the Complaint for Violations of the Federal Securities Laws (“Complaint”) filed on January 31, 2017 in *SEC v. Patric Ken Baccam, a/k/a Khanh Sengraseuth*, Case No. 5:17-cv-00172-SJO-SP (C.D. Cal.).

3. Attached hereto as Exhibit 2 is a true and correct copy of the Order Granting Final Judgment by Default Against Defendant Patric Ken Baccam and Relief Defendant Precision Research Group LLC entered June 14, 2017.

Analysis and Review of Bank Records

4. Working under my direction, Deborah Russell, a staff accountant in the Division of Enforcement of the Commission, reviewed and analyzed activities reflected in the bank records in the JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A. accounts owned by or in the name of PR Group, Prim Group, and Precision Research Group (the “Baccam Entities”), for the cumulative period December 22, 2010 through January 28, 2015. That investigation made the following findings:

- a. During the period February 2011 through July 2013, the Baccam Entities raised \$711,400 via the sale of promissory notes. The notes were issued by PR Group (\$407,300), Prim Group (\$100,000), and Precision Research Group (\$204,100);
- b. During the period April 2011 through January 2014, the Baccam Entities made a total of \$87,101 in interest payments to investors. Of these payments, \$80,757 were made to eight PR Group investors, \$6,000 to the one Prim Group investor, and \$344 to one Precision Research Group investor. None of the investors in the Baccam Entities received a return of principal; and
- c. Baccam's total net gain as a result of his offer and sale of PR Group, Prim Group, and Precision Research Group promissory notes was \$624,299.

Investigative Testimony of Patric Ken Baccam

5. Attached as Exhibit 3 are true and correct copies of excerpted pages from the transcript of respondent Patric Ken Baccam's investigative testimony taken on August 18-19, 2015, in which Baccam testified to the following:

Association with Centaurus Financial

- a. Baccam was associated with Centaurs Financial, Inc. ("Centaurus"), a registered broker-dealer and investment adviser, from February 2002 through the end of 2011 (pp. 62:1-9, 65:22-25).
- b. Baccam held Series 6 and 63 licenses (pp. 63:24-65:10). He never held a Series 7 license and thus could not buy or sell equity securities (pp. 64:8-19).
- c. While associated with Centaurus, Baccam offered and sold securities, including variable annuity contracts, mutual funds, and promissory notes (pp. 65:7-10, 66:1-10).

Baccam's Broker Conduct and Selling Away

- d. Baccam actively found investors who purchased promissory notes from Moret Group LLC (the "Moret Group") and from his entities, PR Group, Precision Research Group LLC, and Prim Group LLC (the "Baccam Entities"), by directly soliciting and recruiting investors from his base of current and former Centaurus customers and relatives (pp. 161:10-15, 163:16-20).
- e. Baccam met investors in their homes to pitch the promissory notes (pp. 182:2-183:10), and he gave them investment advice (pp. 303:5-8). Once they agreed to move forward with an investment, Baccam helped them fill out the IRA Services Trust Company custodial account opening and investment authorization paperwork (pp. 190:1-8). Subsequently, he would deliver copies of the executed promissory notes to investors in person (pp. 186:1-6), and he sent the original executed notes to IRA Services Trust Company (189:18-25).
- f. While Baccam was associated with Centaurus he never disclosed to Centaurus that he had offered and sold promissory notes issued by Moret Group, PR Group, or any of the other Baccam Entities (pp. 158:9-16). He did not fully or accurately disclose the note sales in his 2011 annual compliance questionnaire or in his outside business activity questionnaire (pp. 181:17-24, 446:17-451:20).

The Moret Group Notes and Real Estate Venture

- g. In the fall of 2010, when Baccam first discussed pitching Moret Group promissory notes to his Centaurus customers and family, Conley Moret offered to pay, and subsequently did pay, Baccam a 10-percent commission on Baccam's sale of Moret Group notes (pp. 169:19-170:4, 231:2-5).

- h. Between October 2010 and November 2011, Baccam raised \$251,600 through the offer and sale of 7 Moret Group LLC promissory notes (pp. 463:2-464:7).
- i. By February 2011, Moret Group was failing to make monthly interest payments owed to Baccam's cousin, to whom Baccam had sold a \$120,000 Moret Group note on November 28, 2010 (pp. 245:1-251:5).
- j. Upon learning in the fall of 2011 that Moret Group was unable to make the initial round of annual interest payments owed on the 2010 notes, Baccam lent funds sufficient to make those payments to Moret Group (pp. 194:16-195:16, 203:3-7, 463:2-14).
- k. Baccam lent Moret Group \$9,600 to make a payment owed under an October 19, 2010 note, which the investor subsequently reinvested in another Moret Group note (pp. 191:18-193:4, 357:15-358:8).
- l. In March 2012, Conley Moret told Baccam that he was unable to make the interest payments owed to the Moret Group note holders (pp. 216:23-217:6). By that time, Moret had stopped making payments to Baccam's cousin, who had purchased a \$120,000 Moret Group note in November 2010 (pp. 217:11-19).
- m. As a result, from March 2012 through 2014, Baccam used investor funds to make monthly payments of \$2,900 to \$3,000 to his cousin, in order to cover what she was owed by Moret Group (pp. 217:20-218:2, 298:10-299:2).

Baccam Entity Note Sales

- n. Baccam pitched promissory notes issued by the Baccam Entities to investors in person (pp. 300:18-20). He told investors that their funds would be used "to buy homes and flip homes and that's it" (pp. 300:21-24). He did not tell investors

who would be involved in the venture operation of buying and flipping homes, or specifically, that he would be performing those roles (pp. 301:3-5). Baccam did not tell investors that he had no experience flipping real estate (pp. 301:13-15).

- o. In 2011, Baccam began using PR Group as an alter-ego “doing business as” entity (pp. 144:3-9). PR Group was never incorporated or registered with California or any other state (pp. 143:14-16). Baccam created PR Group to raise investor funds through the sale of promissory notes to “buy and flip homes” (pp. 144:14-:22).
- p. In March 2011, Baccam drafted and had a friend sign a letter from PR Group to an investor. The letter inaccurately described PR Group as an “investment planning partner” and a “customer focused organization” that had “earned a reputation for experienced innovation” (pp. 319:24-322:12). Baccam admitted to Enforcement staff that PR Group was not an “investment planning partner” for this or any other investor (pp. 323:9-11). He also admitted that in March 2011 PR Group had little to no real estate experience (pp. 325:4-22).
- q. Prim Group LLC is a limited liability company that Baccam organized under the laws of California on July 14, 2011 (pp. 94:2-23). Baccam is its member and owner (pp. 96:4-8). Baccam created Prim Group to purchase, renovate, and sell homes (pp. 96:9-11). Baccam sold one Prim Group note, in the amount of \$100,000 on November 29, 2011 (pp. 140:2-8, 211:20-212:11).
- r. Precision Research Group LLC is a limited liability company organized under the laws of California on May 24, 2012 (pp. 129:2-14). It is Baccam’s company

(pp. 132:23-25) and was the successor to PR Group (pp. 143:11-13). Baccam's niece and wife are the only two members of Precision Research Group LLC, and each has a 50-percent interest (pp. 133:1-10). As with PR Group, Baccam set up Precision Research Group LLC to finance his real estate venture through the offer and sale of promissory notes to investors (pp. 139:4-16).

The Baccam Real Estate Venture: Insolvency and Failure

- s. During the period January 2011 and July 2013, when Baccam sold promissory notes to fund his real estate venture, he purchased only two properties. (pp. 52:24-53:10, 296:25-297:4). One property was located in San Bernardino, California and the other in Belleville, Illinois (pp. 96:12-25). The purchases were made through the Prim Group, as was the sale of the San Bernardino property.
- t. Baccam used investor funds to purchase the property located at 488 West 20th Street, San Bernardino, California 92405 for \$110,000, in December 2011 (pp. 50:4-20, 295:18-296:2). He spent \$190,000 to \$250,000 of investor funds to renovate the property (pp. 105:3-106:6). Baccam and his wife moved into the home in April 2012 (pp. 47:10-13). In June 2012 Baccam sold the property at a loss to his niece for \$200,000 (pp. 48:23-49:16, 296:3-7). Baccam and his wife continued to live on the property, rent free, until at least August 2015 (pp. 47:5-23).
- u. Baccam acquired the property located at 3105 West Main Street, Belleville, Illinois 62226 via quitclaim deed for \$3,000 in June 2012 (pp. 109:4-7). Baccam used investor funds to make the monthly mortgage payment of

approximately \$600 on the Belleville property (pp. 109:4-12, 111:2-5). He used over \$30,000 of investor funds to renovate the property (pp. 106:20-107:4).

- v. Baccam acknowledged that it did not “make sense” to continue to sell promissory notes, especially in 2013, given that his real estate venture had already failed and could not possibly generate the proceeds he was promising Precision Research Group investors (pp. 478:17-479:10).

Witness Interview of Richard and Lori Sheridan

- 6. On April 28, 2016, I and other members of the Enforcement Division staff telephonically interviewed Richard and Lori Sheridan, who provided the following information:
 - a. Richard and Lori Sheridan had been brokerage customers of Baccam’s since at least 2005.
 - b. In early 2011, Baccam first pitched Richard and Lori Sheridan on investing in a real estate venture, and he offered and sold a \$36,000 PR Group note dated February 16, 2011 to Lori Sheridan. He told the Sheridans that their funds would be used solely to purchase, renovate, and sell homes and that the annual interest payments would be generated from the resulting sales proceeds.
 - c. Baccam told the Sheridans that he had vetted, and was himself invested in, the real estate venture. Baccam also told the Sheridans that the real estate venture was based in Orange County, California, and that it targeted Chinese real estate purchasers and was soliciting investments of at least \$100,000.
 - d. Baccam guaranteed the Sheridans a 10-percent return on their investment. He also guaranteed a death benefit, in which the surviving spouse would be paid a sum of money upon the investor’s death.

- e. Baccam also told the Sheridans that Centaurus was aware of and involved in the real estate venture, and that it was “virtually risk free.”
- f. Baccam did not disclose to the Sheridans that he would be responsible for purchasing, renovating, and selling the homes.
- g. Baccam reiterated these representations in early 2012 and again in early 2013 when he solicited additional investments via the sale of a \$30,000 Precision Research Group promissory note dated February 23, 2012 to Lori Sheridan, and the sale of a \$59,000 Precision Research Group LLC promissory note dated March 19, 2013 to Richard Sheridan.
- h. In early 2013, when the Sheridans inquired about unpaid annual interest payments owed under Lori Sheridan’s 2011 PR Group and 2012 Precision Research Group notes, Baccam represented that those payments had “rolled up into” Lori Sheridan’s IRA Services Trust Company custodial accounts. Only later in 2014 did the Sheridans learn from IRA Services Trust Company that no interest payments had “rolled up” or otherwise been paid into Lori Sheridan’s accounts.
- i. According to the Sheridans, Baccam’s representations regarding the guaranteed rate of return, guaranteed death benefit, and the rolling up of unpaid interest payments were important in their analysis whether to invest in the real estate venture and purchase the promissory notes.

Witness Interview of Gregory Montecino

7. On December 15, 2015, I and other members of the Division of Enforcement staff telephonically interviewed Gregory Montecino, who provided the following information:

- a. Gregory Montecino had been a brokerage customer of Baccam's since at least 2006.
- b. Baccam first pitched a Moret Group promissory note to Montecino in October 2010. At the time, Montecino's Genworth retirement account had not been performing well.
- c. In offering the Moret Group note Baccam guaranteed Montecino a 10-to-12-percent rate of return.
- d. In response to Montecino's statement that he needed that money for retirement, Baccam said, "it will be good" and there is "no doubt you will get your money" and "be happy."
- e. According to Montecino, Baccam's representations regarding the guaranteed rate of return were important to Montecino in analyzing whether to invest in the Moret Group note.
- f. Montecino agreed to invest in the Moret Group note dated October 19, 2010.
- g. Baccam did not disclose to Montecino that he was receiving a commission from Moret Group.
- h. Montecino rolled over the \$9,600 annual interest paid on the 2010 Moret Group note into a second Moret Group note dated November 8, 2011. Shortly thereafter, Montecino invested \$76,000 in a PR Group note dated November 18, 2011. In offering the additional Moret Group and PR Group notes, Baccam told Montecino: "don't worry. Everything will be fine."
- i. Later, Montecino invested another \$44,000 in a Precision Research Group LLC note dated January 18, 2013.

- j. Montecino received periodic account statements from IRA Services Trust Company indicating, as he understood, that the investments were doing fine. On rare occasions Montecino received interest checks from IRA Services Trust Company, which he only later discovered were funded by Precision Research Group LLC.

Witness Interview of Queena Phommasene

8. On October 9, 2015, I and other members of the Division of Enforcement staff telephonically interviewed Baccam's niece, Queena Phommasene, in connection with a subpoena directed to her dated October 5, 2015. On that call Ms. Phommasene acknowledged that she purchased the property at [REDACTED], in San Bernardino, California, in 2012 at the instruction of Patric Baccam. Each month thereafter, Baccam sent funds to Phommasene to cover the monthly mortgage payment.¹

Additional Exhibits

9. Attached as Exhibit 4 is a true and correct copy of a Broker Check Report for Patric Ken Baccam (CRD # 2828745), maintained by the Financial Industry Regulatory Authority, Inc.

10. Attached as Exhibit 5 are true and correct copies of Outside Business Activity Questionnaires submitted by Patric Ken Baccam for the period September 16, 2009 to September 29, 2011, and the 2011 Annual Compliance Questionnaire submitted by Patric Ken Baccam on September 29, 2011, produced by the Financial Industry Regulatory Authority.

¹ The Enforcement Division staff's review of bank records produced by both Ms. Phommasene and Patric Baccam reveal that as early as January 2013 Baccam used investor funds from a Prim Group account at JPMorgan Chase to pay the monthly mortgage payment of \$1,336.66. These bank records can be provided at the Court's request.

11. Attached as Exhibit 6 are true and correct copies of an investment authorization signed by Gregory Montecino on October 19, 2010; a corresponding promissory note issued by Moret Group dated October 19, 2010; and a Moret Group promissory note dated November 28, 2010 purchased by Baccam's cousin Vila Baccam. Other Moret Group promissory notes are substantially similar and can be provided at the Court's request.

12. Attached as Exhibit 7 are true and correct copies of promissory notes issued by PR Group dated January 28 and October 31, 2011 purchased by Kathleen Biggs and February 16, 2011 purchased by Lori Sheridan. Other PR Group notes are substantially similar and can be provided at the Court's request.

13. Attached as Exhibit 8 are true and correct copies of letters from PR Group, one to Lori L. Sheridan dated March 7, 2011, and another to Kathleen M. Biggs dated March 8, 2011.

14. Attached as Exhibit 9 are true and correct copies of California Articles of Organization for Prim Group LLC, dated July 14, 2011, and for Precision Research Group LLC, dated May 24, 2012, both of which Patric Ken Baccam produced to the Commission.

15. Attached as Exhibit 10 is a true and correct copy of a promissory note issued by Prim Group LLC dated November 29, 2011 purchased by Hocine Aitmohand.

16. Attached here to as Exhibit 11, is a true and correct copy of a printout from the public webpage www.trulia.com of housing data concerning the property located at [REDACTED] [REDACTED] San Bernardino, CA [REDACTED] as well as the property located at [REDACTED] Street, Belleville, IL [REDACTED].

17. Attached as Exhibit 12 are true and correct copies of a promissory note issued by Precision Research Group (as a d/b/a entity) dated February 23, 2012 purchased by Lori Sheridan and promissory notes issued by Precision Research Group LLC dated January 18,

March 19, and July 16, 2013 purchased by Gregory Montecino, Richard Sheridan, and Carlos Leon, respectively. Other Precision Research Group (d/b/a) and Precision Research Group LLC promissory notes are substantially similar and can be provided at the Court's request.



Nicholas C. Margida

In the Matter of Patric Ken Baccam a/k/a Khanh Sengpraseuth
Administrative Proceeding File No. 3-18276
Service List

Pursuant to Commission Rule of Practice 151, 17 C.F.R. § 201.151, I certify that the attached:

Declaration of Nicholas C. Margida in Support of Division of Enforcement's
Motion for Sanctions Against Respondent Patric Ken Baccam

was filed with the Office of the Secretary of the Commission and served by email and U.S. Mail, on January 30, 2018, as follows:

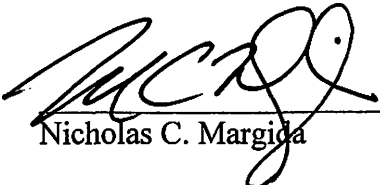
Brent J. Fields, Secretary (by hand)
Securities and Exchange Commission (original and three copies)
100 F Street, NE, Mail Stop 1090
Washington, DC 20549

Honorable James E. Grimes (by Email)
Administrative Law Judge
Securities and Exchange Commission
100 F Street, NE, Mail Stop 2585
Washington, DC 20549
Email: alj@sec.gov

Patric Ken Baccam (by U.S. Mail)
[REDACTED]
Highland, CA [REDACTED]
Pro se

Patric Ken Baccam (by U.S. Mail)
[REDACTED]
Riverside, CA [REDACTED]
Pro se

Dated: January 30, 2018



Nicholas C. Margida

Exhibit 1

1 MATTHEW F. SCARLATO (*pro hac* vice application to be filed)
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2 NICHOLAS C. MARGIDA (*pro hac* vice application to be filed)
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COMMISSION
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11 Telephone: (323) 965-3998
Facsimile: (213) 443-1904

12 Attorneys for Plaintiff
13 Securities and Exchange Commission

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

16 **SECURITIES AND EXCHANGE**
17 **COMMISSION,**

18 Plaintiff,

19 vs.

20 PATRIC KEN BACCAM, a/k/a Khanh
21 Sengpraseuth,

22 Defendant, and

23 PRECISION RESEARCH GROUP
LLC, and PRIM GROUP LLC,

24 Relief Defendants.
25
26
27
28

Case No. 5:17-cv-00172

**COMPLAINT FOR SECURITIES
LAW VIOLATIONS**

(DEMAND FOR JURY TRIAL)

1 **COMPLAINT FOR SECURITIES LAW VIOLATIONS**

2 Plaintiff Securities and Exchange Commission (“Commission”), for its
3 Complaint against Defendant Patric Ken Baccam, a/k/a Khanh Sengpraseuth
4 (“Baccam”), and Relief Defendants Precision Research Group LLC (“Precision
5 Research Group”) and Prim Group LLC (“Prim Group”), alleges as follows:

6 **JURISDICTION AND VENUE**

7 1. This Court has jurisdiction over this action pursuant to Sections 21(d),
8 21(e), and 27(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C.
9 §§ 78u(d), 78u(e), & 78aa(a)] and Sections 20(b), 20(d)(1), and 22(a) of the
10 Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), 77t(d)(1), & 77v(a)].
11 The Commission seeks the imposition of civil penalties pursuant to Section 20(d)(2)
12 of the Securities Act [15 U.S.C. § 77t(d)(2)] and Section 21(d)(3) of the Exchange
13 Act [15 U.S.C. § 78u(d)(3)].

14 2. Defendant has, directly and indirectly, made use of the means or
15 instrumentalities of interstate commerce and/or of the mails in connection with the
16 acts, practices, and course of business alleged in this Complaint, certain of which
17 occurred within the Central District of California, but included the solicitation of
18 investors in several states, including California, Texas, and Illinois, and the use of the
19 wires to transfer investor funds across state lines.

20 3. This Court has personal jurisdiction over Defendant and Relief
21 Defendants, and venue is proper in this district pursuant to Section 22(a) of the
22 Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C.
23 § 78aa(a)], because, among other things, Baccam, Prim Group, and Precision
24 Research Group are domiciled in this district, and a substantial portion of the illegal
25 conduct alleged herein occurred within this district.

26 **SUMMARY OF THE ACTION**

27 4. From October 2010 through July 2013, Baccam repeatedly violated the
28 Federal securities laws in raising approximately \$963,000 through the offer and sale

1 of 28 unsecured promissory notes to 18 investors by making numerous material
2 misrepresentations and scheming to defraud investors, and by acting illegally as an
3 unregistered broker. Through Baccam's unlawful conduct, investors lost most of
4 their money.

5 5. In pitching the promissory notes to investors, Baccam typically told
6 investors that raised funds would be used to "flip" real estate by buying, renovating,
7 and then reselling the real estate for a profit. Starting in October 2010, he solicited
8 investors to purchase promissory notes issued by a third party called Moret Group
9 LLC ("Moret Group"), which was a small real estate venture run by an acquaintance
10 of Baccam. Moret Group promised Baccam a 10 percent commission on all money
11 he raised by selling Moret Group promissory notes. In selling these securities away
12 from, and without disclosing the sales to, his brokerage firm, Baccam violated the
13 Federal securities laws by acting as an unregistered broker.

14 6. A few months later, Baccam decided to raise money for his own
15 business, ostensibly to flip real estate, despite lacking any experience in that area.
16 Baccam initially issued promissory notes through a fictitious entity called "PR
17 Group," and later through two then-newly registered companies, Relief Defendants
18 Prim Group and Precision Research Group. All three entities were Baccam's alter
19 egos that he used to facilitate his fraudulent scheme.

20 7. Despite raising hundreds of thousands of dollars for his own venture,
21 Baccam made little effort to conduct a legitimate real estate venture that might
22 produce returns for investors. After purchasing and renovating his first property by
23 2012, Baccam quickly sold it to his niece at a significant loss, and then continued to
24 live in that property with his family. Thereafter, he used investor funds to pay his
25 niece's mortgage on that property even though it was no longer part of his real estate
26 venture. Baccam acquired his second "investment" property via a short-sale of his
27 sister's friend's house, which Baccam renovated but never sold. It was eventually
28 foreclosed upon.

1 8. In addition, Baccam frequently used investor funds for purposes other
2 than as part of his real estate venture. Among other things, bank records reflect that
3 Baccam paid himself more than \$200,000 in investor funds, and that he used up to
4 \$80,000 for personal expenses such as food and service for his car.

5 9. Yet in soliciting investments throughout this period, Baccam
6 fraudulently promised investors that the money would be used for a real estate
7 venture or, at times, that their funds would just sit in an investment account without
8 the risk of loss.

9 10. Baccam also misrepresented the nature of the real estate venture to
10 investors. For example, shortly after he began soliciting investments for his own
11 venture through the fictitious PR Group, Baccam directed a friend to sign
12 correspondence to investors that falsely stated that PR Group was “respected,
13 established” and had “earned a reputation for experience, innovation, and customer
14 satisfaction.”

15 11. Baccam further made false statements to investors about the nature of
16 their investment. Among other things, he told certain investors that their investment
17 was virtually risk free, would provide for a death benefit, and that the real estate
18 venture was managed by a third party that was soliciting large investments – none of
19 which were true.

20 12. Baccam also fraudulently promised investors premium rates of return
21 that ranged from seven to 15.6 percent annually. Baccam knew, or was reckless in
22 not knowing, that investors would never receive these rates of return. Throughout the
23 relevant period, Baccam misappropriated investor funds while conducting only
24 minimal real estate flipping that could never produce the type of returns necessary to
25 repay his investors – and never did.

26 13. Similarly, in November 2011, Baccam promised one Moret Group
27 investor a 12 percent annual rate of return on a new promissory note, but he knew, or
28 was reckless in not knowing, that Moret Group would never fulfill that promise.

1 From the outset, Moret Group was unable to make its promised interest payments to
2 its initial investors. Baccam had instead been misappropriating funds he raised for
3 his own real estate venture to cover interest payments that Moret Group owed.

4 14. Baccam later continued this misappropriation of investor funds in a
5 scheme to double down on his fraud. On several occasions, Baccam misappropriated
6 other investors' money to make small interest payments owed to an investor for the
7 purpose of deceiving that investor into believing that Baccam's investment was
8 capable of producing the promised returns. Baccam then used that deception to
9 fraudulently raise even more money from investors.

10 15. By the conduct alleged herein, Defendant Baccam violated Section 10(b)
11 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §
12 240.10b-5], Section 15(a) [15 U.S.C. § 78o(a)] of the Exchange Act, and Section
13 17(a) of the Securities Act [15 U.S.C. § 77q(a)]. Furthermore, Relief Defendants
14 Prim Group and Precision Research Group were unjustly enriched by receiving the
15 proceeds of Baccam's unlawful activity.

16 16. The Commission seeks permanent injunctive relief, including a conduct-
17 based injunction, disgorgement of ill-gotten gains, plus prejudgment interest, third-
18 tier civil penalties, and other appropriate and necessary equitable relief.

19 **DEFENDANT**

20 17. **Patric Ken Baccam**, a/k/a Khanh Sengpraseuth, 45, resides in Highland,
21 California. From February 22, 2002, until December 31, 2011, Baccam was a
22 registered representative associated with Centaurus Financial, Inc. ("Centaurus"),
23 which is registered with the Commission as a broker-dealer and investment adviser
24 and is headquartered in Anaheim, California. Baccam has not been associated with
25 any registered broker-dealer or investment adviser since leaving Centaurus.

26 **RELIEF DEFENDANTS**

27 18. **Prim Group LLC** is a single-member limited liability company that
28 Baccam registered with the California Secretary of State on July 14, 2011, and is

1 located in San Bernardino, California. Baccam is its sole member, owner, and agent
2 for service of process. At all times, Baccam solely controlled and operated Prim
3 Group, including managing its solicitation of investors, use of investor funds, and
4 business operations. Baccam sold one promissory note with Prim Group as the issuer
5 in December 2011.

6 19. **Precision Research Group LLC** is a limited liability company located
7 in San Bernardino, California, that Baccam registered with the California Secretary of
8 State on May 24, 2012, although Baccam issued promissory notes with Precision
9 Research Group as issuer as early as February 2012. At all times, Baccam solely
10 controlled and operated Precision Research, including managing its solicitation of
11 investors, use of investor funds, and business operations. It was registered as having
12 two "Managing Members," Baccam's wife and his niece, but they did not control,
13 operate, or have any role at Precision Research Group. From February 2012 to July
14 2013, Baccam sold eight promissory notes with Precision Research Group as issuer.

15 **FACTUAL ALLEGATIONS**

16 **I. Starting in 2010, Baccam Sold Moret Group Promissory Notes Illegally As**
17 **An Unregistered Broker**

18 20. As of 2010, Baccam was a registered representative with Centaurus. He
19 had a base of broker-dealer customers to whom he would give advice and for whom
20 he would typically purchase fairly conservative non-equity investments, such as
21 variable annuity contracts.

22 21. On or around the Spring of 2010, Baccam and an acquaintance had
23 discussions concerning the acquaintance's business flipping real estate with a
24 company called Moret Group. Baccam offered to raise money for that business,
25 noting that Baccam had an existing investor customer base at Centaurus that he could
26 solicit. By October 2010, Baccam and the acquaintance agreed that Baccam would
27 solicit investors to purchase promissory notes issued by Moret Group, and that
28 Baccam would receive a 10 percent commission on all money raised.

1 22. Baccam then solicited several of his Centaurus customers and at least
2 one family member. His typical pitch was that he could provide a safer alternative to
3 investing their money in the stock market, which had been volatile in the wake of the
4 U.S. financial crisis of 2008. During certain of these customer pitches, Baccam
5 represented that the invested funds would be used for a venture to flip residential real
6 estate.

7 23. From October 2010 to November 2011, Baccam raised \$251,600 from
8 six investors by selling promissory notes for Moret Group that provided for 12 or 14
9 percent annual rates of return. Baccam was paid approximately \$25,000 in
10 commissions for these sales.

11 24. All of the promissory notes had maturity dates of more than a year. One
12 promissory note provided for monthly interest payments, and the remaining
13 promissory notes provided for annual interest payments.

14 25. In soliciting and selling these Moret Group notes, Baccam was acting as
15 a broker for Moret Group. He was engaged in the business of affecting transactions
16 in securities for the account of others. Baccam was the sole person soliciting these
17 investors, and he controlled the chain of distribution throughout the solicitation and
18 sale of all of these promissory notes. He actively identified and recruited investors,
19 advised investors as to the merits of their investment, facilitated and effectuated the
20 transfer of investor funds – which were typically wired to a custodian of individual
21 retirement accounts (“IRA”) and then wired to Moret Group – and he received
22 commissions for each sale.

23 26. Throughout 2010 and 2011, Baccam was a registered representative for
24 Centaurus, which was a broker-dealer registered with the Commission. Baccam
25 failed to disclose to Centaurus that he was engaged in private securities transactions
26 selling Moret Group notes, or otherwise obtain Centaurus’ approval to engage in
27 these transactions.

28 27. In fact, Baccam lied to conceal his promissory note sales from

1 Centaurus. Centaurus required Baccam to complete an annual compliance
2 questionnaire that, among other things, asked if Baccam had been engaged in any
3 private securities transactions. In 2010, Baccam lied by responding “no.” In
4 addition, in 2010, Baccam failed to update an “Outside Business Activity
5 Questionnaire” form that required him to report to Centaurus any business activities
6 outside of his regular Centaurus business. It was not until 2011 that Baccam reported
7 to Centaurus that he was flipping real estate, but even then he again lied by stating
8 that it was not “investment related.”

9 **II. By January 2011, Baccam Began To Fraudulently Sell Promissory Notes**
10 **Issued By A Fictitious “PR Group,” And To Misappropriate Investor Funds**

11 28. By January 2011, Baccam decided to raise money for his own real estate
12 venture, despite the fact that he had no prior real estate experience. He began to
13 solicit Centaurus customers and family members to buy promissory notes issued by
14 “PR Group.”

15 29. PR Group was merely Baccam’s doing-business-as entity name.
16 Baccam established a bank account in PR Group’s name. Throughout the relevant
17 period, PR Group served as Baccam’s alter ego in his real estate venture, and its
18 operations were controlled by Baccam, including its solicitation of investors, use of
19 funds, and real estate business.

20 30. From January 2011 to December 2011, Baccam sold 12 promissory
21 notes issued by PR Group to nine investors totaling \$407,300.

22 **A. Baccam Fraudulently Represented To PR Group Investors That**
23 **They Would Receive Premium Rates Of Return**

24 31. Baccam made numerous fraudulent misrepresentations to investors when
25 offering and selling PR Group promissory notes. Baccam, both orally and as
26 reflected in the executed promissory notes, represented to investors that they would
27 receive premium rates of return that ranged from eight to 12 percent, with interest due
28 annually, sometimes even stating that such returns were “guaranteed.”

1 32. PR Group investors never received the returns that Baccam represented.
2 Some received a few interest payments from Baccam (mostly in connection with
3 Baccam's scheme to induce additional investment, as alleged herein), but no PR
4 Group investor received their principal back, let alone the premium interest rates of
5 return in excess of that amount that Baccam had represented they would receive.

6 33. When soliciting investors, Baccam knew, or was reckless in not
7 knowing, that PR Group – that is, he – could not pay eight to 12 percent rates of
8 return. As of January 2011, Baccam had just begun to raise money for his real estate
9 venture, and he had no existing operations and no prior experience in real estate
10 flipping. In addition, as more fully alleged below, upon receiving investor funds,
11 Baccam almost immediately began misappropriating funds for purposes not related to
12 his real estate venture, including for his own personal use, and he continued to do so
13 throughout the relevant period. Thus, Baccam did not reasonably or genuinely
14 believe that PR Group could promise premium rates of return.

15 **B. Baccam Misrepresented The Nature Of The Real Estate Venture To**
16 **PR Group Investors**

17 34. Baccam further made material misrepresentations concerning the nature
18 of the real estate venture. For example, one investor (“Investor A”) and her husband
19 (“Investor B”) had a long-standing business relationship with Baccam, who had
20 managed their retirement accounts through Centaurus for years. In February 2011,
21 Baccam met with Investors A and B at their home to pitch a new investment strategy,
22 and Baccam guaranteed that they would receive a premium rate of return. When
23 pressed for more details, Baccam told Investors A and B that there was a property
24 group in Orange County looking to raise money to purchase and renovate real estate
25 to sell to Chinese buyers, that they were looking for \$100,000 minimum investments,
26 and that Baccam had invested his own money in the venture.

27 35. Investors A and B also informed Baccam that they wanted a low-risk
28 investment that they could count on to provide for their future retirement, and they

1 wanted the investment to have a death benefit if one of them survived the other.
2 Baccam lied and told Investors A and B that their investment was safe virtually risk
3 free, that the rate of return was guaranteed, and that it would provide for a death
4 benefit.

5 36. Baccam knew, or was reckless in not knowing, that his representations to
6 Investors A and B were false. Baccam knew that a promissory note from his new real
7 estate venture did not provide for a death benefit, and was not low risk. Furthermore,
8 the real estate venture was run solely by him, not a third-party property group in
9 Orange County that was looking for \$100,000 minimum investments. Baccam also
10 knew he had not put any of his own money in the venture.

11 37. Based on Baccam's misrepresentations, Investor A agreed to transfer
12 \$36,000 from her Centaurus account to an IRA custodial account. On February 16,
13 2011, at Baccam's direction, a friend of Baccam's wife ("Friend A") executed a
14 promissory note to Investor A on PR Group's behalf, but Baccam never gave Investor
15 A nor Investor B a copy of that note.

16 38. Baccam also misrepresented PR Group's experience (or complete lack
17 thereof) to at least two PR Group promissory note investors. After Investor A and
18 one other investor purchased PR Group promissory notes in early 2011, Baccam, on
19 PR Group letterhead, sent each investor a letter in March 2011 that thanked the
20 investor "for selecting PR Group to be your Investment planning partner. With PR
21 Group, you are choosing a respected, established Investment Planning services
22 provider. As a customer-focused organization, PR Group has earned a reputation for
23 experience, innovation to customer satisfaction." At Baccam's direction, Friend A
24 signed the letters as "Managing Officer."

25 39. Baccam drafted these letters to investors, and directed to whom and
26 when they should be sent.

27 40. In reliance upon these misrepresentations, both investors subsequently
28 invested more money with Baccam for his purported real estate business, one in

1 December 2011, and the other in February 2012, via the purchase of additional
2 promissory notes issued by Precision Research Group.

3 41. Baccam knew, or was reckless in not knowing, that these representations
4 were false. Baccam had only recently adopted the doing-business-as PR Group
5 name, and Baccam knew that PR Group did not, and could not, have established a
6 positive reputation. Indeed, Baccam knew PR Group had no reputation whatsoever.

7 **C. Baccam Misrepresented To PR Group Investors How Their Funds**
8 **Would Be Used**

9 42. Baccam also made material misrepresentations to investors concerning
10 how their funds would be used. For example, one PR Group investor ("Investor C")
11 previously had an IRA with Centaurus that was losing money, and, on or around May
12 2011, Investor C informed Baccam that she did not want to lose any more money, but
13 wanted her money to simply sit in an IRA account that was not subject to the risk of
14 loss. Baccam agreed and instructed Investor C to transfer \$74,500 in her Centaurus
15 account to an IRA custodian, which she did via wire transfer.

16 43. On May 11, 2011, Baccam directed Friend A to execute a promissory
17 note on PR Group's behalf for Investor C's money, but he did not give Investor C a
18 copy.

19 44. Contrary to what he had told Investor C, Baccam did not let Investor C's
20 money sit in an account; instead, he quickly pooled those funds with other investment
21 funds in the PR Group bank account and used them for other purposes, including his
22 personal use.

23 45. In December 2011, Baccam solicited Investor C for additional funds.
24 Baccam induced Investor C to transfer another \$20,000 to an IRA custodian, and
25 soon after pooled those funds in the PR Group account and used them for other
26 purposes, including his personal use. Baccam again did not tell Investor C that her
27 money would be used by PR Group, rather than just sitting in an account not subject
28 to the risk of loss.

1 46. Friend A, at Baccam's direction, executed a promissory note for the
2 \$20,000 on December 7, 2011, with PR Group as the issuer, but Baccam never gave
3 Investor C the promissory note.

4 47. On or around October 2011, Baccam similarly lied to two additional
5 investors, who were husband ("Investor D") and wife ("Investor E"), when soliciting
6 investment for PR Group promissory notes. Investors D and E affirmatively declined
7 to invest in Baccam's real estate venture, but they agreed to transfer \$82,350 funds to
8 an account based solely on Baccam's oral promise that they would receive a 12-
9 percent annual rate of return.

10 48. Baccam took Investor D's and E's money and executed two PR Group
11 notes for the total amount on their behalf without ever telling them, and then he
12 deposited that money in his PR Group account and used it for his real estate venture
13 and other purposes, including for his personal use.

14 49. In addition, while soliciting other PR Group investors, Baccam orally
15 misrepresented that invested funds would be used solely for a real estate venture.

16 50. Baccam knew, or was reckless in not knowing, that these representations
17 concerning the use of investor funds were false. Throughout the time he was
18 soliciting investors, Baccam knowingly used investor funds for purposes other than
19 he promised investors, including for his personal use.

20 51. All of the foregoing misrepresentations Baccam made to PR Group
21 investors were material because they concerned the nature, investment returns, risks
22 relating to the purchase of the PR Group promissory notes, and the use of funds, all of
23 which would be important to a reasonable investor in deciding whether to invest in
24 PR Group promissory notes.

25 **D. Soon After Baccam Began Raising Money For PR Group, He**
26 **Routinely Misappropriated Funds, Often For His Personal Use**

27 52. About a week after Baccam received the first raised funds in January
28 2011, he withdrew \$3,000, and then he periodically withdrew additional payments

1 that, by December 2011, had totaled about \$40,000. By this time, however, he had
2 spent little, if any, money on his real estate venture.

3 53. Baccam further routinely used investor funds for other personal
4 expenses, including charges for food, gas, car maintenance, and a “Rich Dad”
5 educational course. In total, bank records indicate that, while he was selling PR
6 Group notes from January 2011 to December 2011, Baccam spent as much as
7 \$13,000 for such personal expenses.

8 54. Bank records reflect that, between February 2011 and August 2011,
9 Baccam used \$42,800 in investor funds raised through the sale of PR Group
10 promissory notes to make payments to two of his Centaurus’ customers who never
11 invested in promissory notes; Baccam made at least one of the payments to pay off a
12 “loan.” These expenditures were not related to his real estate venture.

13 55. Furthermore, on several occasions, Baccam used PR Group investor
14 funds to repay Moret Group promissory note investors. By February 2011, Moret
15 Group owed at least one monthly interest payment to one investor who was Baccam’s
16 cousin (“Cousin A”), and, when Baccam asked a Moret Group principal for that
17 payment on Cousin A’s behalf, he claimed that it did not have the money and could
18 not make the promised interest payment on time.

19 56. As a result, Baccam decided to give Moret Group \$1,400 to cover
20 Cousin A’s interest payment using funds Baccam had raised through PR Group,
21 which Moret Group appeared to repay Baccam the following month. Baccam
22 subsequently made several, perhaps even monthly, payments to Cousin A on Moret
23 Group’s behalf using money Baccam had raised from investors in promissory notes
24 issued by his alter-ego companies, which Moret Group often, if not always, did not
25 repay Baccam.

1 **III. In November 2011, Baccam Defrauded An Investor By Making Material**
2 **Misrepresentations And Using Misappropriated Investor Funds To Induce**
3 **Additional Investment**

4 57. On or around November 2011, Baccam met with an investor who had
5 previously purchased a \$79,000 Moret Group promissory note ("Investor F"). At the
6 time, Moret Group owed Investor F a \$9,600 interest payment on his promissory
7 note. Baccam used PR Group funds to make a \$9,600 cashier's check out to Investor
8 F, but Baccam never disclosed to Investor F that the money came from other
9 investors. Baccam used that payment for the purpose of deceiving Investor F to
10 believe that Investor F's prior investment was sound in a fraudulent scheme to induce
11 Investor F to invest again.

12 58. Investor F agreed to reinvest that \$9,600 rather than retain the payment.
13 On November 8, 2011, Moret Group executed a promissory note for \$9,600 to
14 Investor F.

15 59. On or around that same time, Investor F gave Baccam another \$76,000.
16 On November 18, 2011, Baccam directed Friend A to execute a \$76,000 promissory
17 note with PR Group as issuer.

18 60. Baccam's act of misappropriating money from PR Group investors to
19 cover interest owed by Moret Group to Investor F constituted a scheme to defraud
20 because it deceptively led Investor F to believe his prior investment was profitable
21 such that Investor F was fraudulently induced to invest additional funds in both Moret
22 Group and in PR Group, when, in fact, Moret Group had been unable to make that
23 interest payment, and at the time Baccam's own real estate business had no
24 operations that could produce a return on investment.

25 61. Baccam also orally promised to Investor F that Investor F would receive
26 12 percent annual rates of return on his \$9,600 and \$76,000 investments.

27 62. Investor F never received those returns on his investments. He received
28 a few interest payments from Baccam (mostly in connection with Baccam's scheme

1 to defraud, as alleged herein), but Investor F never received his full investment back,
2 let alone the premium rates of return in excess of that amount that Baccam promised.

3 63. When soliciting Investor F, Baccam knew, or was reckless in not
4 knowing, that Moret Group could not pay a 12 percent annual rate of return to
5 Investor F. By November 2011, Baccam knew that Moret Group's business was
6 failing such that he, and not Moret Group, had to cover many, if not all, of the interest
7 payments that Moret Group made on the original six Moret Group notes. Thus,
8 Baccam did not reasonably or genuinely believe that Moret Group could promise a
9 premium rate of return on yet another promissory note to Investor F.

10 64. When soliciting Investor F, Baccam knew, or was reckless in not
11 knowing, that PR Group – that is, he – could not pay a 12 percent annual rate of
12 return. Baccam knew that he had no prior real estate experience and no meaningful
13 operations at that time such that he could expect PR Group to repay Investor F. In
14 addition, by November 2011, Baccam had already misappropriated tens of thousands
15 of dollars of investor funds, including for his own personal benefit. Thus, Baccam
16 did not reasonably or genuinely believe that PR Group could promise Investor F a
17 premium rate of return.

18 65. Baccam's misrepresentations to Investor F were material because they
19 concerned the investment returns relating to the purchase of these two promissory
20 notes, which would be important to a reasonable investor in deciding whether to
21 invest in these promissory notes.

22 **IV. From December 2011 To July 2013, Baccam Defrauded Investors**
23 **Through The Offer And Sale Of Promissory Notes Issued By Prim Group**
24 **And Precision Research Group**

25 66. By December 2011, Baccam had registered a company in California called
26 Prim Group and established a bank account in its name. Throughout the relevant period,
27 Baccam was the sole principal of Prim Group, and he controlled all of its operations,
28 including its solicitation of investors, use of funds, and real estate business.

1 67. Baccam sold one Prim Group promissory note for \$100,000 to Cousin
2 A's husband ("Cousin B"), who lived in Texas at the time. When soliciting the
3 purchase, Baccam orally represented to Cousin B that he would earn a 15.6 percent
4 annual rate of return on this investment, and he confirmed that promise in writing
5 when executing the Prim Group promissory note.

6 68. Cousin B never received his invested principal back, let alone the
7 premium rates of return that Baccam promised.

8 69. When soliciting Cousin B, Baccam knew, or was reckless in not
9 knowing, that Prim Group – that is, he – could not pay a 15.6 percent rate of return.
10 Baccam knew that he had no prior real estate experience and no meaningful
11 operations at that time such that he could expect to repay Cousin B. Thus, Baccam
12 did not reasonably or genuinely believe that Prim Group could promise premium
13 rates of return.

14 70. In addition, Baccam schemed to defraud Cousin B through his previous
15 use of investor funds to repay Cousin A's initial Moret Group promissory note. The
16 act of making those payments to Cousin A deceived Cousin B into believing that
17 Baccam's real estate venture was profitable, when, in fact, both the Moret Group and
18 Baccam real estate ventures were not profitable and Baccam had been
19 misappropriating investor funds to repay Cousin A for several months.

20 71. On or around February 2012, Baccam began using a new alter-ego
21 company name, Precision Research Group. On or around February 23, 2012, Baccam
22 raised \$37,700 through the sale of two promissory notes issued by this doing-
23 business-as alter ego.

24 72. On May 24, 2012, Baccam registered Precision Research Group in
25 California. He named his wife and niece as its sole Members and officers, but they had
26 no roles with the company. Although Baccam did not name himself as a Member or
27 officer, he controlled and operated all of Precision Research Group's operations,
28 including its investor solicitations, use of funds, and real estate business. Baccam asked

1 his sister-in-law to sign promissory notes and other documents on behalf of Precision
2 Research Group, but she otherwise had no role with Precision Research Group.

3 73. Baccam used Precision Research Group as his corporate alter ego to
4 continue to fraudulently sell unsecured promissory notes. Soon after the investors'
5 money was wired to a Precision Research Group bank account, Baccam typically
6 rerouted the money to a Prim Group bank account, from which money would be
7 disbursed. Thus, the two entities essentially served the same purpose – as alter egos
8 for Baccam's scheme to defraud investors.

9 74. In all, from February 2012 until July 2013, Baccam raised at least
10 \$204,100 from eight investors (four of whom had previously invested in Moret
11 Group, PR Group, or Prim Group promissory notes) by selling promissory notes
12 issued by Precision Research Group.

13 75. In soliciting the Precision Research Group investors, Baccam promised
14 premium rates of return ranging from seven to 10 percent annually, both orally and in
15 directing the execution of promissory notes from Precision Research Group that
16 promised these rates of return.

17 76. Precision Research Group investors never received that return on their
18 investment. Some received a few interest payments from Baccam (mostly in
19 connection with Baccam's scheme to defraud), but no Precision Research Group
20 investor received their principal investment back, let alone the premium rates of
21 return that Baccam promised.

22 77. When soliciting Precision Research Group investors, Baccam knew, or
23 was reckless in not knowing, that Precision Research Group – that is, he – could not
24 pay these premium rates of return. By February 2012, he had already
25 misappropriated considerable investor money for other purposes, including repaying
26 Moret Group investors and for his own personal expenses. Baccam had no
27 reasonable grounds to believe that his business would be profitable enough to pay
28 these premium rates of return. Yet he continued to sell promissory notes. Thus,

1 Baccam did not reasonably or genuinely believe that Precision Research Group could
2 promise premium rates of return.

3 78. In addition, in selling Precision Research Group promissory notes, Baccam
4 promised investors that the money would be used only for real estate flipping.

5 79. Baccam knew, or was reckless in not knowing, that these representations
6 were false. He had been misappropriating money for various purposes, including for
7 his personal benefit, since he began raising money for his own venture in January
8 2011, and his misappropriations continued through July 2013.

9 80. Furthermore, in or around February 2012, Baccam met with Investors A
10 and B and paid them the \$3,600 interest payment owed on Investor B's February
11 2011 PR Group note. Baccam misappropriated funds raised from other investors to
12 make that payment for the purpose of deceiving Investors A and B to believe their
13 prior investments were profitable such that they were fraudulently induced to invest
14 additional funds, when, in fact, Baccam's real estate business was failing.

15 81. This scheme induced Investor A to invest another \$30,000, and her
16 husband, Investor B, to invest another \$59,000 in March 2013, in Precision Research
17 Group promissory notes.

18 82. In soliciting Investors A and B, Baccam again confirmed that the money
19 was to be used for a real estate venture, but he failed to correct his earlier
20 representations to them concerning the nature of the real estate venture, and Investors
21 A and B continued to believe that they were investing in a real estate investment
22 group from Orange County, California, that was targeting Chinese real estate buyers.
23 Baccam also failed to disclose to Investors A and B that he was using investor funds
24 for other purposes, including his personal expenses, or that Baccam made the \$3,600
25 interest payment with funds raised not from real estate flipping but from selling
26 additional promissory notes to other investors. Indeed, Baccam could not have made
27 that payment with real estate flipping profits, as he had only recently purchased, and
28 had yet to sell, his first property.

1 83. Furthermore, when soliciting Investors A and B on or around March
2 2013, Baccam further lied by telling Investors A and B that the interest payment due
3 on Investor B's 2012 Precision Research Group promissory note had rolled up into
4 Investor B's IRA custodial account and thus had been reinvested. This further led
5 Investor B to make his \$59,000 Precision Research Group investment in March 2013.

6 84. Baccam knew, or was reckless in not knowing, that these representations
7 to Investors A and B were false. Baccam had control over the flow of investors'
8 money and knew that the interest payments had not rolled up into the IRA account or
9 been reinvested, and that he had misappropriated substantial sums for his own
10 personal benefit.

11 85. Similarly, in January 2013, Baccam again solicited Investor F. He paid
12 Investor F a \$9,120 interest payment owed on an earlier promissory note using other
13 investors' funds to induce Investor F to again invest, which deceived Investor F into
14 believing that the real estate investment was profitable such that he would agree to
15 invest again with Baccam.

16 86. Baccam also orally represented that Investor F would receive a 10
17 percent annual rate of return – a representation that Baccam knew, or was reckless in
18 not knowing, was false.

19 87. Thereafter, Investor F invested another \$44,000 in a promissory note
20 issued by Precision Research Group.

21 88. All of the foregoing misrepresentations to Prim Group and Precision
22 Research Group investors were material because they concerned the nature of the
23 investment, the investment returns, and the use of their funds, which would have been
24 important to a reasonable investor in deciding whether to invest with Baccam.

25 **V. Baccam's Real Estate Business Benefitted Him At The Expense Of His**
26 **Investors**

27 89. Despite raising hundreds of thousands of dollars, Baccam did not begin
28 any meaningful real estate investment until around December 2011, when he signed a

1 contract to purchase a residential property on [REDACTED] in San Bernardino,
2 California (“20th Street Property”) for \$110,000.

3 90. After purchasing the [REDACTED] Baccam spent between
4 \$190,000 and \$250,000 in investor funds to renovate the property. He paid Friend
5 A’s husband to do the work; they had an informal verbal contract to renovate the
6 house. They completed renovations on the 20th Street Property by April 2012. At
7 that time, Baccam moved into the house with his family.

8 91. Two months later, in June 2012, Baccam sold the [REDACTED] Property to
9 his niece for \$200,000, which was from \$100,000 to \$160,000 less than Baccam paid
10 to purchase and renovate it.

11 92. Despite the sale, Baccam and his family continued to live in the [REDACTED]
12 [REDACTED] Property.

13 93. In addition, by at least January 2013, Baccam began paying his niece’s
14 approximately \$1,337 monthly mortgage on the [REDACTED] Property using investors’
15 funds, despite the fact that the property had become his primary residence.

16 94. Baccam and his family lived in the [REDACTED] Property until October
17 2015, when Baccam’s niece sold it to a third party for \$385,000. Baccam’s niece
18 transferred the proceeds of that sale back to Baccam.

19 95. Baccam also purchased a second and final property with investor funds. On
20 or around June 2012, Baccam used \$3,000 of investor funds to purchase, via quitclaim
21 deed, a house owned by his sister’s friend in Belleville, Illinois (“Belleville Property”).
22 Baccam subsequently assumed, and used investor funds to pay, the mortgage on the
23 house, which was over \$600 per month. Bank records show that Baccam spent
24 approximately \$30,000 to \$50,000 renovating the Belleville Property, which were
25 complete on or around September 2012. Baccam never sold the property; in November
26 2014, it was foreclosed upon and deeded to the Federal National Mortgage Association.

1 **VI. Baccam Continued To Solicit Investors And Misappropriate Investor**
2 **Funds Well After He Stopped Investing In Real Estate**

3 96. From June 2012 through July 2013, Baccam continued to regularly
4 misappropriate investor funds while he was soliciting investors for his failing real
5 estate venture. Bank records from 2012 and 2013 reflect numerous charges for food,
6 a car purchase, car service and gas, and \$8,000 in skincare products. In May 2013,
7 Baccam spent over \$1,600 to purchase a computer and related accessories,
8 purportedly to engage in securities trading in an effort to repay investors. He also
9 spent another \$4,000 for an online securities trading academy and/or a tool to
10 facilitate his securities trading. Eventually, Baccam gave up securities trading, but he
11 kept that computer for his own personal use.

12 97. Furthermore, after renovations on the Belleville house were complete on
13 or around September 2012, bank records indicate that Baccam spent only about
14 \$6,000 on his real estate venture, primarily nominal monthly charges for upkeep of
15 the Belleville property and to pay its mortgage.

16 98. Bank records further reflect that Baccam made frequent withdrawals
17 that, since Baccam engaged in no further real estate flipping, were for his own
18 personal use. In all, bank records reflect that, after September 2012, Baccam
19 misappropriated as much as \$180,000 in investor funds.

20 99. Nevertheless, Baccam continued to sell Precision Research Group
21 promissory notes through July 2013, including a \$44,000 note to Investor F in
22 January 2013, a \$59,000 promissory note to Investor B in March 2013, and a \$42,500
23 promissory note in July 2013 to a new investor who was Baccam's brother-in-law.
24 Baccam orally and in the promissory notes promised seven to 10 percent annual
25 returns, but he knew, or was reckless in not knowing, that Precision Research Group
26 could not promise those returns, given his significant misappropriation of investor
27 funds, the failure of his real estate venture, and the mounting debt owed to earlier
28 note holders that had accrued.

1 **VII. Baccam's Scheme Worked For Him; Investors Lost Most Of Their Money**

2 100. All told, Baccam sold 28 unsecured promissory notes to 18 investors
3 totaling approximately \$963,000.

4 101. Baccam profited significantly from his real estate venture. In all,
5 Baccam received approximately \$25,000 in commissions from his Moret Group
6 promissory note sales, and bank records reflect that he paid himself over \$200,000 in
7 funds raised through the sale of notes issued by his alter-ego companies.

8 102. In addition, Baccam benefitted from his other misappropriations of
9 investor funds, which included as much as \$80,000 for personal expenses and training
10 courses and at least \$10,000 in mortgage payments for the 20th Street Property while
11 it served as Baccam's primary residence.

12 103. All told, of the \$730,600 Baccam raised for his own real estate venture,
13 Baccam spent only about *half* (from \$340,000 to \$420,000) of investor funds for that
14 purpose.

15 104. Even Baccam's limited use of investor funds for his real estate venture
16 benefitted him at the expense of investors. He sold the only property he flipped to his
17 niece at a substantial loss, and Baccam continued to live there and use investor funds
18 to pay the mortgage.

19 105. Meanwhile, Baccam's investors lost most of their money. Bank records
20 reflect that investors received as little as \$120,000 of the \$963,000 that they invested
21 with Moret Group and Baccam, and even these payments were often used by Baccam
22 to fraudulently induce additional investment as alleged herein.

23 **VIII. The Promissory Notes Baccam Sold Constituted "Securities" Pursuant To**
24 **The Federal Securities Laws**

25 106. All of the promissory notes that Baccam sold on behalf of Moret Group,
26 PR Group, Prim Group, and Precision Research Group constituted securities pursuant
27 to Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)], and Section 3(a)(10)
28 of the Exchange Act [15 U.S.C. § 78c(a)(1)]. Baccam solicited the sale of

1 promissory notes to at least 18 investors in several States for the purpose of funding
2 Moret Group's and Baccam's own real estate businesses, and investors' expectations
3 were that they would receive premium rates of return based on the profits generated
4 by these businesses. Furthermore, most of the investors were Baccam's Centaurus
5 customers who had received investment advice from Baccam for years, and Baccam's
6 typical pitch in selling promissory notes to his Centaurus customers was that it was an
7 alternative to the purported more risky investments that they previously had entered
8 into through Baccam.

9 107. There is no alternative regulatory scheme that could have otherwise
10 reduced the risk to the investors in the promissory notes alleged in this Complaint.

11 **IX. Baccam's Securities Sales Occurred In Interstate Commerce**

12 108. Baccam's sales of 28 unsecured promissory notes issued by Moret
13 Group, PR Group, Prim Group, and Precision Research Group occurred in interstate
14 commerce, given that (1) he solicited investors in California, Texas, and Illinois; (2)
15 he often used the mails to send documents to investors; and (3) he used the wires to
16 transfer money to and from investors. For example, at least 14 investors had then-
17 existing accounts with Centaurus in California, and when investing in Baccam's
18 promissory notes, they authorized the transfer of funds from their Centaurus accounts
19 an IRA custodian account based in South Dakota, Baccam would then wire the
20 money back to Baccam's corporate accounts in California.

21 109. As another example, Baccam traveled from California to Texas on or
22 around November 2010 to solicit Cousin A to invest in a Moret Group promissory
23 note, and subsequently induced Cousin B to purchase a Prim Group promissory note
24 and a Precision Research Group promissory note. Baccam also solicited at least one
25 investor in Illinois who purchased two PR Group promissory notes.

1 **CLAIMS FOR RELIEF**

2 **COUNT I**

3 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
4 **Section 10(b) Of The Exchange Act and Rule 10b-5(a) Thereunder**
5 **(Against Defendant Baccam)**

6 110. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
7 Complaint as if fully set forth herein.

8 111. Defendant Baccam violated Section 10(b) of the Exchange Act [15
9 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. § 240.10b-5(a)].

10 112. As set forth above, Defendant Baccam, in connection with the purchase
11 or sale of securities in the United States, by the use of the means or instrumentalities
12 of interstate commerce, or of the mails, or of the facilities of a national securities
13 exchange, directly or indirectly employed devices, schemes, and artifices to defraud.

14 113. Defendant Baccam knowingly or recklessly made material
15 misrepresentations to investors that (1) they would receive premium rates of return
16 ranging from seven to 15.6 percent annually; (2) money would be used solely for real
17 estate flipping, when, in fact, substantial funds were used for other purposes,
18 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
19 free and offered a death benefit; (4) funds would just sit in an account and not be
20 invested; (5) the real estate venture was run by a property group in Orange County
21 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
22 each investor; (6) Baccam had himself invested his own money in the real estate
23 venture; (7) PR Group was an "established" company with a positive "reputation;"
24 and (8) interest payments had rolled up in an investor's account and were reinvested.

25 114. Defendant Baccam, with scienter, employed devices, schemes, and
26 artifices to defraud by deceiving investors into believing that the business they were
27 investing in was profitable when Baccam was, in fact, using other investors' money
28 to make interest payments for the purpose of fraudulently inducing additional

1 investment.

2 115. By engaging in this conduct, Defendant Baccam violated Section 10(b)
3 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. §
4 240.10b-5(a)].

5 **COUNT II**

6 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
7 **Section 10(b) Of The Exchange Act and Rule 10b-5(b) Thereunder**
8 **(Against Defendant Baccam)**

9 116. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
10 Complaint as if fully set forth herein.

11 117. Defendant Baccam violated Section 10(b) of the Exchange Act [15
12 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

13 118. As set forth above, Defendant Baccam, in connection with the purchase
14 or sale of securities in the United States, by the use of the means or instrumentalities
15 of interstate commerce, or of the mails, or of the facilities of a national securities
16 exchange, directly or indirectly made untrue statements of material fact or omitted to
17 state material facts necessary in order to make the statements made, in the light of the
18 circumstances under which they were made, not misleading.

19 119. Defendant Baccam knowingly or recklessly made material
20 misrepresentations to investors that (1) they would receive premium rates of return
21 ranging from seven to 14 percent annually; (2) money would be used solely for real
22 estate flipping, when, in fact, substantial funds were used for other purposes,
23 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
24 free and offered a death benefit; (4) that funds would just "sit" in an account and not
25 be invested; (5) the real estate venture was run by a property group in Orange County
26 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
27 investors; (6) Baccam had himself invested his own money in the real estate venture;
28 (7) PR Group was an "established" company with a positive "reputation;" and (8)

1 interest payments had rolled up in an investor's account and were reinvested.

2 120. By engaging in this conduct, Defendant Baccam violated Section 10(b)
3 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. §
4 240.10b-5(b)].

5 **COUNT III**

6 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
7 **Section 10(b) Of The Exchange Act and Rule 10b-5(c) Thereunder**
8 **(Against Defendant Baccam)**

9 121. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
10 Complaint as if fully set forth herein.

11 122. Defendant Baccam violated Section 10(b) of the Exchange Act [15
12 U.S.C. § 78j(b)] and Rule 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(c)].

13 123. As set forth above, Defendant Baccam, in connection with the purchase
14 or sale of securities in the United States, by the use of the means or instrumentalities
15 of interstate commerce, or of the mails, or of the facilities of a national securities
16 exchange, engaged in acts, practices, or courses of business which operated or would
17 operate as a fraud or deceit upon purchasers of securities.

18 124. Defendant Baccam knowingly or recklessly made material
19 misrepresentations to investors that (1) they would receive premium rates of return
20 ranging from seven to 14 percent annually; (2) money would be used solely for real
21 estate flipping, when, in fact, substantial funds were used for other purposes,
22 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
23 free and offered a death benefit; (4) that funds would just "sit" in an account and not
24 be invested; (5) the real estate venture was run by a property group in Orange County
25 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
26 investors; (6) Baccam had himself invested his own money in the real estate venture;
27 (7) PR Group was an "established" company with a positive "reputation;" and (8)
28 interest payments had rolled up in an investor's account and were reinvested.

1 125. Defendant Baccam, with scienter, engaged in acts, practices, or courses
2 of business which operated or would operate as a fraud or deceit upon purchasers of
3 securities by deceiving investors into believing that the business they were investing
4 in was profitable when Baccam was, in fact, using other investors' money to make
5 interest payments for the purpose of fraudulently inducing additional investment.

6 126. By engaging in this conduct, Defendant Baccam violated Section 10(b)
7 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(c) thereunder [17 C.F.R. §
8 240.10b-5(c)].

9 **COUNT IV**

10 **Fraud In The Offer Or Sale Of Securities In**

11 **Violation Of Section 17(a)(1) Of The Securities Act**

12 **(Against Defendant Baccam)**

13 127. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
14 Complaint as if fully set forth herein.

15 128. Defendant Baccam violated Section 17(a)(1) of the Securities Act [15
16 U.S.C. § 77q(a)(1)].

17 129. As set forth above, Defendant Baccam directly or indirectly, singly or in
18 concert with others, in the offer or sale of securities, by use of the means and
19 instrumentalities of interstate commerce or of the mails, employed devices, schemes
20 or artifices to defraud.

21 130. Defendant Baccam knowingly or reckless made material
22 misrepresentations to investors that (1) they would receive premium rates of return
23 ranging from seven to 14 percent annually; (2) money would be used solely for real
24 estate flipping, when, in fact, substantial funds were used for other purposes,
25 including for Baccam's personal use; (3) the promissory notes were virtually risk free
26 and offered a death benefit; (4) that funds would just "sit" in an account and not be
27 invested; (5) the real estate venture was run by a property group in Orange County
28 that was marketing properties to Chinese buyers and seeking at least \$100,000 from

1 investors; (6) Baccam had himself invested his own money in the real estate venture;
2 (7) PR Group was an “established” company with a positive “reputation;” and (8)
3 interest payments had rolled up in an investor’s account and were reinvested.

4 131. Defendant Baccam, with scienter, employed devices, schemes or
5 artifices to defraud by deceiving investors into believing that the business they were
6 reinvesting in was profitable when Baccam was, in fact, using other investors’ money
7 to make interest payments for the purpose of fraudulently inducing additional
8 investment.

9 132. By engaging in this conduct, Defendant Baccam violated Section
10 17(a)(1) of the Securities Act [15 U.S.C. §§ 77q(a)(1)].

11 **COUNT V**

12 **Fraud In The Offer Or Sale Of Securities**

13 **In Violation of Section 17(a)(2) Of The Securities Act**

14 **(Against Defendant Baccam)**

15 133. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
16 Complaint as if fully set forth herein.

17 134. Defendant Baccam violated Section 17(a)(2) of the Securities Act [15
18 U.S.C. § 77q(a)(2)].

19 135. As set forth above, Defendant Baccam directly or indirectly, singly or in
20 concert with others, in the offer or sale of securities, by use of the means and
21 instrumentalities of interstate commerce or of the mails, obtained money or property
22 by means of any untrue statement of a material fact or an omission to state a material
23 fact necessary in order to make the statements made, in light of the circumstances
24 under which they were made, not misleading.

25 136. Defendant Baccam at least negligently made material misrepresentations
26 to investors that (1) they would receive premium rates of return ranging from seven to
27 14 percent annually; (2) money would be used solely for real estate flipping, when, in
28 fact, substantial funds were used for other purposes, including for Baccam’s personal

1 use; (3) the promissory notes were virtually risk free and offered a death benefit; (4)
2 that funds would just “sit” in an account and not be invested; (5) the real estate
3 venture was run by a property group in Orange County that was marketing properties
4 to Chinese buyers and seeking at least \$100,000 from investors; (6) Baccam had
5 himself invested his own money in the real estate venture; (7) PR Group was an
6 “established” company with a positive “reputation;” and (8) interest payments had
7 rolled up in an investor’s account and were reinvested.

8 137. By engaging in this conduct, Defendant Baccam violated Section
9 17(a)(2) of the Securities Act [15 U.S.C. §§ 77q(a)(2)].

10 **COUNT VI**

11 **Fraud In The Offer Or Sale Of Securities**

12 **In Violation Of Section 17(a)(3) Of The Securities Act**

13 **(Against Defendant Baccam)**

14 138. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
15 Complaint as if fully set forth herein.

16 139. Defendant Baccam violated Section 17(a)(3) of the Securities Act [15
17 U.S.C. § 77q(a)(3)].

18 140. As set forth above, Defendant Baccam directly or indirectly, singly or in
19 concert with others, in the offer or sale of securities, by use of the means and
20 instrumentalities of interstate commerce or of the mails, engaged in transactions,
21 practices, or courses of business which operated or would have operated as a fraud or
22 deceit upon the purchaser.

23 141. Defendant Baccam at least negligently made material misrepresentations
24 to investors that (1) they would receive premium rates of return ranging from seven to
25 14 percent annually; (2) money would be used solely for real estate flipping, when, in
26 fact, substantial funds were used for other purposes, including for Baccam’s personal
27 use; (3) the promissory notes were virtually risk free and offered a death benefit; (4)
28 that funds would just “sit” in an account and not be invested; (5) the real estate

1 venture was run by a property group in Orange County that was marketing properties
2 to Chinese buyers and seeking at least \$100,000 from investors; (6) Baccam had
3 himself invested his own money in the real estate venture; (7) PR Group was an
4 “established” company with a positive “reputation;” and (8) interest payments had
5 rolled up in an investor’s account and were reinvested.

6 142. Defendant Baccam at least negligently engaged in transactions,
7 practices, or courses of business which operated or would have operated as a fraud or
8 deceit upon the purchaser by deceiving investors into believing that the business they
9 were reinvesting in was profitable when Baccam was, in fact, using other investors’
10 money to make interest payments for the purpose of fraudulently inducing additional
11 investment.

12 143. By engaging in this conduct, Defendant Baccam violated Section
13 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(3)].

14 **COUNT VII**

15 **Acting as an Unregistered Broker in Violation of Exchange Act Section 15(a)**
16 **(Against Defendant Baccam)**

17 144. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
18 Complaint as if fully set forth herein.

19 145. As alleged above, Baccam acted as a “broker” pursuant to Exchange Act
20 Section 15(a)(1) by engaging in the business of effecting transactions in securities for
21 the accounts of others and induced the purchase and sale of securities in interstate
22 commerce without being registered with the Commission. He directly participated in
23 the solicitation of funds via promissory notes issued by Moret Group, controlled the
24 chain of distribution throughout the solicitation and sale of all of these promissory
25 note, actively identified and recruited investors, advised investors as to the merits of
26 their investment, facilitated and effectuated the transfer of investor funds, and
27 received commissions for each sale.

28 146. By reason of the foregoing, Baccam has violated Section 15(a) of the

1 Exchange Act [15 U.S.C. § 78o(a)].

2 **COUNT VIII**

3 **Unjust Enrichment**

4 (Against Relief Defendants Prim Group and Precision Research Group)

5 147. The Commission repeats and re-alleges Paragraphs 1 through 109 the
6 Complaint as if fully set forth herein.

7 148. Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] states: “In
8 any action or proceeding brought or instituted by the Commission under any
9 provision of the securities laws, the Commission may seek, and any Federal court
10 may grant, any equitable relief that may be appropriate or necessary for the benefit of
11 investors.”

12 149. As further described above, Relief Defendants received funds and
13 property that were the proceeds, or are traceable to the proceeds, of Defendant’s
14 unlawful activities, as alleged in paragraphs 1 through 109 above, and Relief
15 Defendants had no legitimate claims to these proceeds, and gave no consideration in
16 exchange for receipt of those funds.

17 150. Relief Defendants obtained the funds and property alleged above as part
18 of and in furtherance of the securities violations alleged in paragraphs 1 through 109
19 above and under circumstances in which it is not just, equitable, or conscionable for
20 them to retain the funds and property. As a consequence, Relief Defendants were
21 unjustly enriched.

22 **RELIEF REQUESTED**

23 **WHEREFORE**, the Commission respectfully requests that this Court enter a
24 judgment:

25 **A.** Finding that Defendant violated the Federal securities laws and the
26 Commission Rule alleged in this Complaint;

27 **B.** Permanently restraining and enjoining Defendant as well as his
28 agents, servants, employees, attorneys and all persons in active concert

1 or participation with them who receive actual notice of the injunction by
2 personal service or otherwise, from violating, directly or indirectly,
3 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Exchange Act
4 Section 10(b) [15 U.S.C. §§78j(b)], and Rule 10b-5 thereunder [17
5 C.F.R. § 240.10b-5], and Section 15(a) of the Exchange Act [15 U.S.C.
6 78o(a)].

7 **C.** Permanently enjoining Defendant from, directly or indirectly,
8 participating in the issuance, purchase, offer, or sale of any security,
9 provided however that such injunction shall not prevent him from
10 purchasing or selling securities listed on a national securities exchange
11 for his own personal account.

12 **D.** Ordering Defendant and Relief Defendants to disgorge, jointly and
13 severally, all ill-gotten gains and/or unjust enrichment obtained as a
14 result of the fraudulent misconduct, acts, or courses of conduct described
15 in this Complaint, and to pay prejudgment interest thereon.

16 **E.** Ordering Defendant to pay civil monetary penalties pursuant to
17 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section
18 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

19 **F.** Granting such equitable relief as may be appropriate or necessary
20 for the benefit of investors pursuant to Section 21(d)(5) of the Exchange
21 Act [15 U.S.C. § 78u(d)(5)].

22 **G.** Retaining jurisdiction over this action to implement and carry out
23 the terms of all orders and decrees that may be entered.
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25
26
27
28

1 Dated: January 31, 2017

Respectfully submitted,

2
3 /s/ Amy Jane Longo

4 Amy Jane Longo, Local Counsel
5 (Cal. Bar No. 198304)
6 SECURITIES AND EXCHANGE
7 COMMISSION

8 MATTHEW F. SCARLATO
9 (pro hac vice application pending)
10 NICHOLAS C. MARGIDA
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13 Washington, D.C. 20549
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*Attorneys for Plaintiff Securities and
Exchange Commission*

DEMAND FOR A JURY TRIAL

Under Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

DATED: January 31, 2017

Respectfully submitted,

/s/ Amy Jane Longo

Amy Jane Longo, Local Counsel

(Cal. Bar No. 198304)

SECURITIES AND EXCHANGE
COMMISSION

MATTHEW F. SCARLATO

(*pro hac vice* application to be filed)

NICHOLAS C. MARGIDA

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Washington, D.C. 20549

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*Attorneys for Plaintiff Securities and
Exchange Commission*

Exhibit 2

FILED
CLERK, U.S. DISTRICT COURT
June 14, 2017
CENTRAL DISTRICT OF CALIFORNIA
BY: VPC DEPUTY

JS-6

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

5 SECURITIES AND EXCHANGE
6 COMMISSION,

7 Plaintiff,

8 vs.

9 PATRIC KEN BACCAM, a/k/a
Khanh Sengpraseuth,

10 Defendant, and

11 PRECISION RESEARCH GROUP
12 LLC, and PRIM GROUP LLC,

13 Relief Defendants.
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Case No. 5:17-cv-00172-SJO (SPx)

**ORDER GRANTING FINAL
JUDGMENT BY DEFAULT AGAINST
DEFENDANT PATRIC KEN BACCAM,
AND RELIEF DEFENDANT
PRECISION RESEARCH GROUP LLC**

1 This matter came to be heard upon the motion of Plaintiff Securities and
2 Exchange Commission (“SEC” or “Commission”) for entry of a default judgment
3 against Defendant Patric Ken Baccam, a/k/a Khanh Sengpraseuth, and Relief
4 Defendant Precision Research Group LLC (“Precision Research”) pursuant to Fed. R.
5 Civ. P. 55(b)(2) and Local Rule 55-1. Dkt. No. 31. The Court has considered all of
6 the evidence filed by the SEC in support of its motion and orders as follows:

7 **I.**

8 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the
9 Commission’s Motion for Entry of Default Judgment Against Defendant Baccam and
10 Relief Defendant Precision Research is **GRANTED**.

11 **II.**

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
13 Baccam is permanently restrained and enjoined from violating, directly or indirectly,
14 Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15
15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, by
16 using any means or instrumentality of interstate commerce, or of the mails, or of any
17 facility of any national securities exchange, in connection with the purchase or sale of
18 any security:

- 19 (a) to employ any device, scheme, or artifice to defraud;
20 (b) to make any untrue statement of a material fact or to omit to state a
21 material fact necessary in order to make the statements made, in the light of the
22 circumstances under which they were made, not misleading; or
23 (c) to engage in any act, practice, or course of business which operates or
24 would operate as a fraud or deceit upon any person.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
26 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
27 binds the following who receive actual notice of this Final Judgment by personal
28 service or otherwise: (a) Defendant Baccam’s officers, agents, servants, employees,

1 and attorneys; and (b) other persons in active concert or participation with Defendant
2 Baccam or with anyone described in (a).

3 **III.**

4 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
5 Defendant Baccam is permanently restrained and enjoined from violating Section
6 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the
7 offer or sale of any security by the use of any means or instruments of transportation
8 or communication in interstate commerce or by use of the mails, directly or
9 indirectly:

10 (a) to employ any device, scheme, or artifice to defraud;

11 (b) to obtain money or property by means of any untrue statement of a
12 material fact or any omission of a material fact necessary in order to make the
13 statements made, in light of the circumstances under which they were made,
14 not misleading; or

15 (c) to engage in any transaction, practice, or course of business which
16 operates or would operate as a fraud or deceit upon the purchaser.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
18 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
19 binds the following who receive actual notice of this Final Judgment by personal
20 service or otherwise: (a) Defendant Baccam's officers, agents, servants, employees,
21 and attorneys; and (b) other persons in active concert or participation with Defendant
22 Baccam or with anyone described in (a).

23 **IV.**

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
25 Baccam is permanently restrained and enjoined from violating Section 15(a) of the
26 Exchange Act, 15 U.S.C. § 78o(a), by, directly or indirectly, making use of the mails
27 or any means or instrumentalities of interstate commerce to effect transactions in, or
28 to induce or attempt to induce, the purchase or sale of any security, without being

1 registered as a broker or dealer with the Commission, or being associated with a
2 broker or dealer that is registered with the Commission.

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
4 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
5 binds the following who receive actual notice of this Final Judgment by personal
6 service or otherwise: (a) Defendant Baccam's officers, agents, servants, employees,
7 and attorneys; and (b) other persons in active concert or participation with Defendant
8 Baccam or with anyone described in (a).

9 V.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
11 Defendant Baccam is prohibited from, directly or indirectly, including, but not
12 limited to, through any entity owned or controlled by Defendant Baccam,
13 participating in the issuance, purchase, offer, or sale of any security, provided,
14 however, that Defendant Baccam is not prohibited from purchasing or selling
15 securities listed on a national securities exchange for his own personal accounts.

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
18 Baccam and Relief Defendant Precision Research are liable, jointly and severally, for
19 \$203,756, representing profits gained as a result of the conduct alleged in the SEC's
20 Complaint that is attributable to both Defendant Baccam and Relief Defendant
21 Precision Research, together with prejudgment interest thereon in the amount of
22 \$29,881, for a total of \$233,637.

23 Defendant Baccam and Relief Defendant Precision Research shall satisfy these
24 obligations by making payments to the Securities and Exchange Commission within
25 14 days after entry of this Final Judgment. Defendant Baccam and Relief Defendant
26 Precision Research may transmit payment electronically to the Commission, which
27 will provide detailed ACH transfer/Fedwire instructions upon request. Payment may
28 also be made directly from a bank account via Pay.gov through the SEC website at

1 <http://www.sec.gov/about/offices/ofm.htm>. Defendant Baccam and Relief Defendant
2 Precision Research may also pay by certified check, bank cashier's check, or United
3 States postal money order payable to the Securities and Exchange Commission,
4 which shall be delivered or mailed to

5
6 Enterprise Services Center
7 Accounts Receivable Branch
8 6500 South MacArthur Boulevard
9 Oklahoma City, OK 73169

10 and shall be accompanied by a letter identifying the case title, civil action number,
11 and name of this Court; Patric Ken Baccam, and/or Precision Research as
12 defendant/relief defendant in this action; and specifying that payment is made
13 pursuant to this Final Judgment.

14 Defendant Baccam and Relief Defendant Precision Research shall
15 simultaneously transmit photocopies of evidence of payment and case identifying
16 information to the Commission's counsel in this action. By making this payment,
17 Defendant Baccam and Relief Defendant Precision Research relinquish all legal and
18 equitable right, title, and interest in such funds and no part of the funds shall be
19 returned to them.

20 The Commission shall hold the funds (collectively, the "Fund") and may
21 propose a plan to distribute the Fund subject to the Court's approval. The Court shall
22 retain jurisdiction over the administration of any distribution of the Fund. If the
23 Commission staff determines that the Fund will not be distributed, the Commission
24 shall send the funds paid pursuant to this Final Judgment to the United States
25 Treasury.

26 The Commission may enforce the Court's judgment for disgorgement and
27 prejudgment interest by moving for civil contempt (and/or through other collection
28 procedures authorized by law) at any time after 14 days following entry of this Final

1 Judgment. Defendant Baccam and Relief Defendant Precision Research shall pay
2 post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

3 **VII.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
5 Baccam shall pay a civil penalty in the amount of \$203,756 to the Securities and
6 Exchange Commission pursuant to Section 20(d)(1) of the Securities Act, 15 U.S.C. §
7 77t(d)(1), and Section 21(d)(3)(A) of the Exchange Act, 15 U.S.C. § 78u(d)(3)(A).
8 Defendant shall make this payment within 14 days after entry of this Final Judgment.

9 Defendant Baccam may transmit payment electronically to the Commission,
10 which will provide detailed ACH transfer/Fedwire instructions upon request.
11 Payment may also be made directly from a bank account via Pay.gov through the
12 SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant Baccam may
13 also pay by certified check, bank cashier's check, or United States postal money
14 order payable to the Securities and Exchange Commission, which shall be delivered
15 or mailed to

16 Enterprise Services Center
17 Accounts Receivable Branch
18 6500 South MacArthur Boulevard
19 Oklahoma City, OK 73169

20 and shall be accompanied by a letter identifying the case title, civil action number,
21 and name of this Court; Patric Ken Baccam as a defendant in this action; and
22 specifying that payment is made pursuant to this Final Judgment.

23 Defendant Baccam shall simultaneously transmit photocopies of evidence of
24 payment and case identifying information to the Commission's counsel in this action.
25 By making this payment, Defendant Baccam relinquishes all legal and equitable
26 right, title, and interest in such funds and no part of the funds shall be returned to
27 Defendant Baccam. The Commission shall send the funds paid pursuant to this Final
28

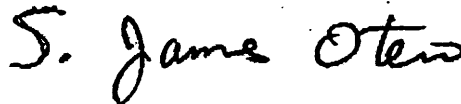
1 Judgment to the United States Treasury. Defendant Baccam shall pay post-judgment
2 interest on any delinquent amounts pursuant to 28 USC § 1961.

3 **VIII.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that for
5 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
6 11 U.S.C. § 523, the allegations in the SEC's Complaint are true and admitted by
7 Defendant Baccam, and further, any debt for disgorgement, prejudgment interest,
8 civil penalty, or other amounts due by Defendant Baccam under this Final Judgment
9 or any other judgment, order, consent order, decree, or settlement agreement entered
10 in connection with this proceeding, is a debt for the violation by Defendant Baccam
11 of the federal securities laws or any regulation or order issued under such laws, as set
12 forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

13 **IX.**

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
15 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
16 Final Judgment.

17
18 

19 DATED: June 14, 2017

20 _____
21 HONORABLE S. JAMES OTERO
22 UNITED STATES DISTRICT JUDGE
23
24
25
26
27
28

Exhibit 3

Page 1

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION
2
3 In the Matter of:)
4) File No. HO-12554
5 PATRIC KEN BACCAM)
6
7 WITNESS: Patric Ken Baccam
8 PAGES: 1 through 285
9 PLACE: Securities and Exchange Commission
10 100 F Street, N.E.
11 Washington, D.C. 20549
12 DATE: Tuesday, August 18, 2015
13
14 The above-entitled matter came on for hearing,
15 pursuant to notice, at 9:36 a.m.
16
17
18
19
20
21
22
23
24 Diversified Reporting Services, Inc.
25 (202) 467 9200

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1 APPEARANCES:
2
3 On behalf of the Securities and Exchange Commission:
4 NICHOLAS C. MARGIDA, ESQ.
5 DAVID FROHLICH, ESQ., ASSISTANT DIRECTOR
6 Division of Enforcement
7 Securities and Exchange Commission
8 100 F Street, N.E.
9 Washington, D.C. 20549
10 (202) 551-8504
11
12 On behalf of the Witness:
13 PATRIC KEN BACCAM, PRO SE
14 488 West 20th Street
15 San Bernardino, California 92405
16 (909) 965-9259
17
18
19
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21
22
23
24
25

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Page 5

1 PROCEEDINGS e
 2 MR. MARGIDA: We are on the record at 9:36 a.m.
 3 on August 18, 2015 in the home office of the United
 4 States Securities and Exchange Commission.
 5 Good morning, Mr. Baccam. Could you please
 6 raise your right hand for me?
 7 Whereupon,
 8 PATRIC KEN BACCAM
 9 was called as a witness and, having been first duly
 10 sworn, was examined and testified as follows:
 11 MR. MARGIDA: Could you please state your full
 12 name and spell it for the record?
 13 THE WITNESS: Patric Ken Baccam, Patric
 14 P-a-t-r-i-c, Ken K-e-n, Baccam, B-a-c-c-a-m.
 15 MR. MARGIDA: Is that your birth name?
 16 THE WITNESS: No.
 17 MR. MARGIDA: What is your birth name?
 18 THE WITNESS: Actually, it's Khanh Qung Baccam,
 19 but I was raised by my uncle, which I took their name,
 20 which is another name that I came to the United States
 21 as, Khanh Sengpraseuth.
 22 MR. MARGIDA: Could you spell that for the
 23 record, please?
 24 THE WITNESS: K-h-a-n-h, first name, Khanh.
 25 And then last name S-e-n-g-p-r-a-s-e-u-t-h.

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1 MR. FROHLICH: And if you would spell the birth
 2 name, too, so that we get the spelling right. You
 3 mentioned a minute ago a different name. If you would
 4 spell that for us.
 5 THE WITNESS: Yeah. Birth name Khanh,
 6 K-h-a-n-h, and then middle, it was – Qung is Q-u-n-g,
 7 then B-a-c-c-a-m.
 8 MR. FROHLICH: Thank you, sir.
 9 THE WITNESS: Yeah.
 10 MR. MARGIDA: So for your testimony here today
 11 I'm going to begin by going over some instructions.
 12 They're important, so please listen. So I'll do most of
 13 the talking, but they are important, so please listen.
 14 As you know, my name is Nick Margida. I'm a
 15 staff attorney with the Enforcement Division of the SEC.
 16 With me is David Frohlich, an assistant director, also in
 17 the Enforcement Division.
 18 This is an investigation by the U.S. Securities
 19 and Exchange Commission captioned in the matter of
 20 Patrick Ken Baccam, Case No. HO-12544, to determine
 21 whether there have been violations of certain provisions
 22 of the federal securities laws. Also, the facts
 23 developed in this investigation might constitute
 24 violations of other federal or state civil or criminal
 25 laws.

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1 Prior to going on the record this morning just
 2 a few minutes ago, I provided you with copies of both a
 3 Formal Order of Investigation, an amended Formal Order of
 4 Investigation, as well as what we call a Form 1662 about
 5 the uses of certain information. The Formal Order and
 6 amended Formal Order of Investigation will be available
 7 for your examination during the course of this
 8 proceeding.
 9 Have you, Mr. Baccam, had an opportunity to
 10 review the Formal Order and the amended Formal Order a
 11 short while ago?
 12 THE WITNESS: Yes.
 13 MR. MARGIDA: Okay. Can I have the Formal
 14 Order and amended Formal Order back, please?
 15 THE WITNESS: Yes.
 16 MR. MARGIDA: Pursuant to those orders, do you
 17 understand that both I and my supervisor, David Frohlich,
 18 are designated by the Commission to serve as Officers of
 19 the United States Securities and Exchange Commission?
 20 THE WITNESS: Yes.
 21 MR. MARGIDA: To do things like subpoena your
 22 testimony?
 23 THE WITNESS: Yes.
 24 MR. MARGIDA: Okay. And swear you in for your
 25 testimony here today. Right? You understand that?

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1 THE WITNESS: Yes. Yes.
 2 MR. MARGIDA: Also prior to going on the
 3 record, I provided you a copy of the Commission's
 4 Supplemental Information Form, which has been previously
 5 marked as Exhibit 1.
 6 Did you receive and have a chance to review
 7 that?
 8 THE WITNESS: Yes.
 9 MR. MARGIDA: Okay. Do you have any questions
 10 about Exhibit 1?
 11 THE WITNESS: No. Not right now.
 12 MR. MARGIDA: Mr. Baccam, you have the right to
 13 be accompanied, represented, and advised by counsel.
 14 This means that you may have an attorney present and that
 15 your attorney can advise you before, during, and after
 16 your examination here today and tomorrow.
 17 Do you understand that right?
 18 THE WITNESS: Yes.
 19 MR. MARGIDA: Since you are not represented by
 20 counsel, there are certain matters discussed in Exhibit 1
 21 that I want to highlight for you before we begin.
 22 If you look at the top under Section A for
 23 False Statements and Documents, did you review that
 24 section?
 25 THE WITNESS: Yes.

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1 is a sister. And Nga, N-g-a, Baccam-Burns.
2 Q Baccam-Burns, hyphenated?
3 A Yeah. My sister.
4 Q And I don't want to ask you where each of them
5 lives, but generally in what states do your siblings
6 live?
7 A California and -- yes.
8 Q Texas?
9 A I have -- well, there's a sibling -- it's my
10 cousin that I was raised with. I call her my sister, my
11 uncle's kids.
12 Q What's her name?
13 A Kim Noi Nguyen.
14 Q And that's in Houston, Texas?
15 A That is correct.
16 Q In terms of your siblings, they're all in
17 California?
18 A The majority of them, yes.
19 Q Okay. What other states do they live in if not
20 all in California?
21 A Renée Short is in Illinois, state of Illinois.
22 Q Renée Short?
23 A Yeah.
24 Q Is a sister?
25 A Yeah.

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1 Q Does Vi Baccam, your sister, go by any other
2 names?
3 A No.
4 Q Is that a no? Okay.
5 Does Oai Baccam, O-a-i Baccam, go by any other
6 names?
7 A Dan.
8 Q Okay. Were you ever adopted in the States?
9 A No.
10 Q Okay. Do you have any adopted siblings?
11 A Do I have any adopted -- no.
12 Q No? Okay.
13 A Well, I guess you could say I was adopted. My
14 cousins that I lived with when my uncle and aunt adopted
15 me. Right? Kim Noi is my sibling.
16 Q Did your uncle and aunt formally adopt you here
17 in the States?
18 A No. Not in the States.
19 Q Okay. But you lived with them?
20 A Yeah.
21 Q Okay. Who is --
22 A Go ahead.
23 Q I'm sorry. You go ahead.
24 A I was going to say, I mean, I don't know if it
25 was formally, but when I came to the United States, I was

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1 their kid, you know. That's what it was.
2 Q Okay.
3 A But I don't know what kind of paperwork back
4 in -- I guess you could say in the old country.
5 Q Okay. So I want to talk a little bit about
6 your residences. You mentioned that you currently live
7 at [REDACTED], San Bernardino, California.
8 Is that right?
9 A Yes.
10 Q How long have you lived there?
11 A 2011 -- 2012, I'm sorry. Yeah.
12 Q Do you remember what month?
13 A Probably like April.
14 Q Do you own that residence?
15 A No, I don't.
16 Q Who owns that?
17 A My niece.
18 Q And what's her name?
19 A Queena.
20 Q Q-u-e-e-n-a?
21 A Yes.
22 Q What's her last name?
23 A Phommasene, P-h-o-m-m-a-s-e-n-e.
24 Q Do you remember when she purchased the home?
25 A July -- July -- in 2012. I don't know exactly.

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1 Q Okay. Were you and your wife living there
2 before or after she purchased the home?
3 A Before.
4 Q Okay. And who owned the home then?
5 A PRIM Group.
6 Q That's your company. Right?
7 A Yeah.
8 Q PRIM Group, LLC?
9 A Yeah.
10 Q It was registered or is registered in
11 California. Right?
12 A Yes.
13 Q When did your company, PRIM Group, purchase
14 that address at [REDACTED]?
15 A I think it was December 2011.
16 Q Okay. So then PRIM Group, in or around July
17 2012, sold the home to your niece, Queena Phommasene.
18 Correct?
19 A Yes.
20 (SEC Exhibit No. 30 was marked
21 for identification.)
22 BY MR. MARGIDA:
23 Q. I'm going to hand you what's been marked as
24 Exhibit 30. It's a printout from trufia.com, a real
25 estate site online --

1 A Okay.
 2 Q — for the address [REDACTED], San
 3 Bernardino, California, zip code [REDACTED].
 4 Take a look at that, please.
 5 A Okay. (The witness examined the document.)
 6 Q Could you turn to page 2 of that five-page
 7 exhibit?
 8 A (Complies.) Okay.
 9 Q So if you look around the middle of the page,
 10 it shows price history. And the most recent sale of the
 11 home lists June 19, 2012, sold for a price of \$200,000.
 12 Do you see that?
 13 A Yes, sir.
 14 Q Is that the price that PRIM Group sold the home
 15 for to your niece, Queena Phommasene?
 16 A Yes, sir.
 17 Q Do you know how she financed the purchase of
 18 that home from your company, PRIM Group?
 19 A She got a loan.
 20 Q Do you know who originated the loan?
 21 A Chase. Chase.
 22 Q Chase Bank? Okay. Why did your company sell
 23 that home to Queena Phommasene?
 24 A I sold it to her because I -- I sold it to her
 25 because I -- you know, to have -- get some of the money

1 back.
 2 Q What money?
 3 A Some money that the house was purchased.
 4 Q So if you look down at December 15, 2011, the
 5 house was sold for \$110,000.
 6 A Correct.
 7 Q That's your purchase of the home. Right?
 8 A Correct.
 9 Q By PRIM Group, that is?
 10 A Correct.
 11 Q Okay. So your testimony is that you were
 12 trying to recoup some of the money that you had paid as
 13 part of PRIM Group for the home?
 14 A Correct.
 15 Q Okay. And the price for that was \$110,000.
 16 Right?
 17 A Yes, sir.
 18 Q How did you finance the purchase of the home in
 19 December of 2011?
 20 A Through PRIM Group.
 21 Q How did PRIM Group raise the funds to purchase
 22 this home for \$110,000?
 23 A PRIM Group did some promissory notes.
 24 Q How many promissory notes were used to finance
 25 the [REDACTED] December of 2011?

1 A I don't know offhand right now.
 2 Q At least one, though?
 3 A Yes, sir.
 4 Q Okay. Do you know who the purchaser of the
 5 notes, the PRIM Group notes used to purchase 488 West
 6 20th, do you know who they were?
 7 A I would have to look the notes over. I don't
 8 know exactly.
 9 Q Okay. You produced a bunch of notes, and we're
 10 going to go over all those today and tomorrow, so it'll
 11 probably come up.
 12 But do you remember how many people purchased
 13 PRIM Group, LLC promissory notes total?
 14 A How many people? Is that what you said?
 15 Q Yes.
 16 A I don't know offhand, frankly.
 17 Q Okay. At least one, though. Right?
 18 A Oh, yes, sir.
 19 Q Okay. And the \$110,000 that you see here paid
 20 for [REDACTED], San Bernardino, California on December
 21 15, 2011, did you pay all of that amount at the time of
 22 sale?
 23 A Yes, sir.
 24 Q All \$110,000?
 25 A Yes, sir.

1 BY MR. FROHLICH:
 2 Q And who was the seller in that transaction?
 3 Who did PRIM Group buy the residence from?
 4 A It was a foreclosure. From the bank, Wells
 5 Fargo, I believe.
 6 Q Thank you. Did you know who had had the home
 7 that was foreclosed on, I mean who owned it and had it
 8 foreclosed?
 9 A No, sir.
 10 MR. FROHLICH: Thank you.
 11 BY MR. MARGIDA:
 12 Q We'll get to this in a little bit. But if you
 13 can recall, were there any other homes anywhere that were
 14 purchased by PRIM Group with monies raised through
 15 promissory notes?
 16 A Yes, sir.
 17 Q What are those addresses? What are those
 18 properties?
 19 A You know what? It was in Belleville, Illinois,
 20 and I don't know exactly the address right now.
 21 Q Okay. We'll talk about that in a little bit.
 22 I think I have a document that you produced.
 23 A Okay.
 24 Q Other than the home in Belleville, Illinois
 25 that we'll talk about and your current residence, [REDACTED]

1 [REDACTED] in San Bernardino, what are the other
 2 properties that PRIM Group purchased with monies raised
 3 through promissory notes?
 4 A Those are the only two right now.
 5 BY MR. FROHLICH:
 6 Q Are there any homes that PRIM Group purchased
 7 other than through promissory notes? I mean, are there
 8 any other homes that PRIM Group purchased, period, other
 9 than the two you've told us about?
 10 A That's it, sir.
 11 MR. FROHLICH: Thank you.
 12 BY MR. MARGIDA:
 13 Q Where did you live before you lived a [REDACTED]
 14 [REDACTED], San Bernardino?
 15 A I think it's [REDACTED], San
 16 Bernardino.
 17 Q And that's also in San Bernardino, California?
 18 A Correct.
 19 Q Okay. How long did you live there?
 20 A I believe maybe four or five years.
 21 Q Was that address, [REDACTED], San
 22 Bernardino, California, associated with any of your
 23 businesses?
 24 A No. It was just a rental that I rented.
 25 Q Okay. You didn't list that address, [REDACTED]

1 [REDACTED] in connection with any of your businesses.
 2 Right?
 3 A I don't think so.
 4 Q Okay. Before you lived at [REDACTED] for
 5 four or five years, do you remember where you lived?
 6 A In Highland, California. I don't know the
 7 exact address, but it was an apartment, Summerwind
 8 Apartments.
 9 Q Summerwind?
 10 A Yes. Apartment, condominiums, whatever. I
 11 rented.
 12 Q Do you remember what street it was on?
 13 A Central.
 14 Q Could you describe your educational background,
 15 starting with high school, here in the States?
 16 A Starting with high school?
 17 Q Yes.
 18 A I went to Lamar High School in Houston, Texas.
 19 And then I went to – then I moved to Minnesota, Warroad,
 20 Minnesota. That was my freshman year, not 10th grade
 21 year. Half of my freshman year and my sophomore year I
 22 was in Warroad. I guess half my freshman year I was in
 23 southern Minnesota. That was – I think I went to
 24 Brewster High School. And then I went to – then my
 25 sophomore year I went to Warroad, Minnesota.

1 Q Did you graduate high school in Minnesota?
 2 A No. San Bernardino High School. Half my
 3 junior – I went back to Houston, to Memorial, and then I
 4 went to San Bernardino High School, yes, half my junior
 5 year. And I graduated in San Bernardino.
 6 Q Okay. Did you attend college?
 7 A A little bit. San Bernardino Valley College.
 8 Q How many semesters or years did you attend San
 9 Bernardino Valley College?
 10 A I don't remember.
 11 Q What did you study while you were there?
 12 A Just took some regular class.
 13 Q Do you have a bachelor's degree?
 14 A No.
 15 Q Okay. Other than your various high schools in
 16 Minnesota, Texas, and San Bernardino, and your time at
 17 San Bernardino Valley College, is there any other
 18 education that you've had?
 19 A No. That's it.
 20 Q Any master's or other graduate course work?
 21 A No.
 22 Q Okay. Well, what current licenses do you have?
 23 A My life insurance license, and I –
 24 Q You're licensed to sell life insurance. Right?
 25 A Correct. And health.

1 (SEC Exhibit No. 31 was marked
 2 for identification.)
 3 BY MR. MARGIDA:
 4 Q All right. I'm handing you what's been marked
 5 as Exhibit 31. It's a printout from insurance@ca.gov,
 6 the California government's registry for individual
 7 licenses.
 8 Take a look at that.
 9 A (The witness examined the document.)
 10 Q Do you recognize that document?
 11 A Yes, sir.
 12 Q How is it that you recognize it?
 13 A Through the license detail.
 14 Q Okay. That's your name. Right? It says
 15 Baccam, Patric Ken?
 16 A Yes.
 17 Q And to the right there in the middle of the
 18 page on page 1, it says, License No. 0C95440.
 19 That's your insurance license in California.
 20 Right?
 21 A Yes, sir.
 22 Q Okay. And what kinds of life insurance
 23 products are you licensed to sell?
 24 A Right now, life and health.
 25 Q Okay. What about variable contracts?

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1 Q Okay. Going back to insurance, are you
 2 licensed in any states other than California to sell
 3 insurance?
 4 A I was in the state of Texas. I was in the
 5 state of Illinois and Iowa. Ohio. I think that should
 6 beät.
 7 Q Those four additional licenses, are those still
 8 active?
 9 A No, sir.
 10 Q Did the licenses just expire?
 11 A Yeah. I just – I did only a few life
 12 insurance contracts in Texas, and then I think Illinois
 13 just a few. That was about it. And then I'd try to –
 14 because I was – would get leads to sell over the phone
 15 in Ohio and the other states. But it never panned out.
 16 Q So you were in California when you sold life
 17 insurance in other states. You just made calls to people
 18 in those states. Right?
 19 A Yes. A non-residence, yes, license.
 20 Q So those licenses expired and you didn't renew
 21 them. Right?
 22 A Correct.
 23 Q Were the licenses terminated for any reason
 24 other than expiration?
 25 A No.

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1 Q Okay. You've been associated with a registered
 2 broker dealer before. Right?
 3 A Yes, sir.
 4 Q Which broker dealers?
 5 A Centaurus Financial and Linsco/Private Ledger.
 6 Q When were you associated with Centaurus?
 7 A 2002. I believe it was in February.
 8 Q And that was until the end of 2011. Right?
 9 A I think so, yes.
 10 Q And so before Centaurus, you were associated
 11 with –
 12 A Linsco/Private Ledger.
 13 Q Okay. And they're now known as LPL Financial.
 14 Right?
 15 A Yes, sir.
 16 Q Do you remember when you first started with
 17 Linsco/Private Ledger?
 18 A I think I started doing paperwork in 1999.
 19 1999.
 20 Q Were you associated with any other registered
 21 or licensed broker dealers before Linsco, you started at
 22 Linsco in 1999?
 23 A That's it.
 24 Q Okay. Could you list all of the different
 25 securities exams that you've taken and what

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1 certifications you've had?
 2 A Series 6, and then the state laws, I mean 63.
 3 I think that's what it was.
 4 Q Okay. Do you remember when you passed the
 5 Series 63 examination?
 6 A I don't recall.
 7 (SEC Exhibit No. 32 was marked
 8 for identification.)
 9 BY MR. MARGIDA:
 10 Q All right. I'm going to hand you what's been
 11 marked as Exhibit 32, which is just a FINRA broker check
 12 report for you, Patric Ken Baccam, CRD No. 2828745. If
 13 you want to read the whole thing, that's fine, if you
 14 want to take the time. But when you're ready, please
 15 turn to page 3.
 16 A (The witness examined the document.) Okay.
 17 Q So you see halfway down page 3 of Exhibit 32,
 18 it says General Industry Product Exams.
 19 Do you see that?
 20 A Yes, sir.
 21 Q And then it says, Investment Company Products,
 22 Variable Contracts Representative Examination, Series 6,
 23 Date: November 24, 2000.
 24 Do you remember passing your Series 6 in and
 25 around November of 2000?

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1 A I think so, yeah.
 2 Q Okay. And that Series 6 examination, you
 3 passed that exam. Right?
 4 A Yes, sir.
 5 Q That enabled you to sell variable annuities and
 6 investment contracts. Right?
 7 A Yes, sir.
 8 Q But not stocks. Right?
 9 A No, sir.
 10 Q You need to pass your Series 7 for that.
 11 Right?
 12 A Correct.
 13 Q Okay. Did you ever pass the Series 7?
 14 A No, sir.
 15 Q Did you take the Series 7?
 16 A Yes, sir.
 17 Q Do you remember how many times you took the
 18 Series 7 examination?
 19 A Maybe two.
 20 Q Okay. And then second, you see State
 21 Securities Law Exams, as you mentioned, the Series 63,
 22 Uniform Securities Agent State Law Examination. It says,
 23 Date: October 5, 2000.
 24 Do you see that?
 25 A Yes, sir.

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1 Q Do you remember taking and passing your Series
2 63 exam in and around October of 2000?
3 A Yeah. I guess so, yeah.
4 Q Okay. And that was to the state of California.
5 Right?
6 A Yes, sir.
7 Q Okay. And what was your understanding of what
8 the Series 63 exam, passing that, enabled you to sell to
9 clients?
10 A Mutual funds and variable annuity contracts.
11 Q Have you ever been a registered investment
12 advisor?
13 A No, sir.
14 Q Have you ever filled out what's called a Form
15 ADV?
16 A I don't remember.
17 Q Do you know what a Form ADV is?
18 A No, sir.
19 Q To your recollection, you don't remember
20 filling out and submitting a Form ADV. Right?
21 A No, sir.
22 Q Okay. And Centaurus Financial has dual
23 registration as a broker dealer and an investment
24 advisor. Correct?
25 A Yes, sir.

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1 Q Have you or any company that you were
2 associated with ever offered, issued, or sold securities?
3 A Only variable contracts that I know of.
4 Q And mutual funds as well. Right?
5 A Correct.
6 Q And promissory notes. Right?
7 A Yeah.
8 Q But never any stocks or bonds or anything like
9 that?
10 A No.
11 Q Any of the entities that you've been associated
12 with, including PRIM Group, have they sold securities?
13 A No.
14 Q But they sold promissory notes. Right?
15 A Yeah.
16 Q What about Precision Research Group, Limited,
17 LLC?
18 A No securities, no.
19 Q But they sold promissory notes. Right?
20 A Yes.
21 Q Is it your understanding that promissory notes
22 are not securities?
23 A Yes, sir.
24 Q That's your understanding?
25 A Yes, sir.

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1 Q Are you currently employed?
2 A I work for myself.
3 Q In what capacity? What business?
4 A I do bio-related therapy and aromatherapy on
5 people, like I said, healthwise. That's a card.
6 MR. MARGIDA: Okay. For the record, Mr. Baccam
7 has handed us two cards reading, "Bringing balance to
8 your body: Patric Baccam, Practitioner," phone number
9 [REDACTED], email address [REDACTED]@yahoo.com. And on
10 the back side it reads, "Body balance, magnetic therapy,
11 aromatherapy, reflexology, alkaline water."
12 BY MR. MARGIDA:
13 Q Could you describe what this business is and
14 does?
15 A I try to help you get your body balanced, like
16 as in circulation-wise, and allowing your body to help
17 heal itself.
18 Q When did you first start doing this?
19 A In October of last year.
20 Q So October of 2014?
21 A Yes, sir.
22 Q Do you have a business title?
23 A Business title?
24 Q Like what's the business called?
25 A Body Balance. I call it Body Balance, yes.

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1 Q Okay. Is Body Balance registered to do
2 business in California or anywhere else?
3 A No. It's just myself.
4 Q Okay. Who else is involved in that business
5 with you, Body Balance?
6 A Myself.
7 Q No one else?
8 A No.
9 Q Okay. Not your wife Imelda?
10 A No.
11 Q Okay. How are you compensated for your work
12 with Body Balance?
13 A Either cash or credit card.
14 Q Does Body Balance has a separate office
15 address? Or is it based at your current address, [REDACTED]
16 [REDACTED]?
17 A Just – that's correct.
18 Q Describe the treatment. What is the treatment?
19 I'm unfamiliar.
20 A For example, if you come to me with a knee
21 pain, I would put magnets on it, neutralize it with the
22 negative polarity, and it helps circulation. It helps to
23 allow the body to get the blood flow and the oxygen, the
24 nutrients that it needs to heal. And it helps people
25 with – to calm their anxieties and depression, calm

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1 Q You said you received notice.
2 When did you receive that from FINRA?
3 A Just, I don't know exactly, a couple – about a
4 month ago or something. I don't exactly know.
5 Q And what do you understand that case to be
6 about?
7 A The promissory notes, I believe.
8 Q Did you read the notice?
9 A It was – I did somewhat. I'm just saying that
10 there – that they're going through FINRA, through
11 Centaurus and me or whatever, something like that. I
12 didn't exactly – I looked at it and – kind of like
13 looked at it, sir. I don't remember.
14 Q Okay. Did the notice include a statement of
15 the claim or a complaint?
16 A I think it was a complaint. I'm not sure. I'm
17 not sure.
18 Q I want to talk about some of your companies
19 now, starting with the PRIM Group, LLC.
20 When did you form the PRIM Group, LLC?
21 A I don't know an exact date, sir. It was 2011,
22 I think. It was 2011 or 2010.
23 Q Okay. I'm going to show you a series of
24 documents that will help with this.
25 A Okay.

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1 (SEC Exhibit No. 34 was marked
2 for identification.)
3 Q I'm going to hand you in a second an exhibit
4 that's been marked Exhibit 34. It's a one-page exhibit
5 Bates labeled SEC-BACCAMPK-E-378.
6 A Okay.
7 Q Take a look at that.
8 A (The witness examined the document.) 2011.
9 Q Yeah. And so that's articles of organization
10 for PRIM Group, LLC dated – well, filed on July 14,
11 2011.
12 Do you see that?
13 A Okay.
14 Q And at the bottom where it says signature of
15 organizer, that's your signature. Right?
16 A Yes, sir.
17 Q And your name is printed below, Patric K.
18 Baccam.
19 Do you see that?
20 A Yes, sir.
21 Q And you signed the articles of organization for
22 PRIM Group, LLC on July 12, 2011?
23 A Yes, sir.
24 Q Okay. And if you look at the middle of the
25 page, for the address is lists 25621 Date Street, San

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1 Bernardino, California [REDACTED].
2 Do you see that?
3 A Yes, sir.
4 Q That's your in-laws' address. Right?
5 A That is correct.
6 Q Okay. And was that the business address for
7 PRIM Group, LLC throughout its existence?
8 A Yes.
9 Q Okay. Is PRIM Group, LLC still registered with
10 the state of California?
11 A I believe so. I haven't closed it.
12 Q Okay. Have you paid taxes to the state of
13 California on behalf of PRIM Group, LLC?
14 A I think – I think I filed a year or so on it,
15 yeah.
16 Q I'm sorry. Explain that again?
17 A I think I filed some taxes on it.
18 Q Okay. Do you remember when?
19 A Probably 2012.
20 Q Do you remember filing taxes for PRIM Group,
21 LLC at any time since 2012?
22 A No.
23 Q Do you know if you're required to file tax
24 returns for PRIM Group, LLC every year?
25 A I think if I – I think so, but I didn't at the

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1 time.
2 Q You haven't since 2012. Right?
3 A I don't think so.
4 Q You're the only owner or member of PRIM Group,
5 LLC. Right?
6 A Correct.
7 Q You have 100 percent membership interest?
8 A Correct.
9 Q What is PRIM Group, LLC's business?
10 A Well, I set up the company to buy homes and
11 flip homes.
12 Q And as we discussed earlier, PRIM Group, LLC
13 bought at least two homes, one 488 West 20th Street, San
14 Bernardino, California. Right?
15 A Yes.
16 Q Where you currently live?
17 A Yes.
18 Q It's owned by your niece, Queena Phommasene?
19 A Correct.
20 Q And the other is a home in Belleville,
21 Illinois. Right?
22 A Correct.
23 Q Has PRIM Group, LLC ever bought any other
24 homes?
25 A No.

1 A Yes.
 2 Q What did you tell him?
 3 A Well, I thought we were just going to spend
 4 like 100,000. But it went overboard because of labor,
 5 and there was a -- we had to fix the roofing, too. Part
 6 of the roof had leaks, so we had to repatch some roof and
 7 tile.
 8 Q Okay. How much over the allotted \$100,000 did
 9 you go for the project?
 10 A Probably over -- close to -- including the
 11 purchase price, probably over 300-something.
 12 Q The purchase price being, again, the \$110,000
 13 that you paid with promissory note funds. Right?
 14 A Correct.
 15 Q So that 110 plus an additional about \$190,000?
 16 Is that what you're saying?
 17 A Probably more. I don't know exactly.
 18 Q Well, I mean, we're asking, like we said at the
 19 beginning, just give us your best recollection and we'll
 20 go from there. Okay?
 21 A Okay. Possibly more.
 22 Q More than \$190,000?
 23 A Yeah.
 24 Q How much more, do you think?
 25 A I don't know. Sixty more. I don't know.

1 I'm --
 2 BY MR. FROHLICH:
 3 Q Ballpark of 250,000, maybe?
 4 A Yeah.
 5 Q Does that sound right?
 6 A Yes, sir.
 7 Q I mean ballpark?
 8 A Yeah. Maybe more because I don't want to tell
 9 you something that I don't really remember exactly. You
 10 know what I mean? I want to be truthful to you guys. I
 11 don't know what exact numbers were.
 12 Q So even ballpark, as you sit here today --
 13 A It might be close to 300-somebody. I'm not
 14 sure exactly. I would have to pull all the -- the tax
 15 return, and I'm still trying to dig up some stuff because
 16 I did remember we had to crunch all the numbers, what
 17 went into the house. Yeah.
 18 MR. FROHLICH: All right. Thank you.
 19 BY MR. MARGIDA:
 20 Q Turning now to the Belleville, Illinois
 21 property, what work, if any, was done on that house?
 22 A Yeah. There was work done to the house.
 23 Q What was done?
 24 A We put new -- we sanded all the floors down.
 25 Put new tile in the kitchen area. New cabinets. And we

1 painted the house.
 2 Q How much money, approximately, did you put into
 3 the project at the Belleville, Illinois home?
 4 A Man. Probably over 30,000.
 5 Q Who was the contractor for that work?
 6 A I hired some people that -- it was not really a
 7 contractor. It was just people that worked around
 8 houses. It was just a crew I got. And I went there.
 9 Q How did you find the crew?
 10 A It was a friend of a friend.
 11 Q Who was the friend that referred you to this
 12 group?
 13 A Well, it was -- Ben Figueroa was a friend of
 14 mine, and he was an electrician. And he did some
 15 electrical work, and he was a friend. But another guy
 16 that he knew did all the like painting and dry-walling,
 17 you could say.
 18 Q Okay. Who's Ben Figueroa?
 19 A He's a friend.
 20 Q How did you meet Ben Figueroa?
 21 A Through my church.
 22 Q Your church in California?
 23 A Correct.
 24 Q Okay. Where does Ben Figueroa live?
 25 A In Highland.

1 Q Okay. Is he married?
 2 A Yeah.
 3 Q To who?
 4 A Laura Figueroa.
 5 Q Do you remember when the Belleville, Illinois
 6 home project began and how long it took?
 7 A It was 2013, I believe. I think that's what it
 8 was, yeah.
 9 (SEC Exhibit No. 35 was marked
 10 for identification.)
 11 BY MR. MARGIDA:
 12 Q All right. I'm going to hand you what's been
 13 marked as Exhibit 35, which is a quitclaim deed for the
 14 Belleville, Illinois property. And the address is [REDACTED]
 15 [REDACTED], Belleville, Illinois [REDACTED]. The first
 16 Bates number on this document is SEC-BACCAMPK-E-303.
 17 There you go.
 18 A (The witness examined the document.)
 19 Q And if you look on page 2, which is Bates page
 20 304, SEC-BACCAMPK-E-304, it shows a date of June 8, 2012.
 21 Do you see that?
 22 A Yeah.
 23 Q Is that when the home was deeded?
 24 A Yes.
 25 Q And if you look back on page 1, Bates page 303,

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1 it shows PRIM Group as the --
2 A Yes.
3 Q Was it purchased?
4 A Yeah. It was quitclaimed to PRIM Group. It
5 was purchased like -- we paid an extra price, \$3,000, to
6 quitclaim it to us because -- and the thing is was that
7 she had a mortgage on the house, so --
8 Q Did PRIM Group assume responsibility for the
9 mortgage payments?
10 A Yeah. It was like 600 bucks a month, 600
11 something, 630 or something like that. I don't know
12 exactly.
13 Q Okay. Why did PRIM Group decide to purchase
14 this particular home in Belleville, Illinois?
15 A Well, we thought -- well, I thought it was a
16 good thing to do, to just go get it and purchase it, and
17 to flip it and try to earn some funds from it.
18 Q How did you first hear about it?
19 A Through my sister.
20 Q Which sister?
21 A Nga Baccam-Burns. She said that Esther wanted
22 to unload it.
23 Q So she knew Esther Price, the seller?
24 A Yes.
25 Q How did she know Esther Price?

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1 A Esther was a friend of hers.
2 Q And that's your sister Nga Baccam-Burns?
3 A Correct.
4 Q Hyphenated last name?
5 A Yes.
6 Q Okay. So the home was purchased around June of
7 2012.
8 You see that. Right?
9 A Yeah.
10 Q Do you remember when the work was actually done
11 after that?
12 A Probably -- man, it's been a while.
13 Q Was it right after you purchased the home in
14 June of 2012?
15 A Yeah. It was.
16 Q Okay. And approximately how many months did
17 the work take, do you remember?
18 A I think like three weeks, three or four weeks.
19 I'm not exactly sure.
20 Q Okay. Were any monies raised through
21 promissory notes used to pay the \$3,000 to Ms. Price?
22 A Yes. Yes.
23 Q What was the source? Like who purchased the
24 promissory note that you used, the funds of which you
25 used to pay Ms. Price the 3,000?

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1 A I don't remember.
2 Q Okay. Were promissory note monies that you
3 raised used to pay the mortgage payments on this [REDACTED]
4 [REDACTED], Belleville, Illinois property?
5 A Yes, sir.
6 Q Okay. Do you know who the note purchasers were
7 that -- whose money you used to make the mortgage
8 payments on the Belleville, Illinois property?
9 A No. I don't recall.
10 Q Okay. And to your recollection, it was PRIM
11 Group, LLC promissory notes that were used to raise money
12 for both the [REDACTED], San Bernardino property and
13 the [REDACTED], Belleville, Illinois property?
14 A Yes.
15 Q Okay. I want to go back to just talking about
16 who worked for and with PRIM Group, LLC.
17 You mentioned you were a 100 percent owner.
18 Right?
19 A Yes, sir.
20 Q Martha Vasquez-Nuno was a clerk who made around
21 \$10 an hour. Right?
22 A Yes, sir.
23 Q Ricardo Vasquez was not an employee of PRIM
24 Group but did contracting work with or for PRIM Group.
25 Right?

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1 A Correct.
2 Q Is there anyone else that worked for or worked
3 with PRIM Group, LLC?
4 A No.
5 Q What about a woman named Elvia Bolanos?
6 A No. She was my sister-in-law. No.
7 Q Is she your wife's sister?
8 A Correct.
9 Q Okay. And is she married?
10 A Yes.
11 Q To whom?
12 A Felipe Bolanos.
13 Q Did he work for or with PRIM Group at any time?
14 A No.
15 Q Did Elvia Bolanos ever work for any other
16 entity that you formed or were involved with?
17 A She did -- was -- I guess you could say she was
18 with Precision Research Group.
19 Q That's Precision Research Group, LLC?
20 A Yeah.
21 Q In California?
22 A Correct.
23 Q Okay. What did she do there?
24 A She just notarized some papers for me,
25 promissory notes.

1 this PRIM Group, LLC account in your files?
 2 A You know, I would definitely say I don't know
 3 exactly.
 4 Q Okay. But as we discussed earlier, you're
 5 going to review your additional files at your home.
 6 Right?
 7 A Correct.
 8 Q And they may have additional Chase account --
 9 A Yes, sir.
 10 Q -- statements?
 11 A Yes, sir.
 12 Q Okay. Other than the account number that I
 13 just read for PRIM Group, LLC, did you ever open any
 14 other accounts for PRIM Group, LLC at any other bank?
 15 A No.
 16 Q Okay. Did you open another account at Chase
 17 Bank for PRIM Group, LLC?
 18 A No.
 19 Q Okay. So this account, No. [REDACTED] 573, at Chase
 20 is the only PRIM Group, LLC account that's ever existed?
 21 A Yes, sir.
 22 Q Okay. If you look at Exhibit 38, it shows, in
 23 the middle of the page on page 1, which is Bates page
 24 251 --
 25 A Yes, sir.

1 Q It shows a Chase Business Select checking,
 2 which is for the account number I just read. Right?
 3 A Yes, sir.
 4 Q And then it also shows a Chase Business Select
 5 high yield savings account number. Right?
 6 A Okay. Yes.
 7 Q And that's account No. 3 [REDACTED] 180. Right?
 8 A Yes, sir.
 9 Q So you had two accounts at Chase. Right?
 10 A Yes, sir.
 11 Q Okay. Why did you open the high yield savings
 12 account in addition to the checking account for PRIM
 13 Group, LLC?
 14 A You know what? At the time, I think the
 15 accounts -- I want to say teller, but the accounts at the
 16 bank recommended it because there was a certain dollar
 17 amount in the bank should have a savings account.
 18 Q So the person with whom you met at Chase
 19 recommended opening a savings account in addition to the
 20 checking account you were opening for PRIM Group?
 21 A Correct.
 22 Q Okay. Do you remember what the yield was on
 23 your Chase Business Select high yield savings account?
 24 A No. I don't remember. It's very little.
 25 Q Okay. The monies that you raised through PRIM

1 Group, LLC promissory notes, did they go into both of
 2 these accounts or just one?
 3 A I think it was both.
 4 Q Do you remember whether you put promissory note
 5 monies into either of these accounts?
 6 A I believe so.
 7 Q Okay. But you don't know whether you put them
 8 in the checking or the high yield savings?
 9 A Correct.
 10 Q Okay. If you look at page 2 of Exhibit 38,
 11 under ATM and debit card withdrawals --
 12 A Yes, sir.
 13 Q -- on May 17th, there were a number of debit
 14 card purchases at Fry's Electronics in Anaheim,
 15 California.
 16 Do you see that?
 17 A Yes, sir.
 18 Q So this is May 17, 2013. Right?
 19 A Yes, sir.
 20 Q Do you remember which property you were working
 21 on at this time?
 22 A This is -- yeah. This was the -- May 2013.
 23 This was probably starting with the Belleville.
 24 Q The Belleville, Illinois property that we've
 25 discussed that you purchased in June of 2012?

1 A Correct.
 2 Q Okay. Earlier you mentioned that the --
 3 A Yeah. I think so, yeah.
 4 Q Okay. I'm just trying to figure this out. So
 5 you purchased the Belleville, Illinois home in June of
 6 2012. Right?
 7 A Uh-huh.
 8 Q And the work started soon thereafter?
 9 A Well, you know what? Yeah, sooner -- you know
 10 what? I think this was for a computer that I was going
 11 to open up a -- this is when I opened up -- I did open up
 12 a brokerage account with -- what company was that one?
 13 TradeStation.
 14 Q TradeStation?
 15 A Correct.
 16 Q Is that a --
 17 A Brokerage account.
 18 Q Okay. And that's just -- that was under your
 19 name?
 20 A It was under my name, yes.
 21 Q Not under that of PRIM Group, LLC?
 22 A Correct.
 23 Q Okay. Did anyone else have any beneficial or
 24 financial interest in that brokerage account other than
 25 you?

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1 A No.
2 Q Okay. Why did you open a brokerage account?
3 A -- My thought was to gain funds to put back
4 into PRIM Group.
5 Q To pay off the noteholders?
6 A Correct.
7 Q So is it fair to say, based on Exhibit 38, at
8 least, that you used funds from the PRIM Group account to
9 purchase office supplies to open this brokerage account?
10 A Yes, sir.
11 Q Okay. What other expenditures from PRIM Group
12 funds did you make to open and maintain this brokerage
13 account?
14 A Can you --
15 Q Let me rephrase. So it's that you made a
16 number of purchases in May of 2013 at Fry's Electronics,
17 and you've testified that that was for a computer.
18 A Correct.
19 Q To set up a brokerage account.
20 A Correct.
21 Q And do trades so that you could make money to
22 pay off the promissory noteholders. Right?
23 A That is correct.
24 Q What I'm trying to get at is were there any
25 other expenditures that you made from PRIM Group, LLC

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1 accounts to do the same thing for the brokerage account?
2 A As in supplies?
3 BY MR. FROHLICH:
4 Q What was the computer used for?
5 A To do the work, the online trading.
6 Q And where was it located?
7 A At 488 West 20th.
8 Q Was it used for anything else?
9 A That's pretty much -- at the time, it was for
10 that.
11 Q At the time, did you use it for any of your
12 personal --
13 A I do use it for personal now.
14 Q Okay. So when you say it was at the time,
15 there was a point in time at which things changed and it
16 wasn't just to do online trading.
17 Is that correct?
18 A That is correct, sir.
19 Q About when was that time where it changed?
20 A I guess the end of 2013. Yeah.
21 Q Okay. Any particular reason?
22 A Yeah. It didn't go as planned.
23 Q What didn't go as planned?
24 A Raising funds for the company.
25 Q Could you give us some more detail, please, as

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1 to what you mean by that?
2 A Instead of gaining money, I lost money.
3 Q In the brokerage account at TradeStation?
4 A Correct.
5 Q By the way, is that brokerage account still
6 open?
7 A No, sir.
8 Q Is the computer something you still have?
9 A Yes, sir.
10 Q And is it still at the [REDACTED] address?
11 A Yes, sir.
12 Q Now, if you look over these electronic
13 things -- at Fry's Electronics; I'm sorry, I should be
14 more precise -- on the page that's 252 in Exhibit 38 --
15 A Yes, sir.
16 Q -- there's several line items there, I mean,
17 not a real large number, but some four or five, something
18 like that.
19 Are those all related to the computer purchase?
20 A Yes, sir.
21 Q Okay. Do you remember what any of can you
22 give me any specificity?
23 A I think some -- if I recall correctly, the
24 1,013 was for the main computer, I believe. And then the
25 rest were other components for the computer, like

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1 monitors and --
2 Q Perhaps a printer?
3 A No.
4 Q No? Okay.
5 A Not a printer. That was -- it was all attached
6 to the computer. I think like for graphic cards.
7 Q Things like that?
8 A Yes, sir.
9 MR. FROHLICH: All right. Thank you.
10 BY MR. MARGIDA:
11 Q And the computer that you bought on May 17,
12 2013, that's the same computer we were discussing earlier
13 that's at your home?
14 A Yes, sir.
15 Q The computer whose files you've searched in
16 order to comply with the subpoena. Right?
17 A No.
18 MR. FROHLICH: I believe he said he didn't.
19 BY MR. MARGIDA:
20 Q Oh, the computer that you said you would search
21 moving forward in order to comply with the subpoena.
22 Right?
23 A Yes, sir.
24 (SEC Exhibit No. 39 was marked
25 for identification.)

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1 BY MR. MARGIDA:
2 Q Okay. We talked a little bit about Precision
3 Research Group, LLC. I want to talk a little bit more
4 about that now.
5 I'm handing you what's been marked Exhibit 39.
6 That's Bates labeled SEC-BACCAMPK-E-296.
7 A (The witness examined the document.)
8 Q Have you had a chance to look at Exhibit 39?
9 A Yes, sir.
10 Q Okay. And this is the articles of organization
11 for Precision Research Group, LLC. Right?
12 A Yes, sir.
13 Q Filed May 24, 2012?
14 A Yes, sir.
15 Q And you produced this document to us. Right?
16 A Yes, sir.
17 Q Okay. And under Section 3, where it says "Name
18 of initial agent for service of process," it says Queena
19 Phommasene. Right?
20 A Yes, sir.
21 Q Your niece. Is that right?
22 A Yes.
23 Q And under 4, for the address, it's [REDACTED]
24 [REDACTED], San Bernardino, California [REDACTED].
25 Do you see that?

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1 A Yes, sir.
2 Q That's your current address. Right?
3 A Yes, sir.
4 Q And at the bottom, for Execution, Section 7,
5 it's dated May 23, 2012, and it's signed by a woman named
6 Karla Figueroa.
7 Do you see that?
8 A Yes, sir.
9 Q Who's Karla Figueroa?
10 A Honestly, I don't know. It was probably
11 through -- where we did the filing, we went through --
12 what's that company name -- LegalZoom.
13 Q So Karla Figueroa works for LegalZoom?
14 A I guess.
15 Q Is Karla Figueroa related to your friend Ben
16 Figueroa?
17 A No. No relations that I know of.
18 Q Okay.
19 A Because we did this, I'm sure, through
20 LegalZoom.
21 Q Okay. If you look back at Exhibit 34.
22 A Thirty-four?
23 Q It's the articles of organization for PRIM
24 Group, LLC.
25 A Yes, sir.

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1 Q Same type of form as Exhibit 39, the articles
2 of organization for Precision Research Group. Right?
3 A Yes, sir.
4 Q And at the bottom of Exhibit 34, under Section
5 7, Execution, you signed. Right?
6 A Yes, sir.
7 Q As the -- what it says is signature of
8 organizer. Right?
9 A Yes, sir.
10 Q And if you look back at Exhibit 39 for
11 Precision Research Group, Karla Figueroa is signing as
12 the organizer. Right?
13 A Yes, sir.
14 Q And you don't know who Karla Figueroa is?
15 A No, sir.
16 Q Were you involved in registering Precision
17 Research Group, LLC with the Secretary of State of the
18 state of California?
19 A Involved? Like I --
20 Q Were you involved in any way?
21 A Yeah. I asked it to get organized.
22 Q And you said you worked through LegalZoom.
23 Right?
24 A Yes, sir.
25 Q Do you remember who at LegalZoom you worked

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1 with?
2 A It was over the phone. I don't know.
3 Q Okay. Were your wife Imelda Baccam and niece
4 Queena Phommasene involved in registering the company
5 with California?
6 A I asked my niece to set it up for me, yes,
7 through LegalZoom.
8 Q Okay. And did your niece Queena Phommasene
9 work with LegalZoom as well?
10 A I think so at the time, yes. Yes.
11 Q Okay. But as you sit here today, you've never
12 met a Karla Figueroa?
13 A No. Never did.
14 Q Did Queena Phommasene know a Karla Figueroa?
15 A No.
16 Q Queena Phommasene never told you about a Karla
17 Figueroa?
18 A No.
19 Q Okay. Do you have any understanding why a
20 Karla Figueroa would sign as the organizer for Precision
21 Research Group, LLC?
22 A I have no idea, sir.
23 Q Okay. But Precision Research Group is your
24 company. Right?
25 A Yes, sir.

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1 Q Okay. Other than Imelda Baccam and Queena
2 Phommasene, both of whom had 50 percent interests in
3 Precision Research Group –
4 A Yes, sir.
5 Q – was anyone else involved with or employed by
6 Precision Research Group?
7 A No, sir.
8 Q Okay. So it was just you, your wife, and your
9 niece. Right?
10 A Yes, sir.
11 Q Okay.
12 THE WITNESS: I need to use the restroom again.
13 I do apologize.
14 MR. MARGIDA: I just have a couple more
15 questions about Precision Research Group and then we can
16 take –
17 MR. FROHLICH: We can take a short break.
18 MR. MARGIDA: Okay. That's fine.
19 MR. FROHLICH: So we'll go off the record.
20 MR. MARGIDA: We'll go off record, yeah.
21 (A brief recess was taken.)
22 MR. MARGIDA: Okay. We're back on the record.
23 Again, Mr. Baccam, just to confirm, neither Mr. Frohlich
24 or I discussed with you the substance of the case or the
25 investigation. Is that right?

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1 THE WITNESS: Correct.
2 BY MR. MARGIDA:
3 Q When we broke, we were talking about the
4 registration of Precision Research Group, LLC in the
5 state of California in May of 2012.
6 Do you remember that?
7 A Okay.
8 Q And just for the record, when you say "Okay,"
9 that's a yes. Right?
10 A I'm agreeing, yes.
11 (SEC Exhibit No. 40 was marked
12 for identification.)
13 BY MR. MARGIDA:
14 Q Okay. I'm going to have marked and show you
15 Exhibit 40, the first page of which is Bates labeled
16 SEC-BACCAMPK-E-309.
17 Take a look at that.
18 A (The witness examined the document.)
19 Q Do you recognize Exhibit 40, Mr. Baccam?
20 A Okay. Yes.
21 Q And what is Exhibit 40?
22 A The operating agreement of Precision Research
23 Group.
24 Q Okay. And this is a document that you produced
25 as well. Right?

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1 A I believe so.
2 Q If you'd turn to page 316, Bates labeled page
3 316.
4 A (Complies.) Okay.
5 Q Who signed this operating agreement?
6 A My niece and my wife.
7 Q And their names are?
8 A Queena and Imelda.
9 Q Could you say their full names, please, for the
10 record?
11 A Queena Phommasene and Imelda Baccam.
12 Q Okay. Were you with them when they signed this
13 operating agreement?
14 A Yes, sir.
15 Q Okay. And again, on page 316, that shows a
16 date of June 13, 2012.
17 Is that right?
18 A Yes, sir.
19 Q And then if you'd turn the page to Bates page
20 317, what does this Exhibit A on page 317 reflect?
21 A Member capital contribution.
22 Q From whom?
23 A Queena Phommasene and Imelda Baccam.
24 Q And that's a capital contribution of how much?
25 A A thousand dollars each.

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1 Q Okay. And that was for a 50 percent interest
2 for each in Precision Research Group, LLC. Right?
3 A Yes, sir.
4 Q Okay. Did Queena Phommasene and Imelda Baccam
5 make those payments of a thousand dollars each?
6 A No. I did.
7 Q You made those payments?
8 A Yes, sir. I did.
9 Q Why did you make those payments for them?
10 A Because that's what the capital was needed at
11 the time, and that's – to start up the corporation.
12 Q So in June 2012 when Precision Research Group
13 was formed, where did you get the \$2,000 for the capital
14 contributions for your niece and wife?
15 A From PRIM Group.
16 Q The PRIM Group account that we just talked
17 about at Chase Bank. Right?
18 A Yes, sir.
19 Q Okay. If you'd turn to the next page, Bates
20 page 318, which is Exhibit B to the operating agreement,
21 it lists your niece Queena Phommasene as vice president
22 of Precision Research Group and your wife Imelda Baccam
23 as president of Precision Research Group.
24 Do you see that?
25 A Yes, sir.

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1 Q What was Queena Phommasene's -- what were her
2 job responsibilities as vice president of the company?
3 A Her responsibility was just to set up the
4 corporation. That was it.
5 Q Other than setting up Precision Research Group,
6 did Queena Phommasene have any job responsibilities as
7 vice president of Precision Research Group, LLC?
8 A No.
9 Q Was Queena Phommasene compensated for her job
10 as vice president of Precision Research Group, LLC?
11 A Not at all.
12 Q What were Imelda Baccam's job responsibilities
13 as president of Precision Research Group, LLC?
14 A To set up the company also.
15 Q So your wife worked with your niece Queena
16 Phommasene to set up Precision Research Group, LLC?
17 A Basically, yes.
18 Q What do you mean "basically"?
19 A Well, as just a shareholder. As the president
20 and shareholder.
21 Q You mean your wife as having a 50 percent
22 membership interest?
23 A That is correct. I mean, yes.
24 Q Okay. Other than assisting your niece Queena
25 Phommasene with setting up Precision Research Group, LLC,

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1 what job responsibilities did your wife Imelda Baccam
2 have as president of Precision Research Group?
3 A Nothing. To set it up. That was it.
4 Q Why was Queena Phommasene given the title of
5 vice president if she were to have no other
6 responsibilities?
7 A At the time when we set it up, that's what -- I
8 thought that would be clear, that's it, to set it up as
9 vice president and my wife as president.
10 Q Why did you think at the time that would be
11 clear?
12 A That's just how I set it up, sir.
13 Q Why did you set it up that way?
14 A That's how it was at the time. I can't explain
15 it at this moment.
16 Q Is it your testimony that you at the time had
17 no reason for setting it up that way?
18 A Yes, sir. I guess that's --
19 Q So you picked your niece and your wife to be
20 vice president and president respectively of Precision
21 Research Group --
22 A Yes, sir.
23 Q -- for no reason?
24 A Well, just to set it up. That's it. That's
25 the reason. That's the only reason.

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1 Q That's a fact. That's not a reason. And I'm
2 asking for your recollection of why you did it that way
3 at the time in June of 2012.
4 A At the time, that's how it came about, sir. I
5 thought that would be the best thing to do because I -- I
6 should have put it all in my name, but I didn't. I
7 don't -- I thought it would be like when -- okay. Let's
8 clarify it, then.
9 I used PRIM Group, LLC to buy the homes and to
10 fix the homes. And Precision Research Group was the
11 company, the vehicle company, that would do the
12 financing, getting the contributions and the notes.
13 Q And by "getting the contributions" for the
14 notes, you mean selling promissory notes to your clients
15 to raise money. Right?
16 A That is correct.
17 Q Okay. Why did you decide to form a new
18 company, Precision Research Group, to do the notes
19 instead of doing them through Precision Research Group?
20 A At the time, that's what -- I thought that was
21 the right thing to do.
22 Q But you did issue notes, promissory notes,
23 through the Precision Research Group, LLC at one time.
24 Right?
25 A Just, I think, one contract. It was Mr.

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1 Hocine.
2 Q That's Hocine Ait Mohand that we discussed?
3 A Yeah. That's correct.
4 Q Do you remember how much that promissory note
5 was for, what the principal was on the note?
6 A I think it was 100,000.
7 Q Okay. I believe you produced a copy of that
8 note, and we can talk about that in a little bit.
9 So you had done one note through the PRIM Group
10 but decided, moving forward, to create a new entity,
11 Precision Research Group, to do the subsequent notes.
12 Is that fair?
13 A I think that's the way it went, sir.
14 Q And your testimony is you don't have a reason
15 for doing that. You just thought it was the best thing
16 to do at the time.
17 Is that --
18 A That's correct.
19 Q Okay.
20 BY MR. FROHLICH:
21 Q Looking at Exhibit 40, which I think you still
22 have in front of you, and we already looked at the page,
23 but the page near the end that's marked page 317 in the
24 lower right corner, Bates numbered 317.
25 A Okay. Yes, sir.

1 Q Okay. And you testified about the capital
2 contributions a moment ago. Remember?
3 A Yes, sir.
4 Q Okay. Okay. What was the source of the funds
5 for this \$2,000, 1,000 and 1,000? Where did that
6 money – you said it came from the other group. But
7 where did that group get those funds?
8 A From the notes.
9 MR. FROHLICH: All right. Thank you.
10 THE WITNESS: Yes, sir.
11 BY MR. MARGIDA:
12 Q From the \$100,000 note that Hocine Ait Mohand
13 purchased. Right? From PRIM Group?
14 A Probably, or other -- yeah. Yeah, that's it.
15 BY MR. FROHLICH:
16 Q And I think Mr. Margida is getting at -- I
17 think a moment ago you said there was only one PRIM Group
18 promissory note that you remembered.
19 A Yes, sir. Yeah.
20 Q So we're assuming that must be the one that was
21 the source of these funds?
22 A Yes, sir.
23 MR. FROHLICH: All right. Thank you.
24 BY MR. MARGIDA:
25 Q Other than financing or raising money through

1 the sale of promissory notes, did Precision Research
2 Group, LLC have any other business purpose?
3 A Business purpose? Like – no. I don't think
4 so.
5 Q Did Precision Research Group, LLC ever purchase
6 homes?
7 A No.
8 Q It never sold homes?
9 A No, sir.e
10 Q I think we've covered this, but I want to be
11 sure. Did Precision Research Group, LLC ever have any
12 employees other than you, your wife, and your niece?
13 A No.
14 Q So there was no clerk that worked for Precision
15 Research Group?
16 A No, sir.
17 Q Did Martha Vasquez-Nuno at any time work for
18 Precision Research Group, LLC?
19 A No.
20 Q Okay. Did Elvia Bolanos at any time work for
21 Precision Research Group, LLC?
22 A No.
23 Q But as you testified earlier, she did sign some
24 papers on some notes, promissory notes, on behalf of
25 Precision Research Group, LLC?

1 A Yes, sir.
2 Q Because you asked her to. Right?
3 A That is correct.
4 Q Okay. I have one more line of questioning and
5 then we can break for lunch.
6 What is the PR Group?
7 A Well, it was before – it was -- it was going
8 to be -- it is a company that -- it was supposed to be --
9 start Precision Research Group. But it was just
10 initials.
11 Q So it's the predecessor company to Precision
12 Research Group, LLC?
13 A Yeah.
14 Q Was the PR Group ever incorporated or
15 registered with any state?
16 A No. No.
17 Q Okay. When did the PR Group start?
18 A Probably in 2011. Before PRIM Group, yeah.
19 Q And we'll look at some of the promissory notes
20 that you've produced in response to the subpoena.
21 But some of the promissory notes are issued by
22 the PR Group. Right?
23 A If that is, I think so.
24 Q Do you recall the PR Group issuing or selling
25 promissory notes?

1 A Yes, sir. I think so.
2 BY MR. FROHLICH:
3 Q If you might, just to make sure it's clear, and
4 perhaps I misunderstood. But you told us PR Group was
5 never incorporated. Correct?
6 A Yes, sir.
7 Q And so is it just a DBA or "doing business as"
8 name?
9 A Yes, sir.
10 Q Was it anything more than that?
11 A No.
12 MR. FROHLICH: Thank you.
13 BY MR. MARGIDA:
14 Q When you founded the PR Group in 2011, what was
15 the business purpose of the PR Group?
16 A To raise funds to buy and flip homes.
17 Q Through promissory notes?
18 A Yes, sir.
19 Q Was it the business of the PR Group to raise
20 money to buy and flip homes through any mechanism other
21 than promissory notes?
22 A That's it, sir.
23 Q So I believe you testified that the PR Group
24 was a predecessor to Precision Research Group, LLC.
25 Right?

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1 BY MR. MARGIDA:
 2 Q Okay. This afternoon we're going to look at
 3 some of the documentation that your clients needed to
 4 fill out with IRA Services Trust Company that lists
 5 Baccam Services.
 6 But is it your testimony that you only created
 7 the name Baccam Services because the IRA Services Trust
 8 Company paperwork had a blank entry for representative
 9 company?
 10 A Yeah.
 11 MR. MARGIDA: Okay. All right. Let's take a
 12 break for lunch. We'll take an hour. We'll go off the
 13 record.
 14 (Whereupon, at 1:15 p.m., a luncheon recess was
 15 taken.)
 16 A FTERNOON SESSION
 17 MR. MARGIDA: Okay. We're back on the record
 18 on August 18th. It's 2:19 p.m.
 19 Again, Mr. Baccam, let me ask you to confirm
 20 that during the lunch break, you did not discuss the
 21 substance of your testimony or the investigation with me
 22 or Mr. Frohlich. Is that right?
 23 THE WITNESS: Yes.
 24 BY MR. MARGIDA:
 25 Q Okay. Before the lunch break, we were talking

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1 about Baccam Services and how you filled in the name of
 2 the company or the name Baccam Services on forms from IRA
 3 Services Trust Company.
 4 Do you remember that?
 5 A Yes.
 6 Q Why did you put Baccam Services and not
 7 Centaurus Financial on those IRA Services forms?
 8 A Because it wasn't through Centaurus.
 9 Q Okay. Were any of the promissory notes sold by
 10 the Moret Group, the PR Group, Precision Research Group,
 11 or PRIM Group, did any of those Centaurus Financial?
 12 A No.
 13 Q Did you ever tell anyone at Centaurus Financial
 14 about the promissory notes issued or sold by any of those
 15 four entities?
 16 A No.
 17 Q And that would include your supervisor, Jerry
 18 Franklin. Right?
 19 A Correct.
 20 Q In what office of Centaurus Financial did you
 21 work from 2002 to 2011?
 22 A Jerry Franklin's office.
 23 Q Where was that?
 24 A He was out in Hemet, California.
 25 Q Okay. How big was that office? How many

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1 employees of Centaurus, or how many associated persons of
 2 Centaurus worked at that office then?
 3 A Probably three, four. Four at the most I know.
 4 Q And those four included you and Mr. Jerry
 5 Franklin. Right?
 6 A That is correct.
 7 Q Okay. Who were the other two, if you can
 8 remember?
 9 A I believe it was -- Deanna, his wife, was a
 10 Centaurus rep also.
 11 Q Deanna Franklin?
 12 A Correct.
 13 Q Okay. Anyone else? Who's the other?
 14 A I forget. It was a new guy. It was very brief
 15 that I talked to him. I don't remember his name.
 16 Q Okay. We talked a little bit about this
 17 already today a couple times. But can you describe for
 18 us how it is you came to be involved in selling
 19 promissory notes and flipping real estate? Just tell us
 20 the story.
 21 A Okay. Mr. Conley Moret was a good friend, I
 22 thought. He was a real estate agent/broker. And I met
 23 him in Temple City probably in '99, but then he moved out
 24 to the Rancho Cucamonga area. And then we reestablished
 25 contact and, you know, he was selling homes, flipping

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1 homes.
 2 So basically, he -- I was under his shadow
 3 trying to learn the real estate business and bringing him
 4 some clients to do -- if, you know, clients wanted to buy
 5 a home or a mortgage or something.
 6 Q Okay. You said you met him in Temple City in
 7 1999.
 8 Is that in California?
 9 A That is correct.
 10 Q Where did you meet him? Like where in Temple
 11 City?
 12 A Church.
 13 Q Okay. Which church?
 14 A The Christian Congregation of Jehovah's
 15 Witnesses in Temple City. Yeah. East congregation.
 16 Q Is that your current church?
 17 A No.
 18 Q Okay. When did you first begin to, as you say,
 19 shadow Mr. Moret in the real estate business?
 20 A Probably in 2005, '04, around there, just to
 21 learn the -- you know, what he was doing.
 22 Q What was the name of his real estate company at
 23 the time?
 24 A Da Vinci Realty.
 25 Q Did the Moret Group, LLC exist in 2004 or '05,

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1 if you know?

2 A I think so. I'm not quite sure.

3 Q Did Mr. Moret ever hire you to help with his

4 real estate business?

5 A Not as an employee, no.

6 Q But in some capacity?

7 A Some capacity, yeah, like as in introducing me

8 to clients -- I mean, I would introduce him to some

9 people I know.

10 Q Did Mr. Moret ask you to introduce potential

11 clients to him?

12 A Yeah. If, you know -- like people that I knew

13 that wanted to buy a house or whatever or -- yeah, or

14 like if people wanted to invest some money to buy and

15 flip homes.

16 Q So potential clients to either, one, buy a

17 home, or two, purchase promissory notes as an investment?

18 A Yeah.

19 Q When was the first time you discussed

20 introducing clients to Mr. Moret with Mr. Moret?

21 A Probably a good 2005, 2006.

22 Q In that first conversation with Mr. Moret, did

23 you discuss how you would be compensated for referring

24 clients to him?

25 A Basically, a commission of some sort.

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1 Q Do you remember what the commission was?

2 A Not really.

3 Q We talked earlier about a conversation you had

4 in around 2009 with Mr. Moret about Penske IRA.

5 Do you remember that?

6 A Yeah.

7 Q Did you refer any clients who purchased

8 promissory notes through Penske IRA?

9 A No. The reason why, I felt that Penske Trust

10 Company was expensive, as in fees, to do business with.

11 So I didn't want my clients or anybody that I knew to pay

12 outrageous fees. And then I kind of did my homework

13 going through -- as in IRA Services, I saw the fees were

14 less.

15 Q How much were those fees?

16 A I think the first initial setup fee was \$120,

17 and then it depends on the quarterly fees, \$10 a month or

18 something like that. Annual 120 and then, yeah,

19 something like that, for the first time. And then I

20 think it dropped down to 60- or \$70 annually.

21 Q Between 2004/2005 and the fall of 2010, were

22 you responsible for referring any clients to Mr. Moret?

23 A Yeah. Yes.

24 Q When was that?

25 A Just clients for a loan. I know -- I remember

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1 probably like I think 2006 or 2007. I'm not quite sure.

2 Q Do you remember the name of that client or the

3 names of those clients?

4 A It was through a -- to refinance a mortgage.

5 So I just referred him a client, and it was -- it was Mr.

6 and Mrs. -- I know the wife's name is Natalie. William

7 Gorges, G-o-r-g-e-s, and Natalie. And they didn't do any

8 promissory note. It was just refinancing a home.

9 Q And Mr. Moret helped them refinance their home?

10 A That is correct.

11 Q Did Mr. Moret pay you a commission or a

12 referral fee or any compensation for that?

13 A I think there was a referral fee.

14 Q How much was it?

15 A I don't remember exactly.

16 Q Okay. When was the first time you discussed

17 with Conley Moret referring your existing Centaurus

18 clients or pitching your existing Centaurus clients on

19 Moret Group promissory notes?

20 A Probably in 2010, around the fall.

21 Q Who brought the issue up? Who brought up the

22 idea of pitching your clients?

23 A Mr. Moret.

24 Q What did he say?

25 A Do you have clients to, you know, invest to

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1 flip homes? So he did.

2 Q What did he tell you about what the clients'

3 funds raised through the promissory notes would be used

4 for?

5 A To buy homes and flip homes.

6 Q During that first conversation in the fall of

7 2010 about Moret Group promissory notes pitched to your

8 clients, did you ask Mr. Moret about the safety of the

9 investments?

10 A Yeah, I did, regarding that.

11 Q What did you say to him?

12 A I said, you know, what is it going to be backed

13 up by? He said, the properties.

14 Q And were the promissory notes ultimately backed

15 up by the properties?

16 A I thought they did, yes. I thought that was

17 the -- that was the notion that I gathered.

18 Q As you sit here today, do you know whether the

19 notes were backed up by properties, though?

20 A Yeah. He showed me some properties that he

21 purchased with.

22 Q So you know that he purchased -- he purchased

23 properties and attempted to flip them. Right?

24 A That is correct.

25 Q But the promissory notes, and we'll look at

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1 note itself. But --

2 Q Aren't those two separate things? He used the

3 proceeds to buy a property. That's one issue. Did he

4 use the proceeds to buy a property? And you saw some of

5 the properties.

6 A Yes, sir.

7 Q Okay. The question we're asking is, were the

8 notes backed? Did a borrower under the note have a right

9 to some sort of collateral or property? And whether you

10 saw houses he bought or not, why would that have anything

11 to do with whether the notes provide for a recourse for

12 collateral?

13 A No, sir.

14 Q I don't see any relation.

15 A No. I guess not. It was written that way,

16 sir.

17 MR. FROHLICH: All right. Thank you.

18 BY MR. MARGIDA:

19 Q When you first discussed pitching Moret Group

20 promissory notes to your Centaurus clients in the fall of

21 2010, did Mr. Moret agree to compensate you in any way

22 for referring those clients to buy Moret Group notes?

23 A Yes, sir.

24 Q What was the compensation for that?

25 A It depends on what it was. It was like -- I

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1 know that it was -- if it was \$10,000, it would be a

2 thousand dollars.

3 Q So it was a 10 percent commission?

4 A Something like -- yes, sir.

5 Q You said that you did your own independent

6 research to identify IRS Services Trust Company as the

7 custodial company to use for the promissory notes.

8 Right?

9 A That is correct, sir.

10 Q Okay. What specific research did you do to

11 identify IRA Services Trust Company?

12 A What I did was I looked -- I compared the fees

13 the custodial account would charge for my clients. So I

14 compared that as in, you know, okay. I'm trying to earn

15 my clients money, but I don't want to have them paying

16 outrageous fees. That's how I compared the companies.

17 Q Okay. How many companies, how many trust

18 companies, did you look at?

19 A Probably a few, but I don't recall the other

20 few that I looked besides IRA Services and Penske because

21 there was -- there was a few -- there's numerous

22 self-directed companies out there, but I don't remember

23 all of them.

24 Q Did you know anyone at IRS Services Trust

25 Company?

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1 A No. Not at all.

2 Q Have you ever had any prior dealings with

3 anyone at IRA Services Trust Company?

4 A No. Not at all.

5 Q I want to talk now about your pitching clients

6 on the Moret Group notes. Okay?

7 Can you describe how you identified which

8 clients to pitch the Moret Group notes to in the fall of

9 2010?

10 A Okay. Say that again, sir?

11 Q So you had a conversation with Conley Moret in

12 the fall of 2010 about promissory notes issued by the

13 Moret Group, LLC. Right?

14 A Right.

15 Q You did your investigation about the trust

16 companies and the different fees that they charge, and

17 you ended up deciding on using IRA Services Trust

18 Company. Right?

19 A Yes, sir.

20 Q Do you remember when that decision was made?

21 A Probably in 2010, before the fall.

22 Q So before you signed up any of your clients to

23 purchase the notes. Right?

24 A That is correct.

25 Q Okay. So now I want to talk about actually

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1 going to your clients to pitch them on the notes, what

2 you said and the questions that they asked.

3 Are you with me?

4 A Okay.

5 Q Okay. Describe how you went about pitching

6 your clients on the Moret Group, LLC promissory notes.

7 A I basically called them up for a meeting and

8 said, you know, I have a suggestion. Maybe we should --

9 since, you know, the market hasn't been really giving us

10 any returns in the past few years -- it's been pretty

11 rocky and it was down, and then it came back up -- but

12 how I pitched the notes was that we were going to invest

13 the notes into buying and flipping homes, and they were

14 going to get interest, annual interest. And they were in

15 agreement, and that's how we went forward.

16 Q In the fall of 2010, about how many clients did

17 you have?

18 A I would have to look at the paperwork.

19 Q Can you say approximately?

20 A One -- let me see. Approximately --

21 Q Over a hundred?

22 A Oh, no, sir. No. Not even.

23 Q A couple dozen?

24 A No. Let me see. Maybe six or seven. Yeah.

25 Q Six or seven --

1 promissory notes to clients. Is that correct?
 2 A No, sir. No, sir. I was the -- in the
 3 beginning, when I started -- when I did tell Centaurus,
 4 it didn't come to fruition until later. I mean, like I
 5 said, because before 2010 I was trying to learn the
 6 business.
 7 Q So when you're trying to learn the business,
 8 perhaps you are helping at a real estate office. Right?
 9 A That is correct.
 10 Q Okay. I hear you. I'm more interested in the
 11 question that we started this line of questioning with,
 12 was whether you were telling Centaurus that you had
 13 clients at Centaurus and you were suggesting other ways
 14 for them to invest their IRA accounts.
 15 That you didn't tell Centaurus. Right?
 16 A No, sir.
 17 Q Were there ever any forms that you had to fill
 18 out at Centaurus that asked about outside business or
 19 sales or selling away, anything like that?
 20 A I think I remember, yes.
 21 Q And when you filled those out, did you ever
 22 report anything about the promissory notes that you were
 23 selling?
 24 A No, sir.
 25 MR. FROHLICH: Thank you.

1 BY MR. MARGIDA:
 2 Q So of your six or seven Centaurus clients that
 3 you pitched the Moret Group notes to, how many decided to
 4 purchase Moret Group, LLC promissory notes?
 5 A Most of them. Most of them, yeah.
 6 Q Okay. Gregory Montecino purchased at least one
 7 note. Right?
 8 A Yes, sir.
 9 Q Janira Carter purchased at least one note.
 10 Right?
 11 A Yeah. Two, because she had two different
 12 accounts, a Roth IRA and an IRA.
 13 Q Got it. Elva Rosales purchased a note?
 14 A Yes, sir.
 15 Q Maria Moreno purchased a note?
 16 A Yes, sir.
 17 Q And Vila Baccam, your cousin, purchased a note?
 18 A Oh, yes.
 19 Q So that's five individuals.
 20 Other than those five individuals that we just
 21 talked about, are there any other individuals, clients of
 22 yours at the time in the fall of 2010, that purchased
 23 Moret Group notes?
 24 A You know, I would have to look at the notes. I
 25 don't know exactly, sir.

1 Q Okay. Your initial pitch to those five
 2 individuals was over the phone. Right?
 3 A Yes, sir.
 4 Q How many of those five did you meet with in
 5 person to discuss the Moret Group notes?
 6 A All of them.
 7 Q Okay. Could you describe what those in-person
 8 meetings were like? First of all, where did they take
 9 place?
 10 A At their homes.
 11 Q All five took place at their homes?
 12 A Yeah. No one -- yeah. Except for the one
 13 in -- Vila, I did it over the phone. And I don't think
 14 she -- she wasn't with Conley Moret Group.
 15 Q Okay. So for Mr. Montecino, Ms. Rosales, Ms.
 16 Moreno, and Ms. Carter, those four individuals, you went
 17 to their homes?
 18 A Yes, sir.
 19 Q And they're all in and around the L.A.,
 20 California area. Right?
 21 A That is correct.
 22 Q Had you been in their homes before?
 23 A Yes.
 24 Q Okay. In what capacity?
 25 A Putting them in variable annuities or mutual

1 funds.
 2 Q How often would you meet with them and your
 3 other Centaurus clients?
 4 A It depends of what they needed to service the
 5 accounts. At least twice a year or quarterly. It
 6 depends. I don't know exactly.
 7 Q So two to four times a year, approximately?
 8 A Yes.
 9 Q And those would be in-person meetings?
 10 A Yes.
 11 Q Would those also take place at their homes?
 12 A Yes.
 13 MR. MARGIDA: Would you mark that, please? Oh
 14 actually, sorry.
 15 BY MR. MARGIDA:
 16 Q I'm handing you what's already been marked as
 17 Exhibit 9. If you'd take a look at that, please.
 18 A (The witness examined the document.)
 19 Q Do you recognize that document?
 20 A Yes, sir. It looks familiar.
 21 Q What is it?
 22 A A note.
 23 Q What kind of note?
 24 A Promissory note.
 25 Q Okay. Is this the template for the Moret Group

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1 notes? Is this the form, basically, of the Moret Group
2 notes that were ultimately purchased by your clients that
3 we were just talking about?
4 A It's similar.
5 Q Okay. Do you know who found this template
6 note?
7 A Probably Mr. Moret.
8 Q Did you find it?
9 A No, sir.
10 Q Okay. If you look at the bottom, there's a
11 footer that reads, "Multi-state fixed rate note, single
12 family, Fannie Mae/Freddie Mac uniform instrument." And
13 then to the right it says, "Form 3200."
14 Do you see that?
15 A Yes, sir.
16 Q What if anything did Mr. Moret tell you about
17 where he got this note?
18 A I don't remember he telling me where he got the
19 notes.
20 Q Okay. Did he mention finding a standard or
21 uniform note on the internet?
22 A No, sir.
23 Q Okay. When was the first time you saw any kind
24 of promissory note from the Moret Group?
25 A Probably like in 2010.

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1 Q Okay. When your clients ultimately purchased
2 the Moret Group promissory notes, who delivered them to
3 your clients?
4 A I did.
5 Q In person?
6 A Yes, sir.
7 Q Okay. Do you know whether this Exhibit 9 is a
8 uniform mortgage instrument from Fannie Mae and Freddie
9 Mac's website?
10 A No, sir.
11 Q You don't know that one way or the other?
12 A No.
13 Q Okay. If you could look at page 2 of Exhibit
14 9, Section 10, where it says, "Uniform secured note," the
15 second sentence reads, "In addition to the protections
16 given to the noteholder under this note, a mortgage, deed
17 of trust, or security deed (the Security Instrument)
18 dated the same date as this note protects the noteholder
19 from possible losses which might result if I do not keep
20 the promises which I make in this note."
21 Do you see that?
22 A Okay.
23 Q What if anything did Conley Moret -- or did you
24 ever discuss including a provision like this in the Moret
25 Group, LLC promissory notes that your clients purchased?

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1 A No. I don't remember in detail, sir, if he did
2 or not. I don't exactly remember.
3 Q In the fall of 2010 when your clients purchased
4 the Moret Group, LLC notes, had you seen language like
5 this before?
6 A I don't remember. I don't remember.
7 Q You don't remember whether you had seen
8 language like this in a promissory note before?
9 A No, sir.
10 BY MR. FROHLICH:
11 Q I think it's something we're all assuming, sir,
12 but let me just ask it. The Moret Group notes --
13 A Yes, sir.
14 Q -- do you know who drafted them, who actually
15 compiled the language in them? Do you know?
16 A Mr. Moret gave it to me, sir. That's all I
17 know.
18 Q So, first of all, it wasn't you. Correct?
19 A No, sir.
20 Q And you think it was Mr. Moret, but that guess
21 or assumption is based on the fact that he's the one that
22 gave them to you.
23 Is that accurate?
24 A Yes, sir.
25 Q I mean, it could have been, for all you know,

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1 maybe a lawyer he had. It could have been anybody.
2 But you got them from Moret and you didn't
3 draft them?
4 A That is correct.
5 MR. FROHLICH: Okay. Thank you.
6 BY MR. MARGIDA:
7 Q Before your clients purchased the notes, the
8 Moret Group, LLC notes, did Mr. Moret send you drafts of
9 the notes for your review or comment?
10 A I don't remember that, sir. I don't remember
11 him sending me to review.
12 Q So he didn't send you a note and say, hey, take
13 a look at this and let me know if you're okay with it?
14 A I don't remember that at all. He just said,
15 here's a note and give it to them, and that's what it
16 was, I believe.
17 Q Okay. Before the notes were issued and signed
18 by Conley Moret on behalf of Moret Group, did you ask Mr.
19 Moret to look at the notes before he issued them?
20 A I don't remember asking him. I just assumed
21 that it was the proper thing. I don't --
22 Q But you don't remember, meaning you don't know
23 if you did or you didn't?
24 A I don't think he did.
25 Q You don't know you asked to see the note before

1 the notes were issued by the Moret Group?
 2 A Yeah. Yeah.
 3 Q Were you present when Conley Moret signed the
 4 notes on behalf of the Moret Group, LLC?
 5 A No.
 6 Q Okay. Were any of your clients who purchased
 7 the notes present when Mr. Moret signed the notes on
 8 behalf of Moret Group, LLC?
 9 A No.
 10 Q So if I'm hearing you right, Conley Moret would
 11 execute the notes in front of a notary public, send you a
 12 copy -- right?
 13 A Yes, sir.
 14 Q Would he send you a copy or the original?
 15 A I believe it was the originals because it would
 16 have to go to IRA Services. They would ask for the
 17 originals.
 18 Q Okay. So you would then take the original and
 19 give it to your client who had purchased the note?
 20 A Yeah. I think I would have either made copies
 21 for them and then sent the originals to IRA Services.
 22 Q Okay. Once the notes were issued, did you work
 23 with your clients to transfer their Centaurus variable
 24 annuity holdings to IRA Services Trust Company?
 25 A Yes, sir.

1 Q Did you fill out the paperwork on their behalf?
 2 A I helped them, yes. I'm not -- I didn't do it
 3 on their behalf, but I helped them.
 4 Q They had to sign the paperwork. Right?
 5 A That is correct.
 6 Q Did you meet with them in person to go over the
 7 paperwork and have them sign it?
 8 A Yes, sir.
 9 Q Okay. I'm handing you what's already been
 10 marked as Exhibit 14, which is an investment
 11 authorization form from IRA Services Trust Company with a
 12 promissory note dated October 19, 2010 attached.
 13 Do you recognize this document?
 14 A Yes, sir.
 15 Q Okay. What is it?
 16 A A promissory note for Mr. Gregory Montecino.
 17 Q Okay. And that's pages 2 and 3 are the
 18 promissory note. Right?
 19 A Yes, sir.
 20 Q Okay. And what amount is this for?
 21 A 79,000.
 22 Q Okay. And if you look at the top of page 2,
 23 which is the first page of the October 19, 2010 note, it
 24 says the lender is "IRA Trust Services, Custodian, FBO
 25 Gregory Montecino, IRA 192211." Right?

1 A Yes, sir.
 2 Q Were the IRA accounts for your clients,
 3 including Gregory Montecino, set up before the notes were
 4 signed by Conley Moret? If you know.
 5 A If they were set up? What do you mean?
 6 Q So obviously the promissory note references an
 7 IRA custodial account. Right?
 8 A Oh, yeah. Correct.
 9 Q So were they set up before the notes were
 10 actually signed?
 11 A Yes, sir.
 12 Q And if you look at Section 3, under Payments,
 13 3B, it says, "Amount of yearly payments: My yearly
 14 payment" -- "my" meaning Moret Group, LLC's yearly
 15 payment -- "will be in the amount of US \$9600."
 16 Do you see that?
 17 A Yes, sir.
 18 Q Do you know how many of the annual payments
 19 were made to your client, Gregory Montecino, by the Moret
 20 Group?
 21 A I believe -- I believe once.
 22 Q And who made that payment?
 23 A This is what happened. I told Mr. Conley
 24 Moret -- I found out that he said some of the sales of
 25 the property didn't go through, and I lent him money to

1 give to this promissory note.
 2 Q You lent Conley Moret money?
 3 A That is correct, sir.
 4 Q To pay Gregory Montecino?
 5 A Yes, sir.
 6 Q To whom the Moret Group owed \$9600?
 7 A That is correct.
 8 Q And because they're annual payments, that would
 9 have been in the fall of 2011. Right?
 10 A That is correct.
 11 Q Okay. I'm handing you what's been marked as
 12 Exhibit 10, which is a copy of a check.
 13 A Right.
 14 Q And is that the check?
 15 A Yes.
 16 Q That's a check to IRA Services Trust Company,
 17 FBO Gregory Montecino, IRA 192211?
 18 A That is correct.
 19 Q And this is from Chase Bank?
 20 A That is correct.
 21 Q Is this your check?
 22 A No. It was not from me.
 23 Q Okay. From whose Chase account was this check
 24 made? Do you know?
 25 A I guess it was Mr. Moret's.

1 Q But it was you who actually funded -- you paid
 2 Mr. Moret so that he could make this payment to your
 3 client?
 4 A Yeah, I did. I know it seems weird, but you
 5 know what? I trusted him to -- he said at the time -- he
 6 said that some of the properties didn't go through. And
 7 I said, okay. You know what? We have an obligation to
 8 these notes, to my clients, and let's do the right thing.
 9 And that's what I felt that was the right thing
 10 to do at the time. And like I said before, you know, I
 11 never meant any harm to my clients. I always wanted to
 12 do the right thing for them as in, you know, keep my
 13 promise.
 14 Q At the time this check was made in October --
 15 it's dated October 6, 2011 -- what if anything did you
 16 tell Mr. Montecino about the source of the funds of the
 17 payment?
 18 A I didn't say anything.
 19 Q You didn't say that you had lent money to Mr.
 20 Moret?
 21 A No, sir. No, sir.
 22 Q Okay. What if anything did you tell your other
 23 clients who purchased Moret Group notes at this time in
 24 October of 2011 about potential risk that their payments
 25 under the Moret Group notes might not be made, based on

1 you having to loan money to Mr. Moret?
 2 A You know what? At the time, I didn't think
 3 that anything. I didn't.
 4 Q You didn't say anything? Is that what you're
 5 saying?
 6 A That is correct.
 7 Q Did you yourself have reservation about Conley
 8 Moret's ability to make the annual interest payments and
 9 return the principal to your clients moving forward?
 10 A At the time, no, sir.
 11 Q Why not?
 12 A I just assumed or thought that the market of --
 13 the real estate market, or what was going on at the time,
 14 was just dragged down a little bit. But I felt no
 15 reservations at that time of, you know. So --
 16 Q Okay. What conversations did you have with Mr.
 17 Moret around this time in October of 2011 about the need
 18 to make the payments to your clients who purchased the
 19 Moret Group notes moving forward?
 20 A I did -- like I said, I mentioned to you, I did
 21 try to give him a phone call. And he would -- and then I
 22 finally went to -- one time before I went to his home and
 23 say, you know, there's some annual interest due coming in
 24 this fall, you know. What's going on?
 25 And he says, oh, you know, things are just

1 dragging with some of the sale of the homes or whatever
 2 was going. And I said, okay. You know what? We need to
 3 do the right thing. Pay the interest. And that's how I
 4 end up lending him some funds.
 5 Q The \$9600?
 6 A Right, for this account. Correct.
 7 Q Was the \$9600 that you lent Mr. Moret in the
 8 fall of 2011, was that the only time you lent him money
 9 in order for Moret Group to make the payments?
 10 A No. It was a few other clients, I believe,
 11 that I lent him money because it was like in the fall, I
 12 mean, it was coming due of that, 2011. And you know
 13 what? In hindsight, I mean, I should have -- I don't
 14 remember exactly, but I should have had him sign me some
 15 paperwork. But at the time, I trusted the person,
 16 trusted Mr. Moret.
 17 Q What if anything did he say when you talked to
 18 him in the fall of 2011 about the market turning around
 19 or that things would be okay? What did he say in that
 20 regard, if anything?
 21 A You know what? I don't exactly remember about
 22 that, if he did or not. I mean, it was just timing. You
 23 know, I don't remember.
 24 Q Okay. If you could turn back to the front page
 25 of Exhibit 14, which is the investment authorization.

1 Did you help Mr. Montecino fill this out in
 2 October of 2010?
 3 A Yeah. I did.
 4 Q The sections -- you see it's A, B, C, D, E, F,
 5 G -- whose handwriting is that in Sections A through F?
 6 A I think -- you know what? I think that was my
 7 handwriting. I just got an instruction from Mr. Conley
 8 Moret about the information and how to fill it out.
 9 Q Did you talk to anyone at IRA Services Trust
 10 Company about how to fill this information out?
 11 A No, I didn't. I took the word from Mr. Conley
 12 Moret.
 13 Q Well, did Conley Moret send you the template
 14 for this investment authorization from IRA Services Trust
 15 Company?
 16 A I believe he did send me a template. I believe
 17 he did. I don't remember where it is right now.
 18 Q I thought you testified earlier that you were
 19 the one who had identified IRA Services Trust Company as
 20 the custodian account to use for this.
 21 A Well, I did. But he in turn did his, I guess,
 22 fact-finding or whatever. He did his research, too, and
 23 he agreed that he wanted to use this company, which
 24 was -- that's what I assumed. And he did -- I didn't go
 25 and -- I didn't do the investigation or -- about the

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1 Q But you had loaned the \$1200 to the Moret
2 Group?
3 A That's correct.
4 Q To make that payment?
5 A I believe so.
6 BY MR. FROHLICH:
7 Q And these would be some of the payments -- I'm
8 asking if these are some of the payments that a moment
9 ago you said now you wish you had done it differently,
10 but in any event, at the time you didn't have -- didn't
11 require any paperwork or documentation for your loan.
12 Is that correct? Are these what --
13 A That is correct, sir.
14 Q I'm sorry. My question is not --
15 A No. I understand you completely. No, I --
16 Q I can make it much shorter.
17 Did you get any documentation for either the
18 1200 or for the 1560?
19 A You know, sir, I think I gave Mr. Moret a set
20 amount of money. I said, you know, you need to make sure
21 we do the right thing for my clients, sir, and which he
22 did at that time, sir, with the funds that I gave him.
23 Yeah.
24 Q But you didn't get any paperwork from him when
25 you did that?

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1 A You know, it was one of those things. I met
2 him like in the afternoon or morning -- afternoon of -- I
3 don't know exactly what day it was. But I said, you
4 know, we -- you need to do the right thing and make sure,
5 you know, that we don't fall behind because these are my
6 clients, you know. These are my clients that I care for.
7 And Janira Carter is a really good friend of mine because
8 her husband is a buddy of mine, like a really good
9 friend.
10 BY MR. MARGIDA:
11 Q Who's her husband?
12 A Joel Carter. And, you know, they're really
13 good friends. And when I did tell them about what
14 happened, he was like -- and she was very understanding
15 that I was duped, you could say, like taken advantage of,
16 of my kindness to Mr. Moret. And that's some friends
17 that I would never -- I would always keep. I mean,
18 they're really good people.
19 BY MR. FROHLICH:
20 Q Okay. I think the question was, did you get
21 any paperwork when you --
22 A No, sir. No, I didn't, sir.
23 Q Thanks.
24 A I'm sorry to drag on.
25 Q That's okay.

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1 A But I just -- my feelings had to come out.
2 BY MR. MARGIDA:
3 Q So it's your recollection then that in the fall
4 of 2011, you gave Conley Moret like a lump sum payment so
5 that he could pay all of the Moret Group note purchasers
6 off in the fall of 2011?
7 A That is correct, sir.
8 Q Do you remember how much that payment was?
9 A I would have to add it up. I don't know
10 exactly, sir. You know what? I did what I needed to
11 make sure it happened because, you know, these are my
12 clients and --
13 Q Okay. I'm sorry to cut you off, but I just
14 want to try to get the numbers.
15 A Right.
16 Q It's \$9600 paid to Mr. Montecino in the fall of
17 2011.
18 A That is correct.
19 Q 1560 paid to Janira Carter on the first note --
20 A That is correct.
21 Q -- Exhibit 15, and then 1200 paid to Janira
22 Carter around the same time frame for the second note,
23 Exhibit 17.
24 A I believe so, sir.
25 Q Okay. And we'll go through the others. I just

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1 want to try to keep a running tally of what that would
2 have been --
3 A That is -- okay.
4 Q -- in the fall of 2011.
5 At the very least, you know you did not loan
6 money to Mr. Moret on an individual payment-by-payment
7 basis? You recall it actually being a lump sum?
8 A Yeah. Yes, sir. Yeah. Because whatever was
9 coming up in that time frame in the fall, it was how we
10 got the lump sum.
11 BY MR. FROHLICH:
12 Q By "whatever was coming up," you mean whatever
13 was due under the notes in that period?
14 A Yes, sir. Yes, sir.
15 MR. FROHLICH: All right. Thank you.
16 (SEC Exhibit No. 41 was marked
17 for identification.)
18 BY MR. MARGIDA:
19 Q All right. I'm showing you what's been marked
20 as Exhibit 41, which is Bates labeled SEC-BACCAMPK-E-267
21 through 285. Take a look at that, please.
22 A (The witness examined the document.) Okay.
23 Q Do you recognize this document?
24 A Yes, sir.
25 Q What is it?

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1 Q Your name and then Baccam Services. Right?

2 A That is correct.

3 Q Okay. And that's just confirmation that IRA

4 Services Trust Company had you and Baccam Services as the

5 authorized representatives for the custodians of these

6 accounts. Right?

7 A Yes, sir.

8 Q All of whom were your Centaurus clients.

9 Right?

10 A Yes, sir.

11 Q Elva Rosales purchased one Moret Group note.

12 Right?

13 A Yes, sir.

14 Q Do you recall that being for \$10,000?

15 A I think so. I'm not sure. Let me check real

16 quick.

17 Q This is Exhibit 19, which is the Rosales note.

18 A (The witness examined the document.)

19 Q Do you recognize that document?

20 A Yes, sir.

21 Q And how do you recognize it?

22 A As a promissory note to Elva Rosales.

23 Q Okay. And it's issued by the Moret Group, LLC

24 on October 28, 2010. Right?

25 A That is correct.

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1 Q So for this \$10,000 note purchased by Elva

2 Rosales, if you look under Section 3B, what was year

3 annual payment supposed to be?

4 A 1200.

5 Q Okay. Was this another payment that you helped

6 the Moret Group, Conley Moret, make in the fall of 2011?

7 A Yes, sir. I believe so.

8 Q Okay. So this \$1200 payment made in the fall

9 of 2011, which would be the first payment owed under the

10 note -- right?

11 A Yes, sir.

12 Q -- that would have been made from the lump sum

13 that you loaned to Conley Moret. Right?

14 A I believe so.

15 Q Okay. That lump sum, what was the source of

16 those funds? Where did you get the money to pay Conley

17 Moret, to loan him this money to make your clients right

18 who had purchased the Moret Group notes?

19 A I believe it was through PRIM Group, the funds.

20 Q And is that through the PRIM Group note that we

21 discussed earlier purchased by Hocine Ait Mohand?

22 A No. I think that fund, Mr. Hocine, he didn't

23 give me those funds until 2012 or something like that.

24 Yeah. No. It was not from Mr. Hocine, sir.

25 BY MR. FROHLICH:

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1 Q Do you know where it was from? I should be

2 clear -- where the PRIM Group funds we're discussing came

3 from?

4 A It was probably with other clients, sir. I

5 know for sure it wasn't with Mr. Hocine.

6 Q So that would be other clients who had made

7 promissory notes or taken out promissory notes with PRIM

8 Group?

9 A I believe so, sir.

10 MR. FROHLICH: Okay. Thank you.

11 BY MR. MARGIDA:

12 Q But as you sit here today, you can't remember

13 who those people are?

14 A I don't know exactly, sir, at this minute. I

15 would have to look at the notes, sir.

16 Q Well, let's look at a note.

17 (SEC Exhibit No. 42 was marked

18 for identification.)

19 BY MR. MARGIDA:

20 Q All right. I'm handing you what's been marked

21 as Exhibit 42. Take a look at that.

22 A (The witness examined the document.)

23 Q Do you recognize that document?

24 A Oh, yeah. I do.

25 Q How do you recognize that document?

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1 A Yeah. It's a promissory note.

2 Q For how much?

3 A 100,000.

4 Q And who's the lender?

5 A Oh, it is Mr. Hocine.

6 Q That's Hocine Ait Mohand?

7 A Yes, sir.

8 Q And what's the date on that?

9 A November 29, 2011.

10 Q And the borrower or the issuer of the note is?

11 A PRIM Group.

12 Q Okay. It says under Section 1, the lender is

13 Hocine Ait Mohand.

14 That's different from the other notes we've

15 seen. Right?

16 A Yes, sir.

17 Q How is it different?

18 A It didn't go through IRA Services because it

19 was not a IRA account.

20 Q Do you know if Hocine Ait Mohand ever set up an

21 IRA Services Trust Company account?

22 A Yes, he did. It was for like 10,000, 14,000,

23 something like that.

24 Q Okay. I think we'll go over that later, too.

25 Do you know why you didn't ask him to here?

1 A The reason why, he had 100,000. He didn't have
2 it in an IRA account.

3 Q He just had \$100,000 in cash or in a checking
4 or savings account or something?

5 A That is correct, sir. That's what I know.

6 Q Does this PRIM Group note issued on November
7 29, 2011, refresh your recollection that this \$100,000
8 provided by Hocine Ait Mohand may have been used to pay
9 off the Moret Group notes?

10 A Now to come back and think, yes, sir. It
11 probably could have been.

12 Q But as you sit here today, you don't remember
13 exactly when in the fall of 2011 that you lent the Moret
14 Group the money to pay off the Moret Group note
15 purchasers?

16 A You know what? This is way before the date of
17 October 28th or the other -- it could have been --

18 Q Let me just say, don't try to piece it
19 together. I mean, if it refreshes your recollection,
20 that's great and we want to know that. But we're asking
21 what you remember.

22 A You know what? No. It couldn't have been
23 because if I gave -- I just looked at this check from Mr.
24 Moret Group (sic) to Gregory. This was October 6. So it
25 could have not been because of November 29th because

1 A Yes, sir.

2 Q Okay. For the notes that we've talked about
3 for Mr. Montecino, Ms. Carter, and Ms. Rosales, we talked
4 about the first annual payments being made in the fall of
5 2011. Right?

6 A That is correct.

7 Q Do you know if any other payments were ever
8 made on those notes?

9 A You know what? I don't remember right now.
10 No. I don't remember right now, sir.

11 Q After the fall of 2011, did you ever loan the
12 Moret Group money to pay off your clients who had
13 purchased Moret Group, LLC notes?

14 A You know what, sir? I think it was probably --
15 that was the -- for the IRA accounts, I believe, sir.
16 Yeah.

17 Q Do you remember making a loan to the Moret
18 Group to pay off --

19 A Just the -- for --

20 Q -- to make the payments under the Moret Group
21 notes?

22 A Just in the -- around the fall. That was it.

23 Q Okay. So just that one time, as best you can
24 remember?

25 A Yes, sir. For that, for the IRA accounts,

1 October is before November. So it must have been other
2 clients.

3 Q So based on the documents I've shown you here
4 today, you don't know but you don't know one way or the
5 other whether the 100,000 from Mr. Ait Mohand may have
6 been used to pay off --

7 A No, it wasn't, sir. No, it wasn't, for sure.
8 With the dates, it was not.

9 Q Okay. So you believe other PRIM Group monies
10 were used to pay off the Moret Group note purchasers --

11 A Yes, sir.

12 Q -- in the fall of 2011?

13 A Yes, sir.

14 Q And that wasn't to pay off the Moret Group
15 notes in their entirety; it was just to make the first
16 annual payments due under the notes. Right?

17 A Yes, sir.

18 Q If you look on the second page of Exhibit 42,
19 which is Bates labeled CFI-BACCAM-184, at the bottom is
20 that your signature?

21 A Yes, sir.

22 Q And that says Patric Ken Baccam, managing
23 member and borrower --

24 A Yes, sir.

25 Q -- for the PRIM Group, LLC. Right?

1 Services. Yes, sir.

2 Q Were there other occasions where you lent money
3 to the Moret Group to pay off your clients?

4 A You know, sir, when I found out -- I didn't
5 lend Mr. Moret any more money. But when I found out in
6 2012, in March, that he was going to stop making
7 payments, I resumed the responsibility of -- there was
8 120,000 that Mr. Moret did a promissory note with Mr. --
9 it was actually -- it was under my cousin's name, Vila
10 Baccam. But it was -- it was -- yeah, under Vila
11 Baccam's name, I believe, for 120,000.

12 Is that correct, sir?

13 Q Well, I don't want to interrupt your answer.
14 Did you make a loan to the Moret Group to pay off that
15 note? What were you getting at there?

16 A Oh, I was -- there was -- Mr. Moret did borrow
17 120,000 from my cousin, about 120,000.

18 Q That's Vila Baccam. Right?

19 A That is correct.

20 Q Who is married to Hocine Ait Mohand, or
21 partnered with him?

22 A They live together. Yeah. Yeah.

23 Q Okay. And you were saying that in March of
24 2012, Conley Moret indicated that he would stop making
25 payments?

1 A Yeah.

2 Q What did he say specifically that led you to

3 believe that?

4 A When he told me that he was just going to file

5 bankruptcy and just walk away from this. That's when I

6 was floored.

7 Q This was the same confrontation when you and

8 Mr. Vasquez went to his home, Conley Moret's home, at

9 6:30 in the morning in March of 2012. Right?

10 A Yes, sir.

11 Q Okay. And what did that conversation have to

12 do with paying the \$120,000 back under the Moret Group

13 note that Vila Baccam had purchased?

14 A I don't know what happened, but he stopped

15 making payments to Vila Baccam. And I was like, what's

16 going on, you know? Why are you not making the payments.

17 And I felt obligated -- you know, this is my cousin.

18 They're my family. Why are you screwing me over, you

19 know? I mean, you signed the note.

20 So in turn, I ended up making payments to Vila,

21 which is actually Mr. Atama Mohand. Yeah.

22 Q How much in payments did you make to Vila

23 Baccam?

24 A You know, there was a record. I asked for -- I

25 asked for it. It was over a hundred and some thousand.

1 not going to make payments no more, Mr. Hocine went crazy

2 over the phone because he's in Texas. He went crazy over

3 the phone to say that, let me have this guy's address.

4 I'm going to go and take care of him, you know.

5 And I felt like, oh, my gosh. I mean, just the

6 wording that he said, it was just terrifying to me. It

7 was like all about -- I mean, I understand that it's

8 people's money. But to do drastic measures like that was

9 very -- and I said, let me think about what can I do.

10 And a few -- about a week go by, or something

11 like that, sir, and I say, you know what? I'll step in

12 and make the payments because I don't -- I do not want

13 any ugliness. I mean, that was just one of the things,

14 that I understood that there was going to be some drastic

15 consequences, you can say. I mean, just the -- you know,

16 should I tell you what he said exactly or -- I don't

17 know.

18 BY MR. MARGIDA:

19 Q What did he say?

20 BY MR. FROHLICH:

21 Q I'm more interested in actually -- we still

22 didn't get there -- finding out what payments you made,

23 for how long and what amounts, and just -- if you'd walk

24 us through that. You never get there.

25 A I think -- okay. I do apologize, sir. It was

1 It was between 2900 to 3,000 a month that I was trying --

2 I was making payments to her since -- yeah.

3 Q And what --

4 MR. MARGIDA: Sorry. Go ahead.

5 MR. FROHLICH: I think we have the same

6 question.

7 BY MR. FROHLICH:

8 Q You seem to stop right when you're finishing

9 your answer on each of these things.

10 Can you tell us, did you make monthly payments?

11 How much you paid and when and how?

12 A Okay. I went to go deposit money in her

13 checking account, sir. And it was monthly. And it

14 was -- I felt obligated to, and--

15 Q Okay. That part, we've got that.

16 A Okay.

17 Q What was it you actually did? You started to

18 tell us there. If you could just keep on going.

19 A Well, this is what happened. You know, I do

20 apologize for being choppy, sir. Sometimes all this --

21 I'm just trying to gather all my thoughts to make sure I

22 speak clearly and be understandable because it has been a

23 while.

24 And what happened was when I told Mr. Hocine

25 Atama Mohand that this guy duped me, duped me, and he's

1 just so mumbled.

2 Q No. That's fine. I just want to get it.

3 A After Mr. Moret stopped making some payments in

4 March --

5 MR. MARGIDA: 2012.

6 THE WITNESS: -- 2012. I made payments to Mr.

7 Hocine, to Vila Baccam's account, till 2014 of -- I

8 forget exact dates, sir.

9 BY MR. FROHLICH:

10 Q But some time in 2014?

11 A Yes, sir.

12 Q So you made --

13 A Probably like in June or something that I --

14 because I paid up a hundred and some thousand to him,

15 115,000, I believe, when I counted all the receipts of --

16 because I asked my cousin, can you please send me what

17 was deposited to your checking account. And she did. I

18 said, you know what? I just want to make sure I have the

19 documentation. And then Mr. -- so from 2012 to 2014,

20 sir.

21 Q Okay. And are those receipts something you

22 still have?

23 A You know, sir, there's maybe some scattered

24 ones here and there. But there is a email that I got to

25 find, or I might have given it to you guys. I'm not sure

1 exactly if I have or not. But there is a email that I
 2 can probably produce through email that Vila Baccam sent
 3 me.
 4 Q Okay. I think we got there. But if I might
 5 reflect back and see if I got it right, then, so from
 6 probably March, some time early in 2012 --
 7 A Yes, sir.
 8 Q -- through some time in 2014, monthly you would
 9 deposit into the bank account, into Hocine's bank
 10 account, the amount that would have been due under the
 11 note for that month?
 12 A Yes, sir.
 13 Q In interest?
 14 A Yes, sir.
 15 Q Okay. I'm so, and when you were done, you
 16 believe the total was somewhere in the ballpark of
 17 \$100,000?
 18 A Yeah. 115,000 or so.
 19 MR. FROHLICH: Thank you.
 20 BY MR. MARGIDA:
 21 Q And that was for a Moret Group note for
 22 \$120,000. Right?
 23 A I think that was combined because it was the
 24 Moret Group plus the one that I took out.
 25 Q The \$100,000 note issued by the PRIM Group to

1 Hocine Ait Mohand. Right?
 2 A Yes, sir.
 3 Q Now, I want to clear this up. Did you deposit
 4 amounts monthly into Hocine's account or to Vila Baccam's
 5 account?
 6 A Vila Baccam.
 7 Q At any point did you deposit money into Hocine
 8 Ait Mohand's account?
 9 A I don't remember, sir. I don't think so.
 10 Q But the monthly payments from some time in 2012
 11 to some time in 2014, that was Vila Baccam's checking
 12 account. Right?
 13 A Correct.
 14 Q Okay. I want to show you the Vila Baccam Moret
 15 Group note now that we've been talking about.
 16 A Oh, okay.
 17 Q Real quick, going back to Exhibit 42, I had one
 18 other question about that, the PRIM Group note for
 19 \$100,000.
 20 A Yes, sir.
 21 Q If you see on the top there, it has a number,
 22 [REDACTED] 852.
 23 Do you see that?
 24 A (713) 460- -- oh, yes.
 25 Q 713 is a Houston area code. Right?

1 A That is correct.
 2 Q And Hocine Ait Mohand was in Houston, Texas.
 3 Right?
 4 A That is correct.
 5 Q At the time, in November of 2011?
 6 A Yes, sir.
 7 (SEC Exhibit No. 43 was marked
 8 for identification.)
 9 BY MR. MARGIDA:
 10 Q All right. Now I'm handing you what's been
 11 marked as Exhibit 43. Mr. Baccam, what is Exhibit 43?
 12 A This is the promissory note from the Moret
 13 Group to Vila Baccam.
 14 Q And just for the record, that's Bates labeled
 15 SEC-BACCAMPK-E-235 through 237.
 16 And this is a note for \$120,000. Right?
 17 A That is correct, sir.
 18 Q Dated November 28, 2010. Right?
 19 A Yes, sir.
 20 Q If you look at the top, there's a header that
 21 reads, "2010 December 03 4:10 p.m. Bank of America (479)
 22 246-6025."
 23 Do you see that?
 24 A Yes, sir.
 25 Q Do you know what that is?

1 A Probably from a fax machine from the Bank of
 2 America.
 3 Q Do you know if the Moret Group had an account
 4 at Bank of America at the time in November of 2010?
 5 A Probably. I don't know, sir. I did not -- I
 6 don't know his banking information, sir.
 7 Q Okay. But as we discussed earlier, when you
 8 filled out the IRA Services Trust Company investment
 9 authorizations with your clients, you input bank
 10 information that Mr. Moret gave you. Right?
 11 A That is correct, sir.
 12 Q Earlier we looked at a Wells Fargo investment
 13 authorization for the Moret Group. Right?
 14 A Yes, sir.
 15 Q Or the authorization signed by Gregory
 16 Montecino --
 17 A That's correct.
 18 Q -- to wire money -- let me finish real quick --
 19 just to wire money to Moret Group's Wells Fargo account.
 20 Right?
 21 A Yes, sir.
 22 Q Okay. And so this is the \$120,000 note that
 23 we've been talking about where you made the monthly
 24 payments to Vila Baccam's checking account. Right?
 25 A Yes, sir.

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1 Q From 2012 to 2014?
2 A Yes, sir.
3 Q But those payments were made in an attempt by
4 you to make the payments owed not just under this note
5 but also the \$100,000 PRIM Group note that Hocine Ait
6 Mohand purchased. Right?
7 A Yes, sir.
8 Q Okay. And you don't know whether Vila Baccam
9 and Hocine Ait Mohand are married or not?
10 A Legally I don't think they're married, sir, but
11 they do have a child together, Zachary Atama-Baccam.
12 Q Okay. Does Vila Baccam live with Hocine Ait
13 Mohand?
14 A The last time I saw my cousin, yes.
15 Q When was that?
16 A Last time I saw my cousin?
17 Q Yes.
18 A Was probably in 2011. No. Let me rephrase
19 that, sir. I think I saw my cousin the last time was in
20 2014 because of my uncle, which was my dad that raised
21 me [REDACTED] in June of 2014, sir. Was it 2014 or 2013? You
22 know what? It's a blur right now.
23 BY MR. FROHLICH:
24 Q As far as you know, they live together?
25 A Yes, sir. Definitely.

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1 MR. FROHLICH: All right.
2 BY MR. MARGIDA:
3 Q What conversations if any have you had -- well,
4 so let me back up.
5 You stopped making the monthly payments to Vila
6 Baccam some time in 2014. Right?
7 A Yes, sir.
8 Q What conversations have you had with Vila
9 Baccam or Hocine Ait Mohand since then about the
10 additional amounts that are owed under the two notes, one
11 the PRIM Group note for 100,000 and one the \$120,000 note
12 for Moret Group for Vila Baccam?
13 A There was very little conversation. It was
14 just basically him screaming at me and threatening me,
15 either by text -- it was for that phone number, [REDACTED]
16 [REDACTED] That's why I changed my phone. And then he
17 got hold my wife's cell phone and he started harassing my
18 wife also.
19 Q When was the last time Hocine Ait Mohand either
20 called or sent a threatening text to you or your wife?
21 A Probably in -- some time in 2014 when I got a
22 lawyer. And then -- yeah. He got a lawyer, and then
23 he -- and then he talked to Centaurus, I believe, some
24 time in 2014. And then -- and it stopped.
25 Q Okay. I'm going to show you what's been

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1 already marked as Exhibit 18 real quick.
2 Do you recognize that document, Mr. Baccam?
3 A Yes, sir.
4 Q And what is that?
5 A This is a promissory note to Ms. Maria Moreno.
6 Q And who's the borrower or the issuer for that
7 note?
8 A This is the Moret Group, Conley Moret.
9 Q Okay. And the date for that note, Exhibit 18,
10 is what?
11 A October 28, 2010.
12 Q Okay. And this is for \$10,000. Right?
13 A Yes, sir.
14 Q And if you look under Section 3, as with the
15 other Moret Group notes, Section 3B identifies the amount
16 of the yearly payments to be made. This note says, "My
17 yearly payment will be in the amount of US \$1200."
18 Do you see that?
19 A Yes, sir.
20 Q Do you know if this payment was made, the first
21 payment under this note was made, in the fall of 2011 by
22 the Moret Group?
23 A I believe this is part of the lending that I
24 gave me Mr. Moret.
25 Q So the Moret Group made the first payment under

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1 this note of \$1200.
2 But that was from funds that you lent the Moret
3 Group?
4 A Yes, sir. Yes, sir.
5 THE WITNESS: Can we take a restroom break? I
6 really need to use the restroom.
7 MR. MARGIDA: Sure. That's fine. We'll go off
8 the record.
9 (A brief recess was taken.)
10 MR. MARGIDA: Okay. We're back on the record
11 again, Mr. Baccam.
12 During the break, you didn't speak with me or
13 Mr. Frohlich about anything substantive about your
14 testimony or the investigation. Right?
15 THE WITNESS: Correct.
16 MR. MARGIDA: Okay. Also, you handed us your
17 business card earlier. And I'm going to have a photocopy
18 of both sides of that card marked as an exhibit for the
19 record.
20 (SEC Exhibit No. 44 was marked
21 for identification.)
22 BY MR. MARGIDA:
23 Q Take a look at that. That's the front and back
24 of the card you handed us earlier. Right?
25 A Yes, sir.

1 Q Is that a true and accurate copy of the front
2 and back of your business card?
3 A It looks like it.
4 Q Okay. I want to talk now about the actual
5 purchase and sale of homes by the Moret Group.
6 What role if any did you have -- so backing up
7 a second, we've talked about the Moret Group notes that
8 your clients purchased in the fall of 2010. Right?
9 A Yes, sir.
10 Q I want to talk about what happened after that,
11 what those funds were used for.
12 What role if any did you have in the actual
13 real estate development part of what the Moret Group was
14 doing?
15 A To be honest with you, he never wanted me to be
16 a part of it. I don't know why, but he would -- I would
17 ask to see like what capacity could I help to make sure
18 the properties got sold or flipped properly and then the
19 funds would go back. But it never happened.
20 Q Okay. In the fall of 2010 when you and Mr.
21 Moret talked about getting your clients to purchase Moret
22 Group notes, during those conversations did you talk
23 about you having an actual role in developing the real
24 estate property?
25 A I think I did, like as in to shadow what he was

1 doing, to understand how to buy and flip homes. But that
2 never happened.
3 Q So as of that conversation, before your clients
4 purchased the Moret Group notes in the fall of 2010, when
5 you first talked to Conley Moret about getting him note
6 purchasers, you only talked about participant in terms of
7 shadowing him.
8 Is that fair?
9 A Yes, sir. Yeah.
10 Q Okay. During those conversations with Mr.
11 Moret, did you ask to have a more formal role in
12 developing the real estate?
13 A Yeah. I think I did, if I --
14 Q What do you recall asking him to do?
15 A Like to help remodel, like as in to understand
16 the remodeling and construction side of getting these
17 homes repaired and flipped.
18 Q And what did he say when you proposed that?
19 A He said, sure. But it never came into
20 fruition.
21 Q When he said sure, did you and Mr. Moret talk
22 about what your compensation might be for your help with
23 developing the real estate?
24 A You know what? It was so long ago, I don't
25 think we went into detail too much in it. I just wanted

1 to learn the business, you know.
2 Q Okay. But the compensation that you did
3 receive from the Moret Group -- which was the 10 percent
4 commission on the notes. Right?
5 A Yes, sir.
6 Q -- that was just for getting your clients to
7 sign up for the Moret Group or purchase the Moret Group
8 notes. Right?
9 A Yes, sir.
10 Q That 10 percent commission wasn't for any role
11 you were supposed to have or were going to have with
12 respect to developing the real estate, was it?
13 A That is correct.
14 Q Okay. I want to show you an email that you
15 produced.
16 A Oh, yeah.
17 (SEC Exhibit No. 45 was marked
18 for identification.)
19 BY MR. MARGIDA:
20 Q This email chain has been marked as Exhibit 45.
21 The first Bates number is SEC-BACCAMPK-E-534. Take a
22 look at that.
23 A (The witness examined the document.) Okay.
24 Q Mr. Baccam, do you recognize Exhibit 45?
25 A Yes, sir.

1 Q How do you recognize it?
2 A It's an email that I gave you guys.
3 Q Okay. And what is Exhibit 45?
4 A It was -- it's a printout of the email that
5 Conley Moret sent to me that he typed out that he was
6 going to have me be a project manager for this one
7 property in Long Beach. But like I said, it never came
8 into fruition. He just -- it never came into play.
9 Q Okay. And this is an email chain from
10 mid-December of 2010. Right?
11 A Yes, sir.
12 Q Okay. So it's an email chain in that the top
13 email is the most recent email. Right?
14 A Yes, sir.
15 Q Conley Moret sends you, forwards you, an email
16 chain. That's the most recent email. Right?
17 A Yes, sir.
18 Q Wednesday, December 15, 2010, 7:26 a.m., from
19 Conley Moret to you, [REDACTED]@yahoo.com. Right?
20 A Yes, sir.
21 Q Okay. And everything below that is an earlier
22 email discussion between Conley Moret and an individual
23 named Rich Starley.
24 Do you see that?
25 A Yes, sir.

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1 A Conley is returning my email that I gave him.
2 Q You recognize this as an email chain between
3 you and Conley Moret in February of 2011.
4 Is that right?
5 A Yes, sir.
6 Q Okay. And the email chain is two emails.
7 Right?
8 A Yes, sir. I emailed him and then he's
9 returning me a email.
10 Q Okay. And the address for you listed,
11 [REDACTED]@yahoo.com, that was a valid email address for
12 you at the time in February of 2011. Right?
13 A Yes, sir.
14 Q Okay. So let's look at the first and oldest
15 email, which is your email to Conley Moret on February
16 25th at 9:21 p.m. You wrote, "Conley, what is going on?
17 I need to know what happening (sic) with the client's
18 interest. He is not happy with us."
19 Who is the "he" in the line, "He is not happy
20 with us"?
21 A I think that's Mr. Hocine.
22 Q Why do you think that?
23 A Because that's what it -- I think that's what
24 it is because -- I believe that's what it is, sir,
25 because of -- he's -- Mr. Hocine is the only one that

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1 would be on top of everything.
2 Q Okay. Hocine Ait Mohand himself did not
3 purchase a Moret Group note. Right? It was Vila Baccam,
4 his girlfriend, your cousin. Right?
5 A That is correct. That is correct.
6 Q Bear with me one second.
7 (Pause)
8 BY MR. MARGIDA:
9 Q Okay. If you could look back at Exhibit 43 for
10 me. I meant to ask this earlier. I just want to go over
11 something.
12 A (Complies.) Okay.
13 Q Do you have it in front of you?
14 A Forty-three? Yes, sir.
15 Q Yeah. If you could look at Section 3B, it
16 says, "Amount of monthly payments \$1400."
17 A Yes, sir.
18 Q And then it says, "My yearly payment will be in
19 the amount of US \$16,800."
20 Do you see that?
21 A Yes, sir.
22 Q And this is the Vila Baccam note from the Moret
23 Group for \$120,000. Right?
24 A Yes, sir.
25 Q This note, unlike the other notes we've looked

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1 at, actually calls for a monthly payment. Right?
2 A Yes, sir.
3 Q And the date of this note, Exhibit 43 again, is
4 November 28, 2010. Right?
5 A Yes, sir.
6 Q Okay. So could that explain why the "he" in
7 Exhibit 11, the first email you sent to Mr. Moret, he's
8 not happy because the monthly payments aren't being made?
9 A On time, yes. Yes, sir. That is the correct
10 assumption. That is the correct -- it is, sir.
11 Q Do you remember any of the \$1400 monthly
12 payments being made to Vila Baccam and/or Hocine Ait
13 Mohand by the Moret Group in this time frame?
14 A Yes, sir.
15 Q How much?
16 A \$1400 a month.
17 Q Before this email, Exhibit 11, February 26,
18 2011, do you remember the monthly payments of \$1400 being
19 made?
20 A Yes, sir. Because I would be on top of it,
21 too, because that's how -- just to make sure that he kept
22 his -- because these are my family that I had thought
23 that -- you know, I'm doing the right thing, sir.
24 Q Okay. We talked earlier about Mr. Moret, Ms.
25 Carter, Ms. Rosales, and Ms. Moreno, about their first

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1 annual payments becoming due in the fall of 2011.
2 Do you remember that?
3 A Yes, sir.
4 Q And how you loaned money to the Moret Group to
5 make those first year's annual payments. Right?
6 A Yes, sir.
7 Q Did you loan the Moret Group any money to make
8 the monthly payments to Vila Baccam under the \$120,000
9 note?
10 A No, sir. Until later.
11 Q Right. Like we've discussed --
12 A Right.
13 Q -- where you actually deposited a monthly
14 amount into Vila Baccam's checking account. Right?
15 A Yes, sir.
16 Q And that was between some time in 2012 to some
17 time in 2014. Right?
18 A Yes, sir. When I found out that he was just
19 going to blow me off and blow my clients off.
20 Q And that was based on your discussion that you
21 had at 6:30 a.m. in March 2012 at his house. Right?
22 A That is correct, sir.
23 Q Okay. If you look back to Exhibit 11, he
24 writes you back -- and I don't want to read the whole
25 thing -- but if you look at the fourth sentence, he

1 writes you the next day, February 26th, "I had only
2 deposited enough to finish the repairs on Karen and the
3 purchase for the new property on Sixth Street."
4 The "Karen" there, that's referring to the
5 Karen Avenue property in Long Beach. Right?
6 A I believe so, sir.
7 Q And then the purchase for the new property on
8 Sixth Street, that's 2398 West Sixth Street, San
9 Bernardino. Right?
10 A If that's -- yes, sir.
11 Q Do you understand that to be the West Sixth
12 Street, San Bernardino?
13 A I believe so. That's what it is, sir.
14 Q Okay. The last couple sentences of the email,
15 Conley Moret writes to you, "He making (sic) substantial
16 interest on his money so I do feel he can give us a few
17 days if we go over. If we are going to have people that
18 are going to be stickler on time like that, then we don't
19 need to pay them preferred return because it's not worth
20 it."
21 Do you see that?
22 A Yes, I do now.
23 Q After you received this email on February 26,
24 2011, what discussion, if any, did you have with Conley
25 Moret about clients being sticklers and whether payments

1 would be made on time?
2 A I believe I just told him, you know, hey, these
3 are -- you know, you're dealing with people's money. We
4 need to make sure things are done properly. And that's
5 what I remember saying. So I don't remember exactly what
6 he said in return after that because I know that I tried
7 to emphasize the priority of my clients, you know,
8 because I've been with these people, I mean, especially
9 with my cousin and -- I know her all my life.
10 I mean, why would I want to jeopardize my
11 relationship with a family member? Which hindsight, I
12 did jeopardize it. You know, to be honest with you, I
13 mean, I know that -- I feel regret that this happened,
14 you know, because of the -- all of this hurt it has
15 caused.
16 I'm saying this because you know what? I
17 reemphasize this, that, you know what? I'm here -- why
18 I'm here is that I want to clear the air and I want to do
19 right for my clients and for my family. That's why I'm
20 here, to do the right thing, and that's the bottom line.
21 Q Okay. Moving forward from February of 2011, do
22 you know were the monthly payments made on time or were
23 the monthly payments made to Vila Baccam pursuant to the
24 November 2010 Moret Group note?
25 A Yes, sir. I believe so. After that, yeah.

1 Q Okay. Do you know when Conley Moret was first
2 unable to make the monthly payments to Vila Baccam and/or
3 Hocine Ait Mohand for that \$120,000 note?
4 A I guess this is the first time. And then
5 afterwards, in 2012.
6 Q Okay. So we know in March 2012 you have the
7 conversation at his house that, you know, you come away
8 believe he's not going to pay any more.
9 Is that fair?
10 A Yes, sir, because of what he said to me.
11 Q Okay. And so my question really is do you know
12 between February 2011 -- Mr. Moret is not making the
13 monthly payment to Vila Baccam on time. Right?
14 A Okay. That one time, yes, sir.
15 Q Okay. Do you remember if the Moret Group was
16 able to make any of the monthly payments between this
17 time in February 2011 and March of 2012 when you had that
18 6:30 a.m. meeting at Conley Moret's house?
19 A The second time that I -- probably like in
20 April that I realized something's wrong.
21 Q April of 2011?
22 A No. I'm sorry. Not April. February, before
23 the March when I met with Mr. Conley Moret, of 2012.
24 Q Okay. And what was the basis of you feeling or
25 believing that everything was -- I think you said

1 everything was off?
2 A Yeah. Like not keeping his promise. He
3 would -- in writing and verbally that he said he would
4 do. And, you know, like what is going on here? That's
5 why -- like in the email that I wrote to him, most of the
6 time I would text him, what is going on, Conley? That's
7 why, you know -- that's what it is, sir.
8 BY MR. FROHLICH:
9 Q Looking at the top part of Exhibit 11, that
10 email to you.
11 A Okay. Okay.
12 Q And the last sentence there. I realize it
13 rolls into the header for the next email. But, "I need
14 to send 1099 also for interest from last year, and that's
15 going to you."
16 How often did you actually see -- for any of
17 these notes we've been discussing today, were there ever
18 1099s?
19 A You know, honestly, sir, I don't think I did
20 see a 1099. For them. I don't --
21 Q I mean, would you agree that a cold reader,
22 someone who hasn't seen this email before, it sounds like
23 maybe there's a habit of sending 1099s -- I mean, just
24 looking at this email.
25 A Okay.

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1 CONTENTS (CONT.)

2

3 EXHIBITS:	DESCRIPTION	IDENTIFIED
4 No. 64 - Precision Research Group		
5 Promissory note to Elise Nelson		
6 SEC_Baccam PKE 512		398
7 No. 65 - 1-13-2013 Precision Research		
8 Group Promissory note to		
9 Gregory Montecino		403
10 No. 66 - 3-19-2013 Precision Research		
11 Group Promissory note to		
12 Richard Sheridan CFI_Baccam 215		412
13 No. 67 - Precision Research Group		
14 Promissory note to Carlos Leon		
15 SEC_Baccam PKE 456		415
16 No. 68 - 2-16-2002 Registered Representative		
17 Business Activity Report		
18 CFI-Baccam 1747		420
19 No. 69 - 9-16-2009 Proven Compliance		
20 Management Solutions SEC_FINRA_E 410		435
21 No. 70e 2010 Annual compliance		
22 Questionnaire SEC_FINRA_E 420		441
23 No. 71 - 2011 annual compliance		
24 Questionnaire SEC_FINRA_E 424		442
25		

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1 A Yes, sir.

2 Q And the first round of those notes were sold to

3 your clients in October, November of 2011, is that right?

4 Or 2010, I'm sorry. October, November of 2010. Do you

5 remember that?

6 A Yes, sir.

7 Q Okay. This morning I want to talk about the

8 promissory notes that were sold by the PR Group, are you

9 with me?

10 A Yes, sir.

11 Q Okay. I want to hand you documents that have

12 been premarked as Exhibits 48 through 57.

13 (SEC Exhibits Number 48 through 57 were

14 marked for identification.)

15 Q No need to -- we'll go through each of them as

16 I work my way through the questions but I just wanted to

17 have those in front of you.

18 Do you recognize those documents?

19 A Yes, sir.

20 Q Okay. Those are documents you produced, right?

21 A Yes, sir.

22 Q All right. And we'll go through each of them

23 but I'll represent to you that each of them relates to a

24 specific client of yours that purchased a PR Group

25 promissory note.

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1 PROCEEDINGS

2 MR. MARGIDA: We're back on the record, it's

3 August 19, 2015 at 9:17 a.m.

4 Mr. Baccam, as with our breaks yesterday, since

5 we went off the record yesterday August 18th until now,

6 you haven't discussed substantively your testimony or the

7 investigation with either me or Mr. Frohlich, have you?

8 THE WITNESS: No.

9 MR. FROHLICH: And oh, just so you're clear,

10 this is just an adjournment from yesterday so you're

11 still under oath in your testimony today from the oath

12 you took yesterday. So you're still sworn in.

13 THE WITNESS: Yes, sir.

14 MR. FROHLICH: Do you understand that?

15 THE WITNESS: Yes, sir.

16 MR. FROHLICH: Thank you.

17 Whereupon,

18 PATRIC KEN BACCAM

19 was recalled as a witness and, having been previously

20 duly sworn, was examined and testified as follows:

21 EXAMINATION

22 BY MR. MARGIDA:

23 Q Yesterday we spent a good amount of time

24 talking about the Moret Group, LLC promissory notes. Do

25 you remember that?

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1 A Yes, sir.

2 Q Okay. Can you tell me, describe why you

3 decided to sell promissory notes through the PR Group

4 instead of continuing to do so through the Moret Group,

5 LLC?

6 A Well, what happened was I said -- thought to

7 myself like I could start buying and flipping those

8 myself so I thought that would be the best thing to do

9 because -- that's the reason behind it.

10 Q Okay. And as we discussed yesterday, the PR

11 Group was never a registered entity with the State of

12 California or in any other jurisdiction, right?

13 A No, sir.

14 Q Okay. At the time that you started the PR

15 Group as a d/b/a did you think about registering it as a

16 company?

17 A Yes. Eventually, yes.

18 Q What was your thought process at the time,

19 let's say in early 2011 about whether you should register

20 the PR Group as an entity?

21 A You know, it was just steps. I didn't do the

22 paperwork right away, or that's the reason behind it.

23 And that's where later down the road it became Precision

24 Research Group.

25 Q Okay. In early 2011 or at any time in 2011

1 when you pitched the PR Group promissory notes to your
 2 clients, did you tell them that the PR Group wasn't a
 3 registered entity as an LLC?
 4 A No, I didn't yet.
 5 Q Had you had discussions with Conley Moret in
 6 late 2010 or early 2011 about continuing to do promissory
 7 notes through the Moret Group, LLC?
 8 A No.
 9 Q Based on your experience with the Moret Group,
 10 LLC in the fall of 2010 what was your assessment if any
 11 of your ability to flip homes on your own?
 12 A You know, to my understanding, you know, if
 13 people can flip homes, you know, I could flip homes and
 14 that's why I took the steps to move forward with it.
 15 Q Okay. You testified yesterday, I believe, that
 16 you attempted to shadow or have a role with Conley Moret
 17 and his real estate flipping, is that right?
 18 A Yes, sir.
 19 Q But he wasn't really receptive to that, right?
 20 A Yes, sir.
 21 Q Did you feel you needed additional shadowing
 22 experiences to better understand the real estate flipping
 23 business?
 24 A You know, I asked people, you know, did --
 25 talked to some real estate people and talked to -- and

1 just talked to contractors and all that stuff.
 2 Q Okay.
 3 A That's what I did.
 4 Q When you set up the PR Group, when you started
 5 the PR Group in 2011 did you contemplate actually
 6 involving a real estate agent in that business?
 7 A No.
 8 Q Why not?
 9 A Why not? Because I just didn't.
 10 Q Okay. Fair to say then that at the time in
 11 early 2011 you thought you could do it on your own?
 12 A Yes, sir.
 13 Q With the help of contractors and others to
 14 actually do the work, though, right?
 15 A Correct. And you know, I had a realtor buy the
 16 homes so, you know, that's why I felt comfortable, I
 17 guess you could say.
 18 Q Okay. And we talked yesterday -- actually, let
 19 me back up.
 20 Who was the realtor that you dealt with to
 21 actually purchase the homes?
 22 A Their -- oh, my mind goes blank. Let me see
 23 here. Joseph Rangel. He was the realtor that helped me
 24 buy [REDACTED].
 25 Q And that was the \$110,000 purchase in June of

1 2011, right?
 2 A No, that was in December of 2011.
 3 Q Oh, that's right. And then you sold it to your
 4 niece, Queena Phommasene in June of 2011, right?
 5 A Yes.
 6 Q I'm sorry, that would have been June of 2012.
 7 A 2012.
 8 Q Right. Okay. Sorry about that.
 9 Who was the realtor for -- going back, Joseph
 10 Rangel was the real estate agent for the -- for PRIM
 11 Group's purchase of [REDACTED], San Bernardino,
 12 California, right?
 13 A That is correct.
 14 Q Who was the realtor for PR Group's purchase of
 15 PRIM Group's purchase of the Belleville, Illinois
 16 property?
 17 A There wasn't really. I dealt with the person
 18 that owned the home at the time. I just went to go do a
 19 deed of trust, the claim deed.
 20 Q So you didn't use a real estate agent?
 21 A No, I didn't.
 22 Q You dealt directly with Esther Price who sold
 23 you the home?
 24 A That is correct.
 25 Q Okay. We talked yesterday and I think you told

1 us that other than those, the two properties that we just
 2 mentioned, PRIM Group, LLC never purchased or sold any
 3 other properties, right?
 4 A That's it, yes.
 5 Q Okay. Did the PR Group as a d/b/a ever enter
 6 into a real estate purchase or sale agreement?
 7 A No.
 8 Q Did Precision Research Group, LLC ever enter
 9 into a purchase or sale agreement for real estate?
 10 A No.
 11 Q Before we look at the specific notes did -- I
 12 want to ask, did any of the monies raised through the PR
 13 Group promissory notes, did any of those monies, did you
 14 use them to pay off other promissory notes?
 15 A It might have. But most of the funds went to
 16 renovating -- renovations, rehabbing.
 17 Q Okay. We talked a little bit about this
 18 yesterday but I just want to confirm. On the property at
 19 [REDACTED], San Bernardino, California, I
 20 believe you testified yesterday you spent anywhere from
 21 190 to \$250,000 renovating that home, is that right?
 22 A I believe so.
 23 Q And is that in addition to the purchase price
 24 of \$110,000?
 25 A I believe so.

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1 Q Okay. And then the Belleville, Illinois
 2 property, I believe you testified yesterday you spent
 3 approximately \$30,000 renovating that, is that right?
 4 A Yes, sir.
 5 Q Okay. Do you know if -- is your testimony that
 6 the PR Group promissory note monies that you raised were
 7 used to renovate those two homes for the monies we just
 8 talked about?
 9 A Yes, sir.
 10 Q Okay. Were any of the -- we also spoke
 11 yesterday about monthly payments that you made to your
 12 cousin, Vila Baccam, do you remember that?
 13 A Yes, sir.
 14 Q You made monthly payments from sometime in 2012
 15 to sometime in 2014 to her, right?
 16 A Yes, sir.
 17 Q And that was for monies owed by the Moret
 18 Group, LLC for the \$120,000 promissory note that she had
 19 purchased from the Moret Group, right?
 20 A Yes, sir.
 21 Q Were any of the PR Group promissory note monies
 22 that you raised used to make those payments to your
 23 cousin, Vila Baccam?
 24 A It might have. It could have, yes.
 25 Q As you sit here today do you remember one way

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1 or the other?
 2 A It could have, yes.
 3 Q Okay. Did the PR Group have a bank account?
 4 A Yeah, I believe so.
 5 Q What bank?
 6 A Chase.
 7 Q Do you remember monies being withdrawn from the
 8 PR Group account at Chase to make payments to Vila
 9 Baccam?
 10 A You know what, it might have. I'm not sure
 11 because most of the funds, like I said, went to
 12 renovations at first, yeah.
 13 Q Okay. If --
 14 BY MR. FROHLICH:
 15 Q The question was do you remember it. Do you
 16 remember withdrawing money from Chase in order to pay
 17 Vila off? Do you have a memory of that?
 18 A Yes, sir. I think so, yes.
 19 Q Okay. A vague memory --
 20 A Yeah.
 21 Q -- if I'm understanding you?
 22 Okay, thank you.
 23 BY MR. MARGIDA:
 24 Q What other sources of money would have been
 25 used between 2012 and 2014 to make the payments, the

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1 monthly payments to Vila Baccam if not, as you say, you
 2 -- let me back up.
 3 You do recall making payments to Vila Baccam
 4 from PR Group note monies, right?
 5 A Probably so.
 6 Q Okay. What other sources of income or funds
 7 would you have had between 2012 and 2014 to make the
 8 payments to Vila Baccam?
 9 A With Precision Research Group.
 10 Q The promissory notes raised to Precision
 11 Research Group, right?
 12 A Yes.
 13 Q Okay. So I want to ask a couple questions
 14 about pitching the PR Group notes to your clients. The
 15 PR Group note purchasers, like the Moret Group note
 16 purchasers, were all Centaurus clients of yours, right?
 17 A Yes.
 18 Q Okay. Did you pitch them over the phone or in
 19 person or both?
 20 A In person.
 21 Q What did you tell your clients about the PR
 22 Group's business?
 23 A I said it's to buy homes and flip homes and
 24 that's it.
 25 Q Did you tell anything about the PR Group being

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1 investment planning service?
 2 A No.
 3 Q Did you tell them who was involved in operation
 4 of buying and flipping homes?
 5 A No.
 6 Q Did you tell them how many employees the PR
 7 Group had?
 8 A No.
 9 Q Did you tell them what if any role your wife,
 10 Immelda Baccam as president of PR Group would have?
 11 A No.
 12 BY MR. FROHLICH:
 13 Q Did you tell them you had no experience doing
 14 this?
 15 A No.
 16 Q Did you tell them that there was no corporation
 17 so they were either giving money -- they were only giving
 18 money to either you or your relatives and that was it,
 19 there was no corporation involved in spite of the name PR
 20 Group? Did you tell them that?
 21 A No.
 22 Q Okay. Did -- had any -- I'm sorry that I don't
 23 know the answer to this; I should. Have any of these
 24 people who purchased PR Group notes previously purchased
 25 notes from Moret Group?

1 A Yes, one client.
 2 Q Okay. Did you make it clear to that client
 3 this was completely separate from anything that the Moret
 4 Group did or any investment the client had with Moret
 5 Group, that PR Group was completely separate?
 6 A No, I didn't say that.
 7 Q All right. Thank you.
 8 BY MR. MARGIDA:
 9 Q Was that client Gregory Montecino?
 10 A Correct.
 11 Q What did you tell the PR Group note purchasers
 12 when you pitched them on the notes about the safety of
 13 their investment, if anything?
 14 A It didn't come up so I didn't say it. I just
 15 said, you know, I'm -- it didn't -- I didn't say anything
 16 like that, sir.
 17 Q Okay. What did you tell them if anything about
 18 the state of the market and how their current accounts
 19 with Centaurus were doing?
 20 A I just said, you know, the current conditions
 21 were, you know -- it was just not performing like we
 22 would like it to.
 23 Q And --
 24 A And that's about it.
 25 Q I'm sorry. Go ahead, finish.

1 A And that's about it.
 2 Q Okay. So it sounds like it was similar to your
 3 pitch to the Moret Group note purchasers, is that fair?
 4 A Yes, sir.
 5 Q You recommended the promissory notes as a
 6 better alternative investment to their variable annuities
 7 with Centaurus, right?
 8 A Yes, sir.
 9 Q And the PR Group plan was for your clients at
 10 Centaurus to transfer their funds to IRA Services Trust
 11 Company in custodial accounts, right?
 12 A Yes, sir.
 13 Q So the same as the Moret Group note plan,
 14 right?
 15 A Yes, sir.
 16 Q Okay. And then they would direct funds from
 17 the custodial cash accounts and IRA to purchase the
 18 promissory notes from the PR Group, right?
 19 A Yes, sir.
 20 Q Okay. What did you -- when you pitched the PR
 21 group notes to your clients at Centaurus what if anything
 22 did you tell them about the likelihood of success or
 23 return on their investment?
 24 A I just told them there was interest that was
 25 going to be paid.

1 Q Under the PR Group notes there was guaranteed
 2 interest?
 3 A Yes, sir. Just -- yeah, annually.
 4 BY MR. FROHLICH:
 5 Q Well, let's be clear. Did you use the word
 6 "guaranteed?"
 7 A Guaranteed? Well, I just said there was
 8 interest paid every year. That was it. That's what I
 9 said, sir.
 10 Q Tell me what you said, please, exactly, so that
 11 I'm clear?
 12 A I believe I said there is interest paid every
 13 year, sir.
 14 Q Okay. And you may or you did or you did not
 15 use the word "guaranteed?"
 16 A I don't believe I said "guaranteed."
 17 Q Just that it would be paid?
 18 A Yes, sir.
 19 Q Right. This really was a predicate to an
 20 earlier -- I'm sorry to jump in here but you told people
 21 that the purpose of the notes was to buy and flip homes,
 22 you made that clear. Did they understand who would be
 23 buying and flipping the homes? In your opinion did they
 24 know who it would be that would be doing it?
 25 A No, sir, they didn't ask, sir.

1 Q For instance, you didn't say I'm the one that's
 2 going to be buying and flipping the homes?
 3 A No, I never mentioned that, sir.
 4 Q Or anyone -- it just didn't come up who was
 5 doing it and you didn't say you'd be doing it, is that
 6 accurate?
 7 A That's accurate.
 8 Q Okay. Thank you.
 9 BY MR. MARGIDA:
 10 Q And is that because you had worked with these
 11 people for a number of years?
 12 A Yes, sir.
 13 Q Regarding the interest payment that would be
 14 made under the notes did you tell them that -- did you
 15 tell them that it was a loan?
 16 A Yeah. It's a loan they give to this company
 17 and they give you interest every year.
 18 Q But what did you tell them about whether PR
 19 Group would actually pay that loan back?
 20 A Yeah, I believe I did. I said, yeah, when the
 21 contract is up and you get all your money back.
 22 Q What if anything did you tell them about the
 23 annual payments under the notes being made on time? Did
 24 you tell them the notes would be -- the payments would be
 25 made on time?

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1 A Yes, sir.
 2 Q Did you ever tell Ms. Biggs who Martha Vasquez
 3 Nunos was?
 4 A No, sir.
 5 Q Did Ms. Biggs ever ask you who Martha Vasquez
 6 Nunosevas?
 7 A No, sir.
 8 Q Who delivered -- once the promissory notes were
 9 signed and executed and notarized who delivered them to
 10 your clients?
 11 A I did.
 12 Q So you handed this note to Ms. Biggs after it
 13 was issued, right?
 14 A Yes, sir.
 15 Q And when you handed it to Ms. Biggs did she ask
 16 you any questions about the promissory note?
 17 A No, sir.
 18 Q Do you remember her reading it when you handed
 19 it to her?
 20 A She might have. I don't remember.
 21 Q Okay. If you'd turn to page 113 of Exhibit 49?
 22 This is another note purchased by Ms. Biggs, right?
 23 A Oh, yes, sir.
 24 Q Also from the PR Group?
 25 A Yes, sir.

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1 Q And what's the date on this one?
 2 A October 31st, 2011.
 3 Q Okay. And if you look under section 3(b) the
 4 amount of yearly payments, this calls for a payment by
 5 the PR Group to Ms. Biggs of \$3,930 a year, is that
 6 right?
 7 A Yes, sir.
 8 Q Do you know how many payments if any were made
 9 to Ms. Biggs as called for by this promissory note?
 10 A I don't know, sir.
 11 Q Do you remember having a conversation with Ms.
 12 Biggs about what the PR Group was?
 13 A I think so.
 14 Q What did you tell her the PR Group was?
 15 A A company that buys homes and flips homes.
 16 Q But the PR Group never bought a home, right?
 17 A No, sir.
 18 Q Did you tell her that the PR Group was going to
 19 buy homes?
 20 A I might have, yes, sir.
 21 Q Did you tell her anything about setting up
 22 another company that would actually buy the homes?
 23 A No, sir.
 24 Q If you could turn to page 122 of this Exhibit
 25 49 and take a look at that? What is this? What is this

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1 document?
 2 A Oh, it's a letter saying thank you to Mrs.
 3 Biggs for choosing PR Group.
 4 Q It's a letter dated March 8th, 2011, right?
 5 A Yes, sir.
 6 Q From the PR Group to Ms. Biggs, right?
 7 A Yes, sir.
 8 Q And who signed this letter?
 9 A Martha Vasquez Nunos.
 10 Q And you're copied on this letter, right?
 11 A Yes, sir.
 12 Q Do you remember receiving a copy of this letter
 13 in March of 2011?
 14 A Yes, sir.
 15 Q Okay. And so this is March 8th, 2011 about
 16 five or six weeks after the first promissory note was
 17 purchased by Ms. Biggs, right?
 18 A Yes, sir.
 19 Q If you look at the upper left-hand corner of
 20 the letter dated March 8th, 2011 to Ms. Biggs it shows
 21 the PR Group and its address. What's the address?
 22 A P.O. Box 1162, San Bernardino --
 23 Q Where is -- I'm sorry.
 24 A -- 92402.
 25 Q Where is P.O. Box 1162, is that a physical

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1 address?
 2 A It's a post office box.
 3 Q Okay. Was that listed as an official address
 4 for the PR Group?
 5 A Official, listed, I think so.
 6 Q That was the address used to conduct business
 7 for the PR Group, is that fair?
 8 A Yes, sir.
 9 Q Okay. And in the upper right corner of the
 10 letter dated March 8th, 2011 it provides representative
 11 information, do you see that?
 12 A Yes, sir.
 13 Q and that says -- what does that say?
 14 A Patric Ken Baccam, Baccam Services, P.O. Box
 15 581.
 16 Q Okay. Did you have -- we talked yesterday
 17 about the Moret Group notes and how you served or
 18 identified yourself as the representative under Baccam
 19 Services for purposes of IRA Services Trust Company
 20 documentation, do you remember that?
 21 A Yes, sir.
 22 Q Did you have the same arrangement with IRA
 23 Services Trust Company for the PR Group promissory notes?
 24 A Yes, sir.
 25 Q So you identified yourself and Baccam Services

1 as the representative for your Centaurus clients
 2 purchasing the PR Group notes?
 3 A Yes, sir.
 4 Q Okay. So I want to direct your attention to
 5 the first sentence of page 122. It says, "Dear Kathleen
 6 Biggs, thank you for selecting PR Group to be your
 7 investment planning partner. With PR Group you are
 8 choosing a respected established investment planning
 9 services provider. As a customer focused organization PR
 10 Group has earned a reputation for experienced innovation
 11 to customer satisfaction." Do you see that?
 12 A Yes, sir.
 13 Q What conversations did you have with Kathleen
 14 Biggs about PR Group being her investment planning
 15 partner?
 16 A You know, like I said, PR Group -- basically I
 17 told her that buys and flips homes.
 18 Q Okay. When you talked to Ms. Biggs did you
 19 mention any other investment planning other than flipping
 20 homes and promissory notes?
 21 A I probably have in the past.
 22 Q When you had -- do you remember actually
 23 telling her about other investment planning services that
 24 you would perform as part of Baccam Services?
 25 A I don't remember.

1 Q Okay. Did you tell Ms. Biggs that Centaurus
 2 Financial was not involved in the flipping of homes?
 3 A Yes, sir. I believe as we were leaving
 4 Centaurus.
 5 Q And what did she say to that?
 6 A Okay.
 7 Q She didn't ask any questions?
 8 A No.
 9 Q Was PR Group an investment planning partner for
 10 your Centaurus clients who purchased PR Group notes?
 11 A No. It was just -- no it wasn't, sir.
 12 Q Okay. The third sentence says, "as a customer
 13 focused organization PR Group has earned a reputation for
 14 experience innovation to customer satisfaction."
 15 Did you provide documentation to Ms. Biggs or
 16 any of the other PR Group note purchasers to support or
 17 show the reputation of the PR Group at that time in 2011?
 18 A No, sir.
 19 Q Did Ms. Biggs ask you any questions about the
 20 reputation of the PR Group that you're citing here in
 21 this letter to her on March 8th, 2011?
 22 A No, sir.
 23 BY MR. FROHLICH:
 24 Q Mr. Baccam what would someone have reached if
 25 they called the number listed on page 122,

1 1-888-607-5210? What is that?
 2 A That was a 800 number that --
 3 Q Well -- go ahead. I'm sorry.
 4 A That would be for PR Group at the time.
 5 Q I thought you said there were no employees at
 6 PR Group? So who is the customer service representative
 7 you can reach from Monday through Friday from 10:00 to
 8 3:00 p.m. Pacific Time?
 9 A It would be an answering machine that I would
 10 follow up with it.
 11 Q The customer service representative is an
 12 answering machine?
 13 A Yes, sir.
 14 Q And the -- and to the extent it's not, it's
 15 you? I mean, the only person that would be involved in
 16 following up would be you?
 17 A Yes, sir.
 18 Q At the time, on March 8th, 2011, how long had
 19 -- in your mind had PR Group been doing business?
 20 A In my mind?
 21 Q Yeah. I mean, in your experience, how long had
 22 it been doing business?
 23 A You know, I know it looks -- in my mind, I put
 24 the experience on myself, sir, as in trying to help my
 25 clients.

1 Q All right. But the letter says -- it's talking
 2 about PR Group, not you, right?
 3 A That is correct.
 4 Q And it says PR Group is established. But in
 5 fact, wasn't there only one note before this from PR
 6 Group?
 7 A It might have been, sir.
 8 Q Okay. And it says it's respected. Can you
 9 tell me what that means in this context, of PR Group
 10 being respected?
 11 A I can't explain that, sir.
 12 Q All right. Can you tell me how it could have
 13 earned -- quote, "earned a reputation for experience?"
 14 Do you see those words? How PR Group, not your or
 15 anything but PR Group has earned a reputation for
 16 experience. And you told us it barely had started and it
 17 had at most one note before this. How had it earned a
 18 reputation for experience?
 19 A It guess it does -- it hasn't earned, sir,
 20 since I fit's only one. But I wasn't basing it on that,
 21 sir. I was -- like I said, I know it was -- based it on
 22 me, sir.
 23 Q All right. Did you -- we've asked you a couple
 24 of times so I realize it's already been asked and
 25 answered. We asked you what you told people about PR

1 Q Okay. The promissory notes, monies are still
 2 owed on the promissory notes, right?
 3 A Yes, sir.
 4 Q And the promissory notes are still reflected on
 5 IRA Services Trust Company statements for your clients,
 6 right?
 7 A I believe so, sir.
 8 Q When was the last time you saw an annual or any
 9 other periodic statement from IRA Services Trust Company
 10 for one of your promissory note clients?
 11 A Probably last time I printed out these
 12 statements to -- either to the lawyer or to Centaurus.
 13 Q And when was that?
 14 A Probably like, I don't know, seven months ago,
 15 six months ago.
 16 Q So sometime in February or March of this year,
 17 2015?
 18 A It might have been beyond that. I'm sorry, I
 19 don't know exactly. But when I printed out documentation
 20 to give to Centaurus or to the lawyer that was dealing
 21 with me with Centaurus.
 22 Q Okay.
 23 A It might have been last year, sir. I'm not
 24 sure exactly when.
 25 Q Okay. It's fair to say you produced documents

1 related to the promissory notes to Centaurus Financial in
 2 the last year, right?
 3 A I believe so.
 4 Q And we're not asking for any communications
 5 that you may have had with an attorney but you had an
 6 attorney that helped you provide documents to Centaurus
 7 related to the promissory notes, right?
 8 A That is correct.
 9 Q Did you ever meet with Centaurus Financial in
 10 person to discuss -- in 2015 did you meet with Centaurus
 11 Financial to discuss the promissory notes?
 12 A You know what, I did meet with them but I don't
 13 know -- I don't remember exact date. I don't know but I
 14 did meet with them. I did go into a conference room and
 15 basically talked to them for over almost two hours.
 16 Q Okay. So you met with Centaurus Financial
 17 representatives one time this year?
 18 A Is it either this year or last, I'm not sure,
 19 sir. I forget. To be honest with you I don't remember
 20 the exact date.
 21 Q Okay. Regardless of when that meeting
 22 occurred, it was just one meeting that you had in person
 23 with Centaurus Financial, right?
 24 A Yes, sir.
 25 Q Was Jerry Franklin at that meeting?

1 A No.
 2 Q Okay. Last exhibit for the PR Group is the
 3 next exhibit marked 57. There is no Bates label on this
 4 document. Do you recognize this document?
 5 A Yes, sir.
 6 Q And it's five pages. What is it?
 7 A Documentation regarding Mr. Gregory Montecino.
 8 Q What kind of documentation?
 9 A Regarding him doing with IRA Services and the
 10 promissory notes.
 11 Q And was it typical -- so the first page is an
 12 investment authorization, right?
 13 A Yes, sir.
 14 Q Signed by Gregory Montecino?
 15 A That is correct.
 16 Q And attached to the investment authorization is
 17 a copy of the PR Group note for \$76,000 that Mr.
 18 Montecino purchased, right?
 19 A That is correct, sir.
 20 Q Was it typical when the investment
 21 authorizations were sent in to IRA Services Trust Company
 22 for the promissory note to be attached to it?
 23 A Yes, sir.
 24 Q Okay. Did you submit the investment
 25 authorizations and the notes to IRA Services Trust

1 Company?
 2 A Yes, sir.
 3 Q Okay. Is this -- does this appear to you to be
 4 a true and accurate copy of the investment authorization
 5 for the Montecino PR Group note and the attached note?
 6 A Yes, sir.
 7 Q Okay. So Mr. Montecino signed the investment
 8 authorization in November, November 18th of 2011, right?
 9 A Yes, sir.
 10 Q And attached is a promissory note for \$76,000,
 11 right?
 12 A Yes, sir.
 13 Q And that's dated November 18th, 2011 as well?
 14 A Yes, sir.
 15 Q We talked about Mr. Montecino yesterday, right?
 16 A Yes, sir.
 17 Q He had previously purchased a Moret Group
 18 promissory note, right?
 19 A That is correct.
 20 Q For \$79,000?
 21 A Yes, sir.
 22 Q And that was when -- and in the fall of 2011
 23 when the first payment was owed to Mr. Montecino, that
 24 was -- let me back up.
 25 A \$9600 payment was made to Gregory Montecino

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1 in the fall of 2011, right?
2 A Yes, sir.
3 Q And that payment was made to Mr. Montecino by
4 the Moret Group, LLC, right?
5 A That is correct.
6 Q But the funds used to make that payment were
7 loaned to the Moret Group by you, right?
8 A That is correct.
9 Q So around the same time that you're paying the
10 Moret Group to make the first payment to Mr. Montecino
11 under his Moret note, Mr. Montecino is also purchasing an
12 additional note from the PR Group note?
13 A Yes.
14 Q From the PR Group, right?
15 A Yes, sir.
16 Q Okay. What if any conversations did you have
17 with Mr. Montecino in November of 2011 about the PR Group
18 note -- well, let me back up.
19 Did you talk to Mr. Montecino about the
20 payments made under -- pursuant to the Moret Group note?
21 A I don't remember.
22 Q You didn't tell Mr. Montecino that the Moret
23 Group note payment had been made based on funds you
24 loaned to the Moret Group, did you?
25 A No, sir.

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1 Q You didn't tell him that?
2 A No, sir.
3 Q Okay. Did you tell him anything about the
4 Moret Group's progress on the real estate development
5 projects?
6 A No, sir.
7 Q Okay. Nevertheless in November of 2011 you
8 pitched Mr. Montecino on investing an additional \$76,000
9 in a PR Group note, right?
10 A That is correct.
11 Q Okay. At the time Mr. Montecino invested this
12 additional \$76,000 in the PR Group note did he have any
13 questions about the status of his \$79,000 investment in
14 the Moret Group, LLC note?
15 A No, sir.
16 Q At the time he invested this additional \$76,000
17 in the PR Group note in November of 2011 did you give him
18 any assurances about the status of his Moret Group, LLC
19 \$79,000 note?
20 A No, sir.
21 MR. MARGIDA: I think it's a good time for a
22 break. We'll go off the record unless, Mr. Frohlich, did
23 you have anything?
24 MR. MARGIDA: Okay. We'll go off the record.
25 (A short break was taken.)

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1 MR. MARGIDA: We're back on the record at 10:58
2 a.m.
3 MR. FROHLICH: During the break the witness had
4 a question for the staff and essentially asked the staff
5 if we could recommend an attorney or someone who would
6 understand some of the issues that might come up in the
7 case or SEC procedure or how things work. And we told
8 Mr. Baccam that that's not something we're allowed to do.
9 Clearly he's free to retain an attorney but we can't
10 assist in any way or advise or suggest or anything in
11 that process.
12 Did I accurately summarize the conversation,
13 Mr. Baccam?
14 THE WITNESS: Yes.
15 MR. FROHLICH: Okay. So we're ready to just go
16 back -- I mean, we're on the record, we're ready to go
17 back into the question if -- unless there's some reason
18 not to.
19 THE WITNESS: No.
20 MR. FROHLICH: Okay.
21 BY MR. MARGIDA:
22 Q Okay. Before we broke we were talking about --
23 we had just finished a discussion of the promissory notes
24 sold by the PR Group to your Centaurus clients in 2011.
25 Do you remember that?

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1 A Yes.
2 Q Okay. Yesterday we spoke about letters that
3 you had received, two letters you had received from
4 Centaurus in 2009 and 2010. Do you remember that?
5 A Yes, sir.
6 Q Letters regarding your performance as an
7 associated person or representative of Centaurus, right?
8 A Yes, sir.
9 Q And those letters essentially told you that you
10 needed to improve your performance, right?
11 A Basically, yes.
12 Q And I believe, correct me if I'm wrong, as you
13 described yesterday, rather than focus on improving your
14 performance at Centaurus you focused your attention on
15 raising money through promissory notes to flip homes,
16 right?
17 A Yes.
18 Q You were associated with Centaurus Financial
19 until the last day of 2011, right?
20 A I think so.
21 Q So during 2011 we talked about what you were
22 doing with respect to the PR Group promissory notes.
23 What if anything were you doing to fulfill your
24 responsibilities at Centaurus during 2011?
25 A Just doing some client reviews with my clients.

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1 A I just said that there was a return, sir.
 2 Q And the notes reflected that payments would be
 3 made, right?
 4 A Yes, sir.
 5 Q Okay. And then if you look on the bottom,
 6 towards the bottom under "outside business activities,"
 7 there's just one number, number 1, and it asks, "have you
 8 reported, made updates to or terminated any previously
 9 reported outside business activities in 2010?" And you
 10 wrote, "no."
 11 A No.
 12 Q Do you see that?
 13 A Yes, sir.
 14 Q And that was accurate at the time in October of
 15 2010?
 16 A I think so, yes.
 17 Q Okay. I'm handing you what's been marked as
 18 Exhibit 71 which I think is the last exhibit.
 19 (SEC Exhibit Number 71 was marked
 20 for identification.)
 21 Q And it's Bates – the first page is Bates
 22 labeled SEC_FINRA_E page 424.
 23 Mr. Baccam, do you recognize Exhibit 71?
 24 A Yes, sir.
 25 Q And what is it?

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1 A 2011 annual compliance questionnaire.
 2 Q The same questionnaire we just looked at in
 3 Exhibit 70 but for the next year, 2011, right?
 4 A Yes, sir.
 5 Q And it shows that, at the very top left you see
 6 you're the Respondent again, Patric Baccam. Do you see
 7 that?
 8 A Yes, sir.
 9 Q And did you fill this out on September 29th,
 10 2011?
 11 A I believe so.
 12 Q Okay. Again, if you look towards the bottom on
 13 page 1 of Exhibit 71 under the heading "private
 14 securities transactions" it asks if you have ever engaged
 15 in any private securities transaction and you responded
 16 "no." Do you see that?
 17 A Yes, sir.
 18 Q At the time you filled this out, September of
 19 2011, was this accurate?
 20 A Yes, sir.
 21 Q So just to back up a second, the text of
 22 question 1 reads, "a private securities transaction is
 23 any solicitation of products such as promissory notes,
 24 viatical settlements, real estate pools, tax lien
 25 certificates, et cetera, that are done away from your

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1 broker/dealer. Since your last submission have you ever
 2 engaged in any private securities transaction?" And you
 3 answered "no," right?
 4 A Yeah, I answered "no."
 5 Q Are you sure that's accurate?
 6 A You know what, at the time I thought it was,
 7 sir.
 8 Q At the time in September 2011 when you filled
 9 this out, you had pitched the Moret Group, LLC promissory
 10 notes to certain of your Centaurus Financial clients,
 11 right?
 12 A Yes, sir.
 13 Q And also at the time in September of 2011, when
 14 you filled out this compliance questionnaire, you had
 15 pitched and sold some of your Centaurus clients
 16 promissory notes from the PR Group as well, right?
 17 A Yes, sir.
 18 Q And question 1 on Exhibit 71 expressly
 19 identifies promissory notes as falling under the category
 20 of a private securities transaction, right?
 21 A Yes, sir.
 22 Q So this certification is inaccurate, at least,
 23 right?
 24 A Yes, sir.
 25 Q You didn't fill it out correctly?

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1 A That is correct, I didn't fill it out
 2 correctly.
 3 Q Do you remember why you didn't fill it out
 4 correctly?
 5 A You know what, I have no idea, sir.
 6 Q Did you intentionally fill this out incorrectly
 7 so that Centaurus would not find out about you selling
 8 promissory notes through the PR Group?
 9 A No, sir.
 10 Q If you look on the last page of Exhibit 71,
 11 Bates label ending in number 427 under "outside business
 12 activities," again it asks, "have you reported, made
 13 updates to or terminated any previously reported outside
 14 business activities in 2011?" Do you see that?
 15 A Yes, sir.
 16 Q And you said "no," right?
 17 A Yes, sir.
 18 Q Was that accurate?
 19 A Yeah. I said no, I didn't change anything,
 20 update anything.
 21 Q Okay. And as we talked about earlier with
 22 respect to Exhibit 69, which was your reporting of
 23 outside business activities, you had previously reported
 24 flipping real estate for yourself, right?
 25 A If that is what it says, sir.

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1 Q Well, let's go to Bates page 417 of Exhibit 69.
 2
 3 A Okay, sir.
 4 Q So Exhibit page 417 of Exhibit 69 is your
 5 reporting of flipping property for self as an outside
 6 business activity, right?
 7 A I think so, yes.
 8 Q Well, that's what it says at least, right?
 9 A Yes.
 10 Q And you completed that -- you completed that on
 11 June 1st, 2011 as it shows in the upper left, right?
 12 A Yes, sir.
 13 Q Okay. So then you're filling out -- going back
 14 to Exhibit 71, page 1 shows that you filled this annual
 15 compliance questionnaire out on September 29th, 2011,
 16 right?
 17 A Okay.
 18 Q So that's a couple, two to three months after
 19 you have report as an outside business activity that you
 20 were flipping property for yourself?
 21 A Okay.
 22 Q Okay. And so the last page of Exhibit 71 under
 23 outside business activities asked you, have you reported,
 24 made updates to or terminated any previously reported
 25 outside business activities in 2011? And you said, "no."

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1 A Okay.e
 2 Q Right?
 3 A Yeah.
 4 Q So you didn't make any update to your June 2011
 5 reporting of flipping property for self, right?
 6 A Yes, sir.
 7 Q Okay. You didn't make any additional reporting
 8 of your outside business activity, right?
 9 A No, sir.
 10 Q Okay. So you didn't supplement your reporting
 11 of that you were flipping homes for yourself with
 12 additional information like I'm having Centaurus clients
 13 send money to IRA Services Trust Company to buy
 14 promissory notes, right?
 15 A No, sir.
 16 Q And you didn't update that prior reporting of
 17 outside business activity with information about how you
 18 had created entities that were actually selling those
 19 promissory notes, right?
 20 A No, sir.
 21 Q Okay. And if you look on page 3 of Exhibit 71
 22 which is ending in Bates number 426, number 5 at the
 23 bottom under prohibitive practices it asked you, "while
 24 associated with Centaurus have you solicited or accepted
 25 a loan from or made a loan to a client for any reason?"

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1 And you said "no," right?
 2 A Yes, sir.
 3 Q As we discussed this morning you did make loans
 4 to certain of your clients, right?
 5 A Yes, sir, I think so.
 6 Q Like Angela Leon, you made The \$5000 loan to
 7 that we talked about earlier?
 8 A I think so, yes, sir.
 9 Q And you made that loan from the PRIM Group, LLC
 10 to Angela Leon for \$5000, right?
 11 A Yes, sir.
 12 Q Okay.
 13 (Brief pause.)
 14 BY MR. FROHLICH:
 15 Q Mr. Baccam, there are several other prongs in
 16 Exhibit 71 that are similar, I mean, to the line of
 17 questioning that we've been doing the last couple of
 18 minutes. For instance, on page Bates stamped 426 under
 19 prohibitive practices, you know, I mean even right above
 20 the one that Mr. Margida just asked you about, number 5.
 21 You see number 4 says, "while associated with Centaurus
 22 have you ever promised to or actually paid money to a
 23 client in connection with a securities transaction?" You
 24 put "no." Is it correct that you put "no?"
 25 A Yes, sir.

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1 Q And do you think that "no" was accurate?
 2 A You know what, I don't -- as I look at it now
 3 it's probably not, sir.
 4 Q All right. I mean, I could go through some
 5 others but they're similar. I don't know, have you -- I
 6 don't know if you've had a chance to look through the 15
 7 prohibited business activities, we didn't ask you to on
 8 this form right now. We could keep going but I think
 9 they raise the same issues as these last few that we've
 10 asked you about.
 11 I mean, if you look at 12 and 13, they kind of
 12 I think are intended to cover all possibilities; 12
 13 starts with securities or insurance transaction. But it
 14 says, "while associated with Centaurus have you accepted
 15 a client's check made payable to you or any entity or
 16 person associated with you for a securities or insurance
 17 transaction?" And you answered "no." Is that correct,
 18 that you answered "no?"
 19 A I'm sorry, what page are you on, sir?
 20 Q Twelve -- I'm on ended 427. That same section
 21 but I turned the page. Sorry.
 22 A Oh.
 23 Q So the page marked 427 --
 24 A Okay.
 25 Q -- at the very bottom right. And it's -- and

1 Q Do you remember taking money from the Precision
2 Research Group funds at any time to pay for personal
3 expenses for you or your family?
4 A I don't remember exactly.
5 Q So as you sit here today you don't have any
6 recollection of taking monies from the Precision Research
7 Group accounts to pay for any personal expenses for you
8 or your family?
9 A You know what, I might have. I don't remember.
10 Q Okay. So yesterday and today -- well, what I
11 want to do now is go through the four different entities
12 that sold the promissory notes, okay? And try to get an
13 approximation for the amounts that your Centaurus clients
14 invested in the promissory notes, okay?
15 A Okay.
16 Q The Moret Group, we looked at the notes, I did
17 the math. I calculated \$251,600, does that sound about
18 right?
19 A I'm sorry, can you --
20 Q What I'm trying to understand is the total
21 amounts invested through each of the entities via the
22 sale of promissory notes, okay?
23 A Okay.
24 Q So we've got -- we discussed the Moret Group
25 notes yesterday, right?

1 A Yes, sir.
2 Q Gregory Montecino invested \$79,000 in the fall
3 of 2010, right?
4 A Yes, sir.
5 Q And then he invested another \$9600 in the fall
6 of 2011, right?
7 A Yes, sir.
8 Q And at that same time in the fall of 2011 the
9 first payment under the first note was made in the amount
10 of \$9600 by the Moret Group, right?
11 A Yes, sir.
12 Q Those are the monies you lent the Moret Group,
13 right?
14 A That is correct.
15 Q Okay. And then we have an additional two more
16 promissory notes purchased by Janira Carter, right?
17 A Yes, sir.
18 Q One for 13,000 and the other for \$10,000,
19 right?
20 A That is correct.
21 Q And then there were \$10,000 notes purchased,
22 one by Maria Merino, right?
23 A Correct.
24 Q And another \$10,000 note purchased by Merlyn
25 Rosales, right?

1 A Yes.
2 Q And then lastly there's the \$120,000 note
3 purchased by Vila Baccam, right?
4 A Correct.
5 Q All right. I did the math and I represent to
6 you that totals \$251,600, fair?
7 A Yeah, if that was the math. But I think
8 altogether it -- actually Moret group was over 276,000.
9 And there was some -- due to I believe it was some of the
10 payments that I lend Mr. -- the Moret Group. Not as in
11 the promissory notes.
12 Q Okay. So the \$276,000 that you're referencing,
13 is that the amount invested by hour Centaurus clients in
14 the Moret Group notes or is that that amount plus some
15 other amount?
16 A Let me -- per my calculation that was with -- I
17 know it's not on there but it was -- there was 20,000
18 that was still with Mr. -- the Moret Group that owed to
19 Mr. Hocine.
20 Q Okay. So the Moret Group, LLC owed an
21 additional \$20,000 to Hocine Aitmohand?
22 A That is correct.
23 Q Okay. And was that the contract that we were
24 discussing yesterday between Hocine Aitmohand and Moret
25 Group, LLC?

1 A I believe so.
2 Q Okay.
3 A There's another -- yeah. There -- I need to
4 find that contract somewhere.
5 Q Okay. And that is on my list of things that I
6 want you to follow up to comply with the subpoena that
7 we'll discuss in a little bit, okay?
8 A Okay.
9 BY MR. FROHLICH:
10 Q Can you tell us, you seem to be thinking of
11 some document when you said \$276,000. What were you
12 thinking of or referring to?
13 A The calculations of what the Moret Group or
14 Conley Moret borrowed.
15 Q And what is that calculation? Something you
16 did? Something someone gave you?
17 A I did, sir.
18 Q You did?
19 A Yes.
20 Q And you have a record of that?
21 A Yes. I thought I might have sent it to you but
22 I must have not.
23 Q Okay.
24 A I can probably look back and try to get it for
25 you guys.

1 purchased two properties, right?
 2 A Yes, sir.
 3 Q And in your experience with the Moret Group
 4 properties you had issues with Conley Moret, right?
 5 A Yes, sir.
 6 Q He wasn't making his monthly payments that were
 7 due to Vila Baccam as early as February of 2011, right?
 8 A Yes, sir.
 9 Q And that was \$120,000 note that had only been
 10 sold two or three months earlier, right?
 11 A If it is, sir. If it is I don't remember exact
 12 dates.
 13 Q And then moving forward from February of 2011
 14 you had additional issues contacting and getting
 15 information from Conley Moret, right?
 16 A Yes, sir.
 17 Q I guess going back to my original question, in
 18 light of these experiences and the fact that you only
 19 purchased two properties and had not identified
 20 additional properties and that you were experiencing
 21 issues with the Moret Group, why did you continue to sell
 22 additional promissory notes to clients that you had
 23 worked with for years?
 24 A You know, I don't know exactly as of right now.
 25 Q Okay. At any point between October of 2010 and

1 July of 2013 did you stop and ask yourself, is it the
 2 best course for me to continue to sell promissory notes?
 3 A I might have, I don't remember. I – you know,
 4 through the light of everything, you know, I was going –
 5 for the situation like you said I did – probably was
 6 trying to digest what in the world is going on with
 7 Conley. And then I just got totally into a state of mind
 8 of depression. So – and that's where it just hit me and
 9 floored me. And that's probably why – it doesn't make
 10 sense, sir.
 11 Q We talked about a good number of promissory
 12 notes issued by four entities, right?
 13 A Yes.
 14 Q The first set of promissory notes were sold by
 15 the Moret Group, LLC, right?
 16 A Yes.
 17 Q That was about six promissory notes, give or
 18 take a note, right?
 19 A Okay. Yes.
 20 Q All the other notes were sold by your
 21 companies, right?
 22 A Yes, sir.
 23 Q So to the extent the real estate development
 24 business did not succeed and you were unable to pay your
 25 clients back it wasn't just Conley Moret's fault, was it?

1 A It wasn't. I – can you rephrase that
 2 question? Or repeat that question?
 3 Q Well, Mr. Baccam, throughout your testimony
 4 yesterday and today you've put blame on Conley Moret for
 5 what's happened. That's fair, right?
 6 A To some extent, yes.
 7 Q At minimum you've blamed him for some of this,
 8 right?
 9 A That is correct.
 10 Q But the Moret Group, LLC only sold some of the
 11 notes at issue here, right?
 12 A That is correct.
 13 Q Your companies sold the overwhelming majority
 14 of the promissory notes, right?
 15 A Yes, sir.
 16 Q And so the real estate flipping business for
 17 you didn't work out. That's fair, too, right?
 18 A Yes, sir.
 19 Q And to the extent it didn't it did because of
 20 your failures, right?
 21 A Yes, sir.
 22 Q You were unable to meet your obligations to pay
 23 the monies owed under the promissory notes, right?
 24 A Yes, sir.
 25 Q Even for notes you yourself didn't sign, right?

1 A Yes, sir.
 2 Q Because you had people close to you sign those
 3 notes for you, right?
 4 A Yes.
 5 Q And that would be Martha Vasquez Nunos, for
 6 one, right?
 7 A Yes.
 8 Q And Elvia Bolanos for another?
 9 A Yes.
 10 Q Okay. Mr. Baccam, Mr. Frohlich and I don't
 11 have further questions however I want to make clear that
 12 in the future, especially given the issues with the
 13 subpoena compliance, we may wish to call you again to
 14 testify in this matter. If that is necessary we will
 15 contact you. If you retain counsel, please let us know
 16 because we have to then retain – we have to then contact
 17 your counsel. We're required to do that.
 18 A Okay.
 19 Q So if you do retain a lawyer, let us know but
 20 otherwise we'll contact you if we do need to have you
 21 come in and testify again.
 22 As I mentioned when we began yesterday, you now
 23 have the opportunity to clarify or add anything to the
 24 statements you have made yesterday and today. Now is
 25 that opportunity. Do you wish to clarify anything or add

Exhibit 4

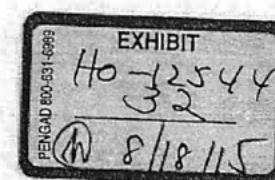


BrokerCheck Report
PATRIC KEN BACCAM

CRD# 2828745

Report #82004-73927, data current as of Wednesday, August 12, 2015.

<u>Section Title</u>	<u>Page(s)</u>
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PATRIC K. BACCAM

CRD# 2828745

This broker is not currently registered.

Report Summary for this Broker



This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is not currently registered.

This broker has passed:

- 0 Principal/Supervisory Exam
- 1 General Industry/Product Exam
- 1 State Securities Law Exam

Registration History

This broker was previously registered with the following securities firm(s):

CENTAURUS FINANCIAL, INC.
 CRD# 30833
 HEMET, CA
 02/2002 - 12/2011

LINSCO/PRIVATE LEDGER CORP.
 CRD# 6413
 BOSTON, MA
 11/2000 - 02/2002

Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? Yes

The following types of disclosures have been reported:

Type	Count
Customer Dispute	6

Broker Qualifications



Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

Broker Qualifications



Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
Investment Company Products/Variable Contracts Representative Examination	Series 6	11/24/2000

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	10/05/2000

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
02/2002 - 12/2011	CENTAURUS FINANCIAL, INC.	30833	HEMET, CA
11/2000 - 02/2002	LINSKO/PRIVATE LEDGER CORP.	6413	BOSTON, MA

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
02/2002 - Present	CENTAURUS FINANCIAL, INC	ORANGE, CA

Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

FLIPPER, FLIPPING REAL ESTATE FOR SELF, SAN BERNARDINO, CA 92404. NON INVESTMENT RELATED SINCE 06/2011 AND I SPEND APPROX. 20 HOURS PER MONTH ON THIS ACTIVITY.
 LESSOR, VENDING MACHINE SALES, SAN BERNARDINO, CA. NON INVESTMENT RELATED SINCE 02/2011 AND I SPEND APPROX. 3 HOURS PER MONTH ON THIS SERVICES. MAINTAIN VENDING MACHINE & LEASING OUT MACHINES.
 AGENT, PATRIC BACCAM, SAN BERNARDINO, CA. 92404. NON INVESTMENT RELATED SINCE 04/2002 & I SPEND APPROX. 22 HOURS PER MONTH ON THIS ACTIVITY. HEALTH AND LIFE INSURANCE SALES TO INDIVIDUALS & SMALL BUSINESS.

Disclosure Events



What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. Certain thresholds must be met before an event is reported to CRD, for example:
 - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
3. Disclosure events in BrokerCheck reports come from different sources:
 - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. There are different statuses and dispositions for disclosure events:
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Pending	Final	On Appeal
Customer Dispute	2	4	N/A





Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Customer Dispute - Award/Judgment

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the broker that resulted in an arbitration award or civil judgment for the customer.

Disclosure 1 of 1

Reporting Source:	Regulator
Employing firm when activities occurred which led to the complaint:	FINSCO/PRIVATE LEDGER CORP.
Allegations:	BREACH OF FIDUCIARY DUTY, CONVERSION, UNSUITABILITY, SWITCHING, INTENTIONAL MISREPRESENTATION, NEGLIGENT MISREPRESENTATION, ELDER ABUSE.
Product Type:	Annuity(ies) - Variable
Other Product Type(s):	VARIABLE LIFE INSURANCE POLICES
Alleged Damages:	\$698,229.66
Arbitration Information	
Arbitration/Reparation Claim filed with and Docket/Case No.:	<u>NASD - CASE #04-08505</u>
Date Notice/Process Served:	12/15/2004
Arbitration Pending?	No
Disposition:	Award
Disposition Date:	03/23/2006
Disposition Detail:	RESPONDENTS ARE JOINTLY AND SEVERALLY LIABLE TO AND SHALL PAY



CLAIMANTS THE SUM OF \$161,621.00 IN COMPENSATORY DAMAGES, PLUS INTEREST.

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: SUNAMERICA / LINSICO / PRIVATE LEDGER CORP.
Allegations: UNSUITABLE VARIABLE ANNUITY SALES FROM 1996 TO 2002
Product Type: Annuity(ies) - Variable
Other Product Type(s): VARIABLE LIFE INSURANCE
Alleged Damages: \$446,000.00

Customer Complaint Information

Date Complaint Received: 05/11/2004
Complaint Pending? No
Status: Arbitration/Reparation
Status Date: 05/11/2004

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD DR.#04-08505

Date Notice/Process Served: 01/27/2005
Arbitration Pending? No
Disposition: Award to Customer
Disposition Date: 03/23/2006
Monetary Compensation Amount: \$161,621.00
Individual Contribution Amount: \$0.00

Civil Litigation Information



Court Details: SUPERIOR COURT OF CA, COUNTY OF LOS ANGELES
CASE # BG313871

Date Notice/Process Served: 05/11/2004

Litigation Pending? No

Disposition: No Action

Disposition Date: 01/19/2005

Firm Statement RESPONDENTS ARE JOINTLY AND SEVERALLY LIABLE TO AND SHALL PAY CLAIMANTS THE SUM OF \$161,621.00 IN COMPENSATORY DAMAGES, PLUS INTEREST.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: SUNAMERICA/LINSCO/PRIVATE LEDGER CORP.

Allegations: UNSUITABLE VARIABLE ANNUITY SALES FROM 1996 TO 2002.

Product Type: Annuity(ies) - Variable

Alleged Damages: \$446,000.00

Customer Complaint Information

Date Complaint Received: 05/11/2004

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 05/11/2004

Settlement Amount: E

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD DR #04-08505

Date Notice/Process Served: 01/27/2005

Arbitration Pending? No



Disposition: Award to Customer
Disposition Date: 03/23/2006
Monetary Compensation Amount: \$151,621.00
Individual Contribution Amount: \$0.00

Civil Litigation Information

Court Details: SUPERIOR COURT OF CA, COUNTY OF LOS ANGELES CASE # BC313871.
Date Notice/Process Served: 05/11/2004
Litigation Pending? No
Disposition:
Disposition Date: 01/19/2005
Broker Statement [CUSTOMER] WAS NOT A CLIENT OF MINE. SHE WAS MY BROTHER'S CLIENT. [BROKER] WAS AN ASSISTANT.



Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

Disclosure 1 of 2

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	LINSCO / PRIVATE LEDGER CORP.
Allegations:	UNSUITABLE PURCHASE OF VARIABLE ANNUITY CONTRACTS AND VARIABLE LIFE POLICY FROM 1999 TO 2003.
Product Type:	Annuity(ies) - Variable
Other Product Type(s):	VARIABLE LIFE INSURANCE
Alleged Damages:	\$354,808.00

Customer Complaint Information

Date Complaint Received:	08/05/2005
Complaint Pending?	No
Status:	Arbitration/Reparation
Status Date:	08/02/2005
Settlement Amount:	

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.:	NASD DR#05-03349
Date Notice/Process Served:	08/02/2005
Arbitration Pending?	No
Disposition:	Settled
Disposition Date:	07/05/2007
Monetary Compensation Amount:	\$197,000.00



Individual Contribution Amount: \$0.00

Reporting Source: Broker

Employing firm when activity occurred which led to the complaint: LINSOO/PRIVATE LEDGER CORP.

Allegations: UNSUITABLE PURCHASE OF VARIABLE ANNUITY CONTRACTS AND VARIABLE LIFE POLICY FROM 1999 TO 2003.

Product Type: Other

Other Product Type(s): VARIABLE LIFE INSURANCE

Alleged Damages: \$364,808.00

Customer Complaint Information

Date Complaint Received: 08/05/2005

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 08/02/2005

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD DR#05-03349

Date Notice/Process Served: 08/02/2005

Arbitration Pending? No

Disposition: Settled

Disposition Date: 07/05/2007

Monetary Compensation Amount: \$197,000.00

Individual Contribution Amount: \$0.00



Broker Statement

(CUSTOMER) WAS NOT MY CLIENT. I DIDN'T SELL HER ANY INVESTMENT OR ADVISE HER FOR ANYTHING. SHE WAS MY BROTHERS CLIENTELE. HE WAS THE OSJ MANAGER.

Disclosure 2 of 2

Reporting Source: Firm
Employing firm when activities occurred which led E to the complaint: LINSICO / PRIVATE LEDGER CORP.
Allegations: UNSUITABLE VARIABLE ANNUITY INVESTMENT IN 2001.
Product Type: Annuity(ies) - Variable
Alleged Damages: \$266,241.00

Customer Complaint Information

Date Complaint Received: 05/27/2003
Complaint Pending? No
Status: Arbitration/Reparation
Status Date: 06/27/2003

Settlement Amount: E

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD #03-04560E
Date Notice/Process Served: 06/27/2003
Arbitration Pending? No
Disposition: SettledE
Disposition Date: 07/06/2004
Monetary Compensation Amount: \$125,000:00
Individual Contribution Amount: \$0:00



Reporting Source: Broker
Employing firm when activities occurred which led to the complaint: LINSICO/PRIVATE LEDGER CORP.
Allegations: UNSUITABLE SECURITIES TRANSACTIONS, BREACH DUTY.
Product Type: Annuity(ies) - Variable
Alleged Damages: \$265,241.00

Customer Complaint Information

Date Complaint Received: 06/27/2003
Complaint Pending? No
Status: Arbitration/Reparation
Status Date: 06/27/2003

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: NASD #03-04560

Date Notice/Process Served: 06/27/2003

Arbitration Pending? No

Disposition: Settled

Disposition Date: 07/06/2004

Monetary Compensation Amount: \$125,000.00

Individual Contribution Amount: \$0.00



Customer Dispute - Closed/No Action/Withdrawn/Dismissed/Denied

This type of disclosure event involves (1) a consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the individual broker that was dismissed, withdrawn, or denied; or (2) a consumer-initiated, investment-related written complaint containing allegations that the broker engaged in sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities, which was closed without action, withdrawn, or denied.

Disclosure 1 of 1

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: CENTAURUS FINANCIAL, INC.

Allegations: CLIENT ALLEGES THAT PATRIC BACCAM INDUCED HER TO CLOSE OUT SECURITY ACCOUNTS AND TRANSFER THE FUNDS TO AN IRA CUSTODIAN IN 2011. THESE PROCEEDS WERE USED TO PURCHASE TWO UNSECURED PROMISSORY NOTES EVIDENCING LOANS TO AN ENTITY OF UNKNOWN ORIGIN.

Product Type: No Product

Alleged Damages: \$94,500.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 08/21/2014

Complaint Pending? No

Status: Closed/No Action

Status Date: 02/09/2015

Settlement Amount:

Individual Contribution Amount:

Firm Statement CUSTOMER FILED AN ARBITRATION CLAIM JOINTLY WITH ANOTHER CUSTOMER.



Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities.

Disclosure 1 of 2

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: CENTAURUS FINANCIAL, INC.

Allegations: ALLEGATIONS INCLUDE UNSUITABILITY, BREACH OF FIDUCIARY DUTY, COMMON LAW FRAUD, BREACH OF CONTRACT, NEGLIGENT SUPERVISION AND VIOLATION OF TEXAS SECURITIES ACT, CONCERNING MONIES LENT TO THE REPRESENTATIVE FOR INVESTMENT PURPOSES BEGINNING IN 2011. THIS ARRANGEMENT WAS EXECUTED THROUGH PROMISSORY NOTES.

Product Type: Promissory Note

Alleged Damages: \$300,000.00

Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC reparation or civil litigation? Yes

Arbitration/Reparation forum or court name and location: FINRA

Docket/Case #: 15-00980

Filing date of arbitration/CFTC reparation or civil litigation: 05/01/2015

Customer Complaint Information

Date Complaint Received: 05/19/2015

Complaint Pending? Yes

Settlement Amount:

Individual Contribution Amount:



Disclosure 2 of 2

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: CENTAURUS FINANCIAL, INC.
Allegations: ALLEGATIONS INCLUDE FRAUD, FRAUDULENT MISREPRESENTATION, NEGLIGENT MISREPRESENTATION, NEGLIGENCE, BREACH OF FIDUCIARY DUTY, AND VIOLATION OF CALIFORNIA SECURITIES LAW WHEN THE FORMER REPRESENTATIVE RECOMMENDED THAT THE CLAIMANTS INVEST IN PROMISSORY NOTES BEGINNING IN 2011.
Product Type: Other: NOTE
Alleged Damages: \$300,000.00
Alleged Damages Amount Explanation (if amount not exact): CLAIMANTS BELIEVE THAT THEY HAVE SUFFERED IN EXCESS OF \$300,000 IN DAMAGES: 0
Is this an oral complaint? No
Is this a written complaint? No
Is this an arbitration/CFRC repair or civil litigation? Yes
Arbitration/Repair forum or court name and location: FINRA
Docket/Case #: 15-002190
Filing date of arbitration/CFRC repair or civil litigation: 01/26/2015
Customer Complaint Information
Date Complaint Received: 02/09/2015
Complaint Pending? Yes
Settlement Amount:
Individual Contribution Amount:

End of Report



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Exhibit 5

[REDACTED]

10/01/2008

CONFIDENTIAL TREATMENT REQUESTED BY FINRA

EXHIBIT
Ho 72544
69
8/19/15

FINRA_001087

SEC-FINRA-E-0000410

[REDACTED]

[REDACTED]

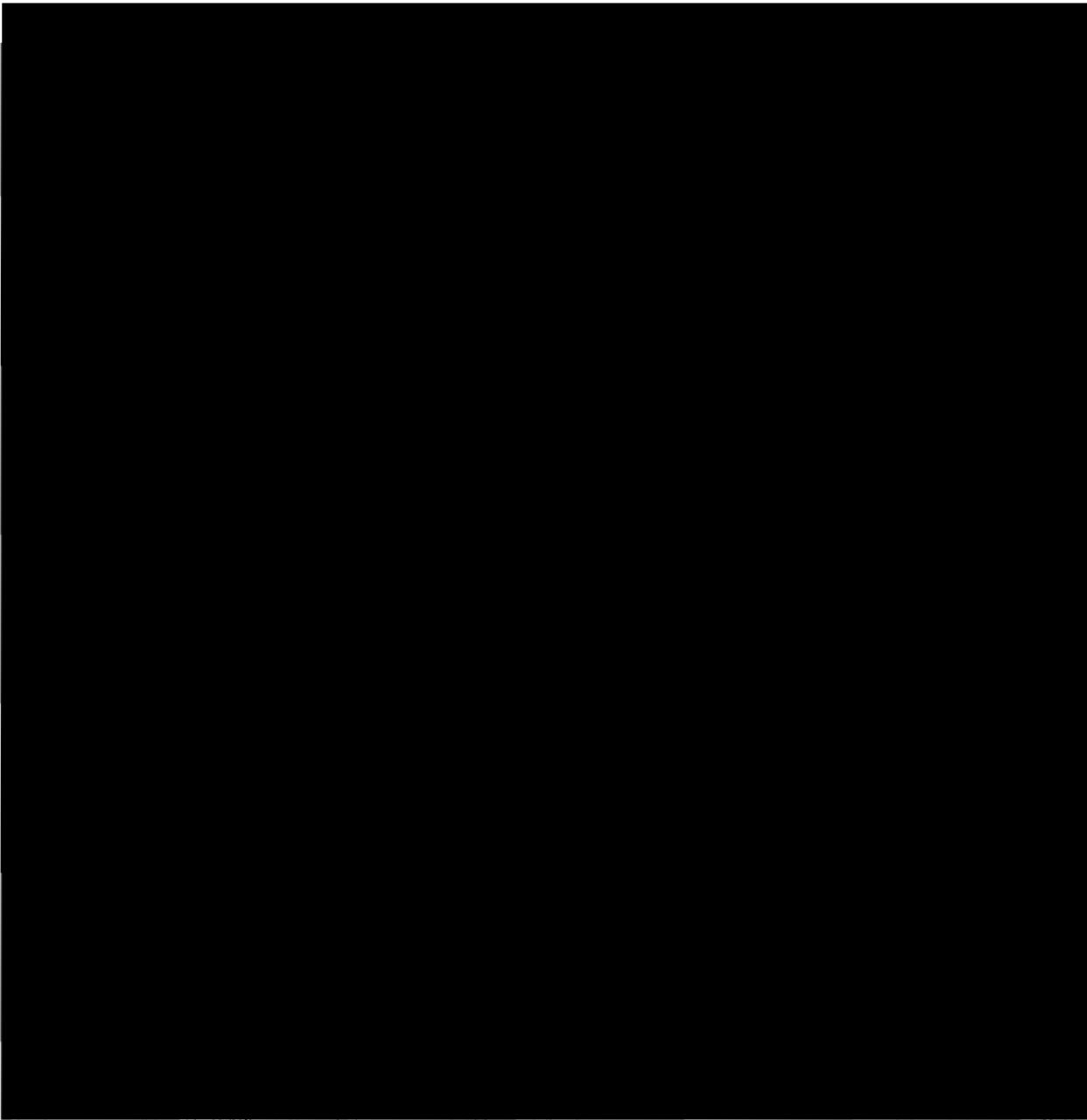
[REDACTED]

[REDACTED]

[REDACTED]

Communications With The Public

[REDACTED]



CONFIDENTIAL TREATMENT REQUESTED BY FINRA

FINRA_001085

SEC-FINRA-E-0000427

Exhibit 6

IRA Services Trust Company

Mail to: IRA Services
PO Box 7080
San Carlos, CA 94070-7080
Telephone: 850-693-2221

INVESTMENT AUTHORIZATION

SCANNED

This form must be used to authorize the purchase of any investment, except where you have provided the product sponsor's investment instruction page(s) and complete investment funding instructions

A. PARTICIPANT IDENTIFICATION

NAME LAST: MONTECINO FIRST: GREGORY MIDDLE: _____ ACCOUNT NUMBER: IRA 192211

B. ACKNOWLEDGMENT and AUTHORIZATION

I hereby acknowledge that I am solely responsible for the investment instructions I am making. I hold harmless, protect and indemnify the Custodian and Administrator from and against any and all liabilities, losses, damages, expenses and charges that the Custodian and Administrator may sustain or might sustain resulting directly or indirectly from my investment. I further acknowledge that I am solely responsible for the success or failure of this investment. I hereby authorize the purchase of the asset listed below for my IRA Services account.

C. INVESTMENT INSTRUCTIONS

Security Name and Type of Asset
(i.e., Note, LLC, Limited Partnership, Private REIT, private common stock, etc.)

THE MORET GROUP LLC
PROMISSORY NOTE

Contact Information

Sponsor/Managing Partner Name

Address

City, State, ZIP

CUSTODIAL USE ONLY

MON/9/MORET GROUP

Telephone

Amount to Purchase

Enter the total dollar or the number of shares/funds to purchase (check one)

Dollar amount to invest:

Exactly: \$ 79000.00

All available cash less minimum cash balance & applicable fees

Total Shares/Units to purchase.

Exactly _____ shares

When to Purchase (check one)

Purchase as soon as possible (This is the default option)

Purchase each month beginning on or after _____

Purchase every three months (quarterly) beginning on or after _____

D. SOURCE OF INVESTMENT FUNDS

Please indicate the source of your investment funds:

Custodial Cash Account (*Minimum amount of cash required before purchasing: \$ 79000.00 default is any amount)
 Liquidate the following asset: _____ \$ _____ or _____ Shares/Units

E. DOCUMENT REQUIREMENTS

There may be several documents required to complete your investment transaction. The investment package you send to us must contain all of the required documentation in order to be processed. Incomplete documentation may result in the inability of the custodian/administrator to complete your request in a timely manner. Please make sure that all forms are completed correctly.

Administrator will complete the documentation including registration and tax ID.

Assets will be registered as follows:

IRA Services Trust Company, Custodian
FBO [your name]
IRA Account # [your account number]
Tax ID: 26-2627205

F. PAYMENT INSTRUCTIONS

Please indicate how funds from your account are to be sent for purchase of the asset listed above:

Send a check using the following service:
 Regular Mail
 Overnight Mail (extra fees may apply)

Payee Name & Address:

Payee Name: _____

Address: _____

City/State/Zip: _____

Wire Transfer (extra fees may apply)

Wire Instructions:

Bank Name: WELLS FARGO

Bank Address: 1919 N. CAMPUS AVE

Bank City/State/Zip: UPLAND CA 91784

Telephone Number: 800-869-3557

ABA# 122000247

Account Name: THE MORET GROUP LLC

Account# _____

Reference: MONTECINO FUND

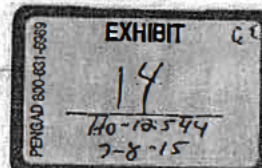
G. SIGNATURE

ACCOUNTHOLDER SIGNATURE

Gregory Montecino

DATE

10/19/2010



PROMISSORY NOTE

October 19 2010

Borrower: The Moret Group LLC

By: Conley Moret Its Managing Member

496 S Meridian Rialto, CA 92376

1.n BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$79,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO GREGORY MONTECINO IRA 192211". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2.n INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 12%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 8th day of October each Year beginning on October 8 2011. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on October 8, 2015, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Trust Services

PO Box 7080

San Carlos, CA 94070-7080 .

(B) Amount of Yearly Payments

n My Yearly payment will be in the amount of U.S. \$9600.00.

4.n BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5.n LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6.n BORROWER'S FAILURE TO PAY AS REQUIRED

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7.e GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8.e OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of these promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of these promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amount owed under this Note.

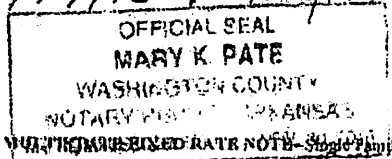
9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

*Notarizing signature of
COWLEY MORET only
10/19/10 Mary K. Pate*

Cowley Moret 10/19/10 (Seal)
Cowley Moret Managing Member - Borrower



(Seal)
- Borrower

PROMISSORY NOTE

Nov.28 2010

Borrower: The Moret Group LLC

By: Conley Moret Its Managing Member

496 S Meridian Rialto, CA 92376

1.m BORROWER'S PROMISE TO PAYm

In return for a loan that I have received, I promise to pay U.S. \$120,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Vila Baccam. I will make all payments under this Note in the form of cash, check.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2.m INTERESTm

Interest will be charged on unpaid principal until the full amount of Principal hasm been paid on loan maturity date. I will pay interest only payments at a yearly rate of 14%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Paymentsm

I will pay principal and interest by making a payment ANNUALLY.m

I will make my monthly payment on the 28th day of November each month beginning on December 28, 2010. I will make these payments every month until I have paid the entire principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on January, 28 2016, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Monthly payments to Vila Baccam

8707 Heron Flight St.

Houston, TX. 77064

(B) Amount of Monthly Payments 1400.00

My Yearly payment will be in the amount of U.S. \$16800.00.

(C)m End of the agreement additional \$22,000.00.m

4.m BORROWER'S RIGHT TO PREPAYm

I have the right to make payments of Principal at any time before they are due. Am payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that Im owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5.m LOAN CHARGESm

If a law, which applies to this loan and which sets maximum loan charges, is finallym interpreted so that

the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6.o BORROWER'S FAILURE TO PAY AS REQUIRED

(A)o Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C)o Notice of Defaulto

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holdera

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.o

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8.o OBLIGATIONS OF PERSONS UNDER THIS NOTEo

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

Member - Borrower

[Handwritten Signature]

(Seal)
Conley Moret Managing

(Seal)
- Borrower

(Seal)
- Borrower

[Sign Original Only]

*The following, Conley D Moret, appeared before me
this 3rd of December, 2010*

[Handwritten Signature]

CLAUDIA P. MARENA
BENTON COUNTY
NOTARY PUBLIC - ARKANSAS
My Commission Expires July 15, 2020
Commission # 1237791

MULTISTATE FIXED RATE NOTE—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
1/01
3 pages

Form 3200
(page PAGE1 of

Exhibit 7

PROMISSORY NOTE

January 28, 2011

Borrower: The PR Group

By: Martha M. Vasquez Nuno its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$29,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO Kathleen M. Biggs IRA214279". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 12%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 28th day of January each Year beginning on January 28, 2012. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on January 28, 2016, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Trust Services

PO Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$3480.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6.e BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver by Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.



Maria M. Vasquez, Unit Managing Member - Borrower (Seal)

- Borrower (Seal)

(Seal)

- Borrower

[Sign Original Only]

PROMISSORY NOTE

October 31, 2011

Borrower: The Pr Group

By: Martha M. Vasquez Nuno its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$32,750.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO Kathleen M. Biggs IRA214279". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 12%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 31st day of October each Year beginning on October 31, 2012. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on October 31, 2017, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Services Trust Company

PO Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$3930.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

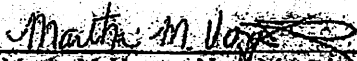
8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

 (Seal)
Martha M. Vasquez Nuro Managing Member - Borrower

(Seal)
Borrower

(Seal)
Borrower

[Sign Original Only]

PROMISSORY NOTE

February 16, 2011, 2011

Borrower: The PR Group

By: Martha M. Vasquez Nuno its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$36,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA SERVICES TRUST COMPANY CUSTODIAN FBO Lori Linda Sheridan IRA216823". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 10%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 16th day of February each Year beginning on February 16, 2012. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on February 16, 2014, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Trust Services

P.O. Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$3600.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on this Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver by Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

 (Seal)
Martha M. Vasquez Nuno Managing Member-Borrower

(Seal)
Borrower

Exhibit 8

PR GROUP

P.O. Box 1162

San Bernardino, CA. 92402

Phone: 888-607-5210

PR Group

Date: March 7, 2011

Representative:

Patric Ken Baccam

Baccam Services

P.O. Box 581

Highland, CA. 92346

(909)255-2174

Contract: IRA 216823

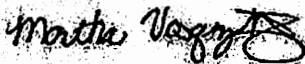
Dear: Lori L. Sheridan

Thank you for selecting PR Group to be your investment planning partner. With PR Group, you are choosing a respected, established investment planning services provider. As a customer-focused organization, PR Group has earned a reputation for experience, innovation to customer satisfaction.

We are committed to providing you with the highest quality service. You may obtain account information by calling our line at 1-888-607-5210. You may speak with a customer service representative by calling Monday through Friday from 10 am. to 3 pm, pacific time.

PR Group is dedicated to helping you build a brighter future. We thank you for choosing PR Group and we look forward to serving you as you pursue financial independence.

Sincerely,



Martha Vasquez-Nuno
Managing Officer

cc: Patric Ken Baccam

PR GROUP

P.O. Box 1162
San Bernardino, CA. 92402
Phone: 888-607-5210

PR Group

Date: March 8, 2011

Representative:
Patric Ken Baccam
Baccam Services
P.O. Box 581
Highland, CA, 92346
(909)255-2174

Contract: IRA 214279

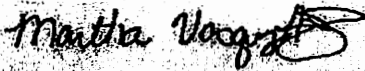
Dear: Kathleen M. Biggs

Thank you for selecting PR Group to be your Investment planning partner. With PR Group, you are choosing a respected, established Investment Planning services provider. As a customer-focused organization, PR Group has earned a reputation for experience, innovation to customer satisfaction.

We are committed to providing you with the highest quality service. You may obtain account information by calling our line at 1-888-607-5210. You may speak with a customer service representative by calling Monday through Friday from 10 am. to 3 pm. pacific time.

PR Group is dedicated to helping you build a brighter future. We thank you for choosing PR Group and we look forward to serving you as you pursue financial independence.

Sincerely,



Martha Vasquez-Nuno
Managing Officer

cc: Patric Ken Baccam

Exhibit 9



State of California
Secretary of State

LLC-1

File #

201120810066

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JUL 14 2011

Limited Liability Company
Articles of Organization

A \$70.00 filing fee must accompany this form.

Important - Read instructions before completing this form.

This Space For Filing Use Only

Entity Name (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY

PRIM Group, LLC

Purpose (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

Initial Agent for Service of Process (If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Patric K. Baccam

4. IF AN INDIVIDUAL ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

25621 Date St.

San Bernardino CA 92404

Management (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

ONE MANAGER

MORE THAN ONE MANAGER

ALL LIMITED LIABILITY COMPANY MEMBER(S)

Additional Information

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

Execution

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED

DATE

7-12-2011

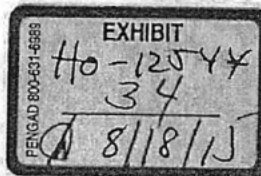
SIGNATURE OF ORGANIZER

Patric K. Baccam

TYPE OR PRINT NAME OF ORGANIZER

LLC-1 (REV 04/2010)

APPROVED BY SECRETARY OF STATE



SEC-BaccamPK-E-0000378



State of California Secretary of State

LLC-1

File # 201215710088

LIMITED LIABILITY COMPANY ARTICLES OF ORGANIZATION

ENDORSED - FILED In the office of the Secretary of State of the State of California

MAY 24 2012

A \$70.00 filing fee must accompany this form.

IMPORTANT - Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY PRECISION RESEARCH GROUP LLC

PURPOSE (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS QUEENA PHOMMASENE

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE SAN BERNARDINO CA

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

- ONE MANAGER
MORE THAN ONE MANAGER
ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

5/23/2012 DATE

SIGNATURE OF ORGANIZER

Karla Figueroa

TYPE OR PRINT NAME OF ORGANIZER

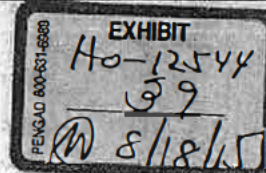


Exhibit 10

PROMISSORY NOTE

November 29, 2011

Borrower: The Prim Group LLC

By: Patric Ken Baccam its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$100000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is Hocine Aitmohand. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 15.6%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS**(A) Time and Place of Payments**

I will pay principal and interest by making a payment monthly.

I will make my monthly payment on the 28th day each Month beginning on December 31, 2011. I will make these payments every Month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on November 28, 2018, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make monthly payments of \$1300.00 for the first 24 months and after amount \$2500.00

Houston Texas [REDACTED]

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$15600.00.

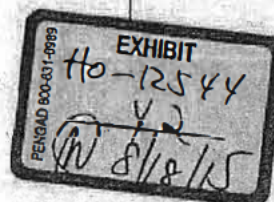
4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by



Prepayment.

6. **BORROWER'S FAILURE TO PAY AS REQUIRED.**

(A) **Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 2% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) **Default**

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) **Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) **No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) **Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. **GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. **OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. **WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

Contact Information: Martha Vasquez: Juno 949-648-3179 and Imelda Baccam: 909-731-9306

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

 (Seal)
I, _____ Managing Member - Borrower

(Seal)
Borrower

Exhibit 11

Buy Sell Rent Advice Mortgage Local Info Find an Agent

Submit Listings For Professionals Mobile

San Bernardino, CA

0 SAVED

1

My Homes

1

My Searches

1

Sign In

Find out what your home is worth.

Get My Home Value

Back to search | Next >

Public Record

Refinance your home

Ask a local agent

Get information about this property from a local real estate expert.

Contact an Agent

Are you the owner? Add facts to improve our estimate. Or request an estimate from a local expert.

San Bernardino, CA 92405 (SBHS)

5 bed, 4 full bath,

3,776 sqft Single-Family Home

Save

Edit Home Facts

More

Get Prequalified

Get Experian Score

Street View

Map



Change Zip Code Refresh Search

San Bernardino, CA
3b/1b
Starting Bid: \$92,500

More Photos
View Details

3,124 Additional Properties in CA

11 NEW Home Communities in So. Cal. by MERITAGE-Luxury Homes From ONLY \$310K

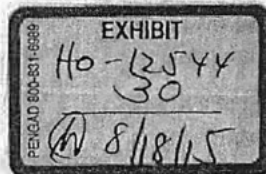
Property Details for

Description provided by Trulia

This is a Single-Family Home located at San Bernardino, CA. It has 5 beds, 4 baths, and approximately 3,776 square feet. The property was built in 1930. 488 W 20th St is in the SBHS neighborhood in San Bernardino, CA. The average list price for SBHS is \$197,694.

Public Records for

Official property, sales, and tax information from county (public) records as of 07/2014:



Ask a local agent about this property.

- Barry Goodrich (909) 666-9538 ★★★★★ (8) PRO
- Jeffrey Story (909) 954-0660 ★★★★★ (8) PRO
- Mark Ballold (951) 934-0420 ★★★★★ (1)

Name _____
Email _____
Phone _____

- Single Family Residential
- 3,776 sqft
- Stories: 2 story
- Parking Spaces: 3
- Construction: Frame
- Subdivision: ADAIR & MEYERS SUBDIVISION
- 5 Bedrooms
- Lot Size: 0.26 acres
- Heating: Central
- Roof: Tile
- Style: Conventional
- County: San Bernardino
- 4 Bathrooms
- Built In 1930
- Parking: Detached Garage
- 10 Rooms
- Fireplace
- Tax Rate Code Area: 7 160

I'm looking through sold properties in San Bernardino, and I found 488 W 20th St, San Bernardino, CA 92405. I'd appreciate your

Request Info

By clicking, you agree to Trulia's Terms of Use & Privacy Policy.

Find out what your home is worth. Get a FREE personalized report now!

Property Taxes and Assessment for

Year	Tax	Assessment	Market
2014	N/A	\$204,926	N/A
2013	\$2,738	N/A	N/A

Source: Public Records

Price History for

Date	Event	Price	Source	Agents
06/19/2012	Sold	\$200,000	Public records	
Recording Date		06/19/2012		
Contract Date		04/01/2012		
Sale Price		\$200,000		
Price Type		Full amount computed from Transfer Tax or Excise Tax.		
County Transfer Tax		\$220		
Transaction Type		Purchase/Resale Arms Length Residential Transaction		
Document Type		Grant Deed		
12/15/2011	Sold	\$110,000	Public records	
01/18/2011	Sold	\$270,137	Public records	
05/12/2000	Sold	\$167,500	Public records	
03/09/1998	Sold	\$132,000	Public records	

Verizon
Add a Line for \$15 Monthly Line Access
Get MORE Everything
Plan 10GB or more with Edge
Learn More

Homes you might like...

San Bernardino...

\$135,000
2 br 1 ba
760 sq. ft
Single-Family Home

San Bernardino CA

\$199,500
3 br 2 ba
1,132 sq. ft
Single-Family Home

San Bernardino CA

\$169,900
3 br 1 ba
1,104 sq. ft
Single-Family Home

2401 Sepulveda Ave, San Bernardino...

\$1,080,000
4 br 3 ba
8,216 sq. ft
Single-Family Home

Blake, San Bernardino CA

\$159,900
Lot / Land

King North Allen, San Bernardino CA

Rate and Review area around

Rate this area: ☆☆☆☆☆ Rate it

Rate these categories:

- Safety Rate it
- Pet-friendly Rate it
- Walkability Rate it
- Restaurant & Shopping Rate it

Rate and Review

Overall area rating:
Average

Top rated categories:

- Pet friendly
- Public Transportation
- Parking
- Traffic

Total ratings: 140 | View all ratings
Last updated 14 hours ago

Neighborhood Info

Schools

within 1 mile

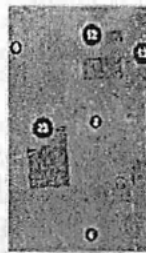
- 1 High School
- 2 Middle Schools
- 4 Elementary Schools

See schools ratings



Crime

See details



Amenities nearby:

- Restaurants
- Groceries
- Banks
- Gas Stations

See details



Transit nearby:

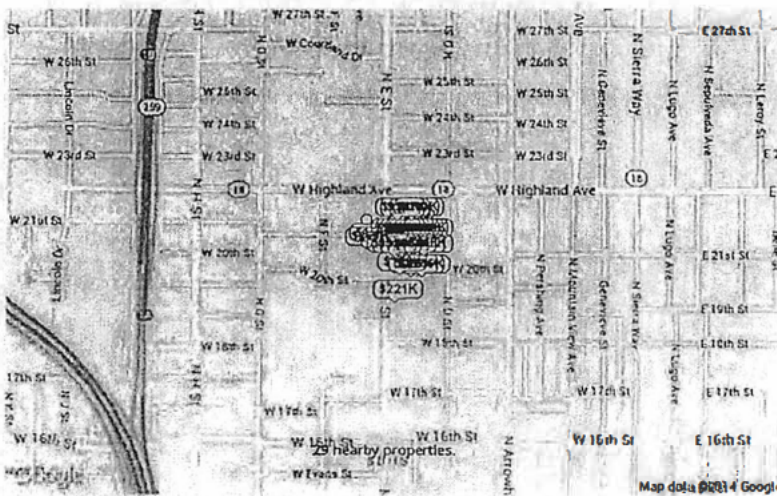
- Routes
- Buses
- Rails

See more routes



Estimates around

Estimates



Home Estimates for 488 W 20th St

Address	Property Type	Bed	Bath	Sqft
[Redacted]	Single-Family Home	2	1	1,377
[Redacted]	Single-Family Home	5	4	3,776
[Redacted]	Single-Family Home	2	1	1,104
[Redacted]	Single-Family Home	2	1	960

\$12,000
Lot / Land

1146 N Sierra Way, San Bernardino CA

\$115,000
2 br 1 ba
728 sq. ft
Single-Family Home

447 W 20th St, San Bernardino CA

\$235,000
4 br 3 ba
2,108 sq. ft
Single-Family Home

San Bernardino CA

\$299,000
6,556 sq. ft
Multi-Family Home

1312 N Lugo Ave, San Bernardino CA

\$135,000
2 br 1 ba
1,004 sq. ft
Single-Family Home

Ask a question about SBHS, San Bernardino, CA

Ask agents or local experts anything

Get an answer

Discussions in SBHS

353 followers

Recent Activity

What should be the real value of this house considered it was built on 2004? 4 answers

how safe is it? 7 answers

I have a first and second mortgage. The rough market price right now would cover the first but not the

Address



Property Type	Bed	Bath	Sqft
Single-Family Home	2	1	852
Single-Family Home	2	1	1,465
Single-Family Home	4	2½	2,812
Single-Family Home	4	4	3,606
Muti-Family	1	1	744
Single-Family Home	2	1	832

second. What is my recourse in selling? 3 answers

[View recent questions](#) ▶ [More advice](#)

Nearby Homes

- 808 West 20th Street, San Bernardino CA
- 796 West 20th Street, San Bernardino CA
- 441 West 20th Street, San Bernardino CA
- 795 West 20th Street, San Bernardino CA
- 863 West 20th Street, San Bernardino CA

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Contact Info

Ask a local agent about this property.

- Barry Goodrich**
(909) 666-9538 ★★★★★ (8) PRO
- Jeffrey Story**
(909) 954-0660 ★★★★★ (8) PRO
- Mark Ballold**
(951) 934-0420 ★★★★★ (1)

Name _____
 Email _____
 Phone _____

I'm looking through sold properties in San Bernardino, and I found 488 W 20th St, San Bernardino, CA 92405. I'd appreciate your
 ... WW

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- [SBHS Real Estate](#)
- [SBHS Single-Family Homes](#)
- [San Bernardino Real Estate](#)
- [San Bernardino Foreclosures](#)
- [San Bernardino Single-Family Homes](#)
- [92405 Beech Estate](#)
- [92405 Single-Family Homes](#)
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- [92405 Apartments for Rent](#)
- [San Bernardino Apartments for Rent](#)

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- [Bryn Mawr Homes for Sale](#)
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- [SBHS Schools](#)
- [San Bernardino Real Estate Guide](#)
- [San Bernardino Schools](#)
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- [California Home Prices](#)
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- [San Bernardino Refinance](#)
- [San Bernardino Home Loan](#)

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- [Home price maps](#)
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This is a Single-Family Home located at 488 W 20th St, San Bernardino CA, 92405. 488 W 20th St has 5 beds, 4 baths, and approximately 3,776 square feet. The property was built in 1930. 488 W 20th St is in the SBHS neighborhood in San Bernardino and in ZIP Code 92405. The average sale price for SBHS sold homes is \$143,833. The average sale price for 92405 sold homes is \$171,283. The average sale price for San Bernardino sold homes is \$209,491.

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< Back to Search (Sold > IL > Belleville > ...

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██████████

Belleville, IL ██████████
1,217 sqft

\$84,833 Trulia Estimate
[Refinance Your Home »](#)



<p>Map View</p> <p>See the local terrain and how close this home is to parks and</p>	<p>Street View</p> <p>Take a virtual walk around the neighborhood.</p>	<p>Schools</p> <p>1 Elementary School 1 Middle School</p>	<p>Crime</p> <p>Moderate crime relative to the rest of Saint Clair county.</p>	<p>Commute</p> <p>94% of resi commute b</p>
---	---	--	---	--

OFF MARKET · PUBLIC RECORD

For Sale

Find Homes Nearby

\$69,900

2bd 1ba 806 sqft

Belleville, IL



Home Details

Overview

Single-Family Home
Built in 1917

1,217 sqft

Description

This property is no longer available to rent or buy. This description is from August 21, 2010

Price History

Date	Price	Event
04/28/2015	\$39,900	Posting removed
03/31/2015	\$39,900	Pending
03/03/2015	\$39,900	Price change
02/17/2015	\$46,900	Price change
01/09/2015	\$54,500	Price change
12/05/2014	\$59,900	Price change
12/04/2013	\$64,900	Price change
01/18/2013	\$69,900	Price change

10/27/2012	\$79,000	Price change	▼
08/22/2012	\$95,000	Price change	▼
07/21/2012	\$114,500	Price change	▼
06/25/2012	\$119,900	Listed for sale	
02/11/2012	\$63,000	Posting removed	
11/17/2011	\$63,000	Price change	▼
09/08/2011	\$62,000	Price change	▼
08/13/2011	\$63,000	Listed for sale	
12/31/2010	\$85,000	Posting removed	
07/31/2010	\$85,000	Listed for sale	
05/12/2008	\$47,500	Sold	▼
03/18/2005	\$86,000	Sold	▼

Property Taxes and Assessment

Year	2016
Tax	\$3,250.62
Assessments	\$28,319
Market Value	N/A

Affordability



Price Trends

Real Estate Trends ⓘ

Average Listing Price for 62226

\$115,898

144% above sold price

Median Sale Price for 62226

\$127,250

168% above sold price

Average Sale price/sqft for 62226

\$105/sqft

[View more Sales Trends in 62226](#)



Sold Homes

Address	Distance	Property Type	Sold Price	Sold Date	Bed	Bath	Sqft
[REDACTED], Belle...	1.43	Single-Family Home	\$90,500	01/03/18	-	-	1,250
[REDACTED] Bellevil...	0.81	Single-Family Home	\$90,000	01/11/18	-	-	1,260
[REDACTED] Belleville...	4.62	Single-Family Home	\$85,000	01/05/18	-	-	832
[REDACTED], O Fallon IL	6.48	Single-Family Home	\$90,000	01/03/18	-	-	1,362
[REDACTED], Belle...	0.24	Single-Family Home	\$92,000	07/07/17	-	-	832
[REDACTED], Bellev...	3.61	Single-Family Home	\$95,000	12/29/17	-	-	1,232
[REDACTED] Bellevill...	0.45	Single-Family Home	\$110,000	10/19/17	-	-	1,012
[REDACTED], O F...	6.64	Single-Family Home	\$95,000	12/29/17	-	-	1,008
[REDACTED], Bellevill...	0.38	Single-Family Home	\$90,000	10/24/17	-	-	918
[REDACTED], Bell...	3.24	Single-Family Home	\$81,000	01/08/18	-	-	980

Communities near ██████████, Belleville, IL

Belleville & Nearby Cities

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Nearby Zip Codes

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Exhibit 12

PROMISSORY NOTE

February 23, 2012.

Borrower: Precision Research Group

By: Elvia Bolanos its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$30,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA SERVICES TRUST COMPANY CUSTODIAN FBO Lori Linda Sheridan IRA288676". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 10%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 23th day of February each Year beginning on February 23, 2013. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on February 23, 2017, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Trust Services

PO Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$3000.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 1% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED



Elvia Bolanos, Managing Member - Borrower (Seal)

- Borrower (Seal)

(Seal)
Borrower

[Sign Original Only]

PROMISSORY NOTE

January 18, 2013

Borrower: The Precision Research Group LLC.

By: Elvia Bolanos its Managing Member

P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$44000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO Gregory Montecino IRA 192211". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note-Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 10%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 18th day of January each year beginning on January 18, 2014. I will make these payments every year until I have paid the entire principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on January 18, 2020, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Services Trust Company

PO Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$4400.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Bernardino

On 01/18/2013 before me, C. Montana Notary Public
(Here insert name and title of the officer)

personally appeared Elvis Skues

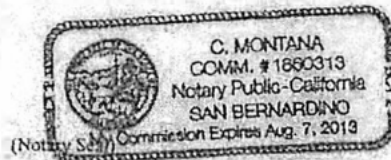
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Handwritten Signature]

Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Promissory Note
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 1 Document Date 01/18/13

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)
 Corporate Officer
(Title)

Partner(s)
 Attorney-in Fact
 Trustee(s)
 Other

- INSTRUCTIONS FOR COMPLETING THIS FORM**
- Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.*
- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
 - Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
 - The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
 - Print the name(s) of document signer(s) who personally appear at the time of notarization.
 - Indicate the correct singular or plural forms by omitting off incorrect forms (i.e. he/she/they, is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
 - The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
 - Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
 - Securely attach this document to the signed document

PROMISSORY NOTE

March 19, 2013
Borrower: The Precision Research Group
By: Elvia Bolanos its Managing Member
P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$59000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO Richard P. Sheridan IRA363716". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 10%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 19th day of March each Year beginning on March 19, 2014. I will make these payments every Year until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on March 19, 2020, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Services Trust Company
PO Box 7080
San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$5900.00.

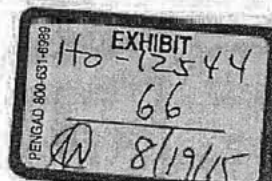
4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by



making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 1% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

 (Seal)
Sylvia Bolanos Managing Member - Borrower

(Seal)
- Borrower

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Riverside

On March 19, 2013 before me, Cindy Garcia, Notary Public
(Here insert name and title of the officer)

personally appeared Elvia Bolanos

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Cindy Garcia
Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT	
<u>Promissory Note</u>	
<small>(Title or description of attached document)</small>	
<small>(Title or description of attached document continued)</small>	
Number of Pages <u>1-2</u>	Document Date <u>3-19-13</u>
<small>(Additional Information)</small>	

CAPACITY CLAIMED BY THE SIGNER	
<input checked="" type="checkbox"/> Individual(s) <input type="checkbox"/> Corporate Officer <input type="checkbox"/> Partner(s) <input type="checkbox"/> Attorney-in-Fact <input type="checkbox"/> Trustee(s) <input type="checkbox"/> Other _____	
<small>(Title)</small>	

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage or may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying that authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document is/are(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is/are) or circling the correct form. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must cover not only lines. If seal impression erodes, re-seal. If a sufficient area remains, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - All required information is not required, but could help to ensure this acknowledgment is not misused (attached to a different document).
 - Indicate title or type of attached document, number of pages and date.
 - Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

PROMISSORY NOTE

July 16, 2013

Borrower: The Precision Research Group LLC.
By: Elvia Bolanos its Managing Member
P.O. Box 1162, San Bernardino CA 92402

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$42500.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is "IRA TRUST SERVICES CUSTODIAN FBO Carlos Leon IRA390525". I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid on loan maturity date. I will pay interest only payments at a yearly rate of 7%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment ANNUALLY.

I will make my monthly payment on the 16th day of January each year beginning on July 16, 2014. I will make these payments every year until I have paid the entire principal and interest and any other charges described below that I may owe under this Note. Each yearly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on July 16, 2021, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my Yearly payments at IRA Services Trust Company
PO Box 7080

San Carlos, CA 94070-7080.

(B) Amount of Yearly Payments

My Yearly payment will be in the amount of U.S. \$2975.00.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the Yearly payments due under this Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by

making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 1% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each Yearly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person, who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. Presentment means the right to require the Note Holder to demand payment of amounts due. Notice of Dishonor means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDETERMINED.

 (Seal)
Elvia Bolanos, Managing Member, Borrower

(Seal)
- Borrower

(Seal)

- Borrower

[Sign Original Only]

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

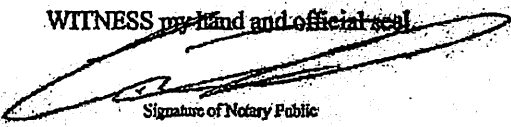
County of San Bernardino

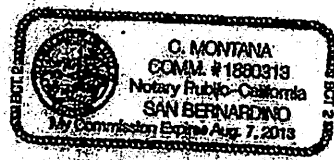
On 07/16/2013 before me, C. Montana Wesley K. Bl. K.
(Here insert name and title of the officer)

personally appeared Elvis Bolanos

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 3 Document Date 7/16/2013

(Additional information)

INSTRUCTIONS FOR COMPLETING THIS FORM
Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California. The certifying the authorized capacity of the signer. Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document is/are personally executed before the notary public for acknowledgment.
- Date of acknowledgment must be the date that the signature(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document sign(s) who personally appear at the time of acknowledgment.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, single) or marking the correct forms. Failure to correctly indicate this information may lead to questions of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area remains, otherwise complete a different acknowledgment form.
- Signature of the notary/public must match the signature on file with the office of the county clerk.
 - or Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - or Indicate title or type of attached document, number of pages and date.
 - or Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).

Securely attach this document to the signed document