

1 UBS, and BNI. With respect to the bank guarantees, the TG Capital PPM states:

- 2 • “[TG Capital’s] investments will be bank-guaranteed
3 to minimize the risk of the Company’s clients.”
- 4 • “The return on investment to Preferred Members will
5 be not only guaranteed by the full pledge and
6 creditworthiness of TG Capital, LLC, it will be
7 guaranteed by the bank issuing the aval [a financial
8 instrument guaranteed by the issuer's bank], or the
9 bank guarantee.”
- 10 • “TG Capital has formed a strategic alliance with the
11 investment banking divisions of Wells Fargo Bank and
12 UBS in the United States. Therefore funds from the
13 United States will be issued with a bank guarantee
14 from Wells Fargo Bank or UBS.”

15 18. Cao and Grosnickle also made oral representations at investment
16 seminars claiming that bank guarantees secured TG Capital investments.

17 Grosnickle attended at least one investment seminar in which Cao assured
18 investors that banks had secured TG Capital’s investments. At different times, Cao
19 also told investors that TG Capital’s investments were backed by gold.

20 19. Defendants’ representations regarding Wells Fargo and UBS’s
21 participation in TG Capital investments were false. Neither bank provided any
22 guarantee to TG Capital. Further, although Cao and TG Capital are customers of
23 Wells Fargo, Wells Fargo has no strategic business alliance with TG Capital.

24 20. The TG Capital PPM included an exhibit which appears to be a letter
25 on Wells Fargo stationery purportedly signed by an employee of Wells Fargo (the
26 “Wells Fargo Letter”). The Wells Fargo Letter also refers to a bank guarantee
27 transaction, stating “[i]t has come to our attention that TG Capital LLC will be
28 engaging in the first of its bank guarantee transactions through” Wells Fargo, and
goes on to request that all TG Capital investors open accounts at Wells Fargo to
facilitate automatic transfers of monthly distributions from TG Capital to investors.

1 The PPM refers investors to the Wells Fargo Letter as evidence that Wells Fargo
2 intends to “work with TG Capital.”

3 21. In fact, Cao forged the Wells Fargo Letter. Cao and his secretary
4 prepared the Wells Fargo Letter using a copy of the Wells Fargo logo. Wells
5 Fargo had not agreed to be involved in any TG Capital investment as of the time
6 that Cao prepared the PPM and the Wells Fargo Letter. Cao knew, or was reckless
7 in not knowing, that the Wells Fargo Letter was false.

8 22. On or about April 15, 2007, Cao and Grosnickle were responsible for
9 disseminating a forged bank guarantee to TG Capital’s investors. On April 15,
10 2007, Cao emailed Grosnickle a cover letter and a purported bank guarantee and
11 asked her to print and distribute them to investors. The enclosed cover letter, also
12 dated April 15, 2007, appears to have been signed by Cao. It informed investors
13 that “[w]e are happy to say that we have processed a bank guarantee for a
14 transaction for our private investors involved in TG Capital, LLC. Attached, for
15 your reference, is a copy of the original bank guarantee. . .” The letter further
16 stated that Wells Fargo would not be facilitating the bank guarantee transaction,
17 but that “[d]ue to the changes in the original plan, the bank guarantee attached can
18 be submitted and cashed at any bank, not just Wells Fargo Bank. Therefore, being
19 dependent upon one bank is no longer a risk factor. All returns are still schedules
20 [sic] to take place as originally planned.”

21 23. Grosnickle forwarded both the April 15, 2007 letter and attached false
22 BNI guarantee by email to at least one investor on April 16, 2007.

23 24. BNI did not issue the bank guarantee attached to Cao’s April 15, 2007
24 letter to investors. Neither Grosnickle nor Cao met with any officials or employees
25 of BNI to obtain a BNI bank guarantee.

26 25. Cao knew, or was reckless in not knowing, that the BNI guarantee
27 was a forgery.

VIII.

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

DATED: May 22 2007



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