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CLERK OF THE SUPERIOR COURT
 By [Signature] Deputy
D. CERRO

8 **SUPERIOR COURT OF CALIFORNIA, COUNTY OF ALAMEDA**
 9 **GALE/SCHENONE HALL OF JUSTICE**

11 GERALD E. STEFANSKI, SAMUEL STORY,
 12 JOANN STORY AND CAROL TOMASA,

13 Plaintiffs,

14 vs.

15 GUY HOUSTON, FRED HOUSTON,
 16 THE INVESTMENT PARTNERSHIP, a
 17 California Limited Partnership; and DOES
 1 through 100, inclusive,

18 Defendants.

Case No. **VG04178285**

**COMPLAINT FOR VIOLATION OF
 CALIFORNIA SECURITIES LAWS;
 FRAUD, NEGLIGENT MISREPRE-
 SENTATION, INTENTIONAL
 MISREPRESENTATION, CONVERSION,
 BREACH OF FIDUCIARY DUTY,
 VIOLATION OF CORPORATIONS
 CODE §§ 25210(a), 25230(a) and 25216;
 ELDER ABUSE UNDER WELFARE &
 INSTITUTIONS CODE §15657;
 COMMON COUNT (MONEY HAD &
 RECEIVED); AND FOR ACCOUNTING**

21 Plaintiffs Gerald Stefanski, Samuel Story, Joann Story and Carol Tomasa (referred to
 22 collectively as "Plaintiffs") allege as follows:

23 **GENERAL ALLEGATIONS**

24 1. Plaintiff Gerald Stefanski ("Stefanski") is an individual who is and at all times
 25 relevant to this action was a resident of Dublin, Alameda County, California. Stefanski is, and was
 26 at all times relevant, an "elder" as defined by Welfare and Institutions Code Section 15657.

27 2. Plaintiffs Samuel and Joann Story ("Story") are individuals who are, and at all relevant
 28 to this action were residents of Concord, Contra Costa County, California.

1 18. Defendants formed and operated HNAPAD and Houston was a general partner of
2 HNAPAD until 2001. Plaintiffs are informed and believe and thereon allege that HNAPAD was
3 dissolved in 2001 shortly after the sale of the real property owned by HNAPAD.

4 19. Houston recruited investors for HNAPAD, as well as managed all aspects of the
5 HNAPAD investment. Because HNAPAD is an alter ego of The Investment Partnership, Houston, as
6 a General Partner of HNAPAD, is liable for any liabilities incurred by The Investment Partnership.

7 20. Plaintiffs are informed and believe and thereon allege that while soliciting investments
8 for The Investment Partnership, Defendants were acting as agents of The Investment Partnership and
9 HNAPAD.

10 21. At no time was Houston licensed to act either as a broker of securities or as an
11 investment advisor.

12 The Ponzi Scheme

13 22. Plaintiffs are informed and believe and thereon allege that all relevant times, Houston
14 his father Fred Houston, and DOES 1 through 30, inclusive, operated a "Ponzi" scheme, whereby
15 they solicited investments from people, including elderly people and Houston's constituents, and
16 represented that those investments were "secured" by deeds of trust on real property. No real deeds
17 of trust were ever delivered to the investors, nor were descriptions of the property ever provided to
18 the investors because, despite Defendants' representations, the investments were not secured by
19 enforceable deeds of trust.

20 23. Plaintiffs are informed and believe and thereon allege that Plaintiffs and other
21 investors were convinced to "roll over" one investment into another and in many cases, investors
22 were told, after the fact, that their investments had been moved from one investment to another
23 without their authority. Pursuant to the scheme, some investors received "pay-offs" of their
24 investments in order to lull them into believing that Defendants' investment schemes were profitable.
25 However, those "pay-offs" did not come from investments, but rather were funded by money invested
26 by new investors.

27 24. Because of the nature of a Ponzi scheme, much of the information as to what exactly
28 happened to Plaintiffs' investments is exclusively in the Defendants' possession.