



# U.S. SECURITIES AND EXCHANGE COMMISSION

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***SECURITIES AND EXCHANGE COMMISSION v. OHANA INTERNATIONAL, INC., FINANCIAL SOLUTIONS, AND CHRISTIANO HASHIMOTO, Civil Action No. EDCV 04-01386 SGL (C.D. Cal.)***

### **SEC OBTAINS ORDER HALTING PONZI SCHEME TARGETING THE AFRICAN-AMERICAN COMMUNITY**

The Securities and Exchange Commission ("Commission") filed an emergency action yesterday to halt an ongoing Ponzi scheme targeting Los Angeles' African-American community perpetrated by three Southern California defendants in which at least \$8 million was invested in fraudulent promissory notes. The Commission's complaint charged Ohana International, Inc. ("Ohana"), a Nevada corporation based in Riverside, California; Financial Solutions, an entity based in Riverside, California; and Christiano Hashimoto, 44, of Riverside, California. The Honorable Robert J. Timlin, United States District Judge for the Central District of California, (1) granted the Commission's emergency application for a temporary restraining order; (2) froze the defendants' assets; (3) ordered accountings from the defendants; (4) prohibited the destruction of documents; (4) expedited discovery; and (5) appointed a temporary receiver over Ohana and Financial Solutions.

The Commission's complaint alleges that, from at least July 2003 to the present, the defendants sold renewable 30-day notes in Financial Solutions ("FS Notes") to an unknown number of investors in several states. Although the defendants have admitted that they raised \$8 million from investors, their recent solicitations of hundreds of potential investors at lavish sales presentations suggest they may have raised millions more. The defendants appear to have been targeting the African-American community with their fraudulent scheme.

According to the complaint, the defendants represented that the FS Notes paid returns of 10% to 20% per month and that investments were secured by a \$100 million government bond. The defendants also represented that Financial Solutions used investor funds to make loans to government contractors and provided financing specifically to Gentech Fabrication, Inc. ("Gentech"), a privately held company in Chino, California. The defendants represented that Gentech had \$13 million in federal government contracts and that it received progress payments from the federal government sufficient to finance the monthly returns promised to investors. The defendants had also claimed that they were raising money to finance a government contract to build invisible walls for the FBI.

The complaint alleges that, although some investors may have received returns of 10% or more per month, these returns could not have been financed by the government contracts, and it appears that the defendants were actually operating a Ponzi scheme. In addition, contrary to defendants' representations, Gentech, in fact, had less than \$1.4 million, not \$13 million, in government contracts. That amount was insufficient to finance the interest payments due on the \$8 million that the defendants claim to have raised for Gentech.

The Commission obtained an order temporarily restraining Ohana, Financial Solutions, and Hashimoto from violating the securities registration and antifraud provisions of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. The order also temporarily restrains Ohana and Hashimoto from violating the broker-dealer registration provisions of Section 15(a) of the Exchange Act.

The Court's order provided that the temporary restraining order and asset freeze would remain in effect until November 12, 2004, at which time there will be a hearing on the Commission's motion for a preliminary injunction and the appointment of a permanent receiver. In addition to the interim relief already granted by the Court, the Commission seeks a final judgment against the defendants enjoining them from future violations of the foregoing securities registration, broker-dealer registration, and antifraud laws, ordering them to disgorge all ill-gotten gains, and assessing civil penalties.