



# U.S. SECURITIES AND EXCHANGE COMMISSION

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### **SECURITIES and EXCHANGE COMMISSION v. CALIFORNIA AUTOCARE CORPORATION, AUTOCARE AMERICORP, JOSEPH SANFELLIPO, JAMES E. GASPER, KIMBALL R. VANCE, JR., AND ELIHU M. SIGAL (Case No. ED-CV-02-1229 VAP (SGLx)) (C.D. Cal)**

On November 14, 2002, the U.S. District Court in Riverside, California granted the Securities and Exchange Commission's application for a temporary restraining order regarding a telemarketing scheme run by a repeat securities law violator, Joseph Sanfello, 53, of Laguna Beach, California. The Commission's complaint alleges that Sanfello seeks to raise \$9 million through the sale of stock in an auto repair company he controls, known as California Autocare Corporation of Carlsbad, California. The defendants have raised at least \$500,000 in a two-month period. The complaint alleges that Sanfello falsely told investors over the phone, on the company website and in the company prospectus that (1) California Autocare Corporation and another Sanfello-controlled auto repair company, Autocare Americorp, had significant business relationships with Shell Oil Company, NAPA Auto Parts, Monroe, and Interstate Batteries, when in fact they did not; (2) there were 20 Autocare retail locations throughout California, when in fact there were actually only 5; and (3) the companies were negotiating sponsorship deals with Starbucks and Krispy Kreme Doughnuts, when in fact they were not.

In addition to Sanfello and his companies, the other defendants are: James E. Gasper, 64, of Solana Beach, California; Kimball R. Vance, Jr., 49, of La Quinta, California; and Elihu M. Sigal, 55, of Palm Desert, California. The Commission's complaint alleges that Gasper, Vance and Sigal sold California Autocare and Autocare Americorp stock through telemarketing at a sales office in Palm Desert, California.

The court granted the Commission's application for a temporary restraining order; appointed a receiver over the companies; and froze the assets of, prohibited the destruction of documents by, and ordered accountings from the defendants. The temporary restraining order bars California Autocare Corporation, Autocare Americorp and Sanfello from committing securities fraud in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) and Rule 10b-5 thereunder of the Securities Exchange Act of 1934 ("Exchange Act"). The Court's order also temporarily restrains California Autocare Corporation, Autocare Americorp, Sanfello, Gasper, Vance and Sigal from violating the securities registration provisions of Sections 5(a) and 5(c) of the Securities Act. The Court's order also temporarily restrains Gasper, Vance and Sigal from committing violations of the broker-dealer registration provisions of Section 15(a) of the Exchange Act. A hearing on whether a preliminary injunction should be issued against the defendants is scheduled for November 25, 2002.

In April 1998, Sanfello was ordered by the Commission to cease and desist from future securities fraud violations. In that matter, the Commission found that the company Sanfello controlled, a publicly traded parcel packaging and shipping corporation, fraudulently overstated its assets, revenue, and income in 1990 and 1991.

In addition to the interim relief granted on November 14, 2002, the Commission seeks a final judgment against all the defendants enjoining them from future violations of the securities and broker-dealer registration provisions, as well as the antifraud provisions, ordering the defendants to disgorge all ill-gotten gains, and assessing civil penalties against them.