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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES  
SOUTHEAST DISTRICT

THE PEOPLE OF THE STATE OF  
CALIFORNIA,

Plaintiff,

v.

CALIFORNIA ALTERNATIVE HIGH  
SCHOOL, a California corporation;  
CALIFORNIA ALTERNATIVE ADULT HIGH  
SCHOOL, a California corporation; WEST  
SIDE EDUCATION CORPORATION, a  
California corporation; DANIEL A.D. GOSSAI  
a.k.a. DEONAUTH GOSSAI, an individual;  
JANET H. GOSSAI, an individual; DAVID L.  
SOTO, an individual; NOEL BRITO, an  
individual; FABRICIO SANDOVAL, an  
individual; JANIRA JACOBS, an individual; and  
DOES 1 THROUGH 100, inclusive,

Defendants.

CASE NO.

- (1) **THE PEOPLE'S EX PARTE  
APPLICATION FOR (A)  
TEMPORARY RESTRAINING  
ORDER AND ORDER TO  
SHOW CAUSE RE:  
PRELIMINARY INJUNCTION;  
AND (B) APPLICATION FOR  
APPOINTMENT OF  
RECEIVER AND ORDER TO  
SHOW CAUSE WHY  
APPOINTMENT SHOULD NOT  
BE CONFIRMED;**
- (2) **MEMORANDUM OF POINTS  
AND AUTHORITIES;**
- (3) **SUPPORTING  
DECLARATIONS (Four  
volumes, filed under separate  
cover);**
- (4) **[PROPOSED] ORDERS  
(Two orders, lodged under  
separate cover).**

DATE ACTION FILED: August 2, 2004  
TRIAL DATE: None set

1 Pursuant to Business and Professions Code sections 17203 and 17535, Government Code  
2 section 12757, and Rules 379 and 1900 of the California Rules of Court, Plaintiff, the People of  
3 the State of California (“Plaintiff” or “the People”), applies ex parte for the following relief:

4 I. Prohibition of unlawful conduct

5 A. The People apply for a Temporary Restraining Order and Order to Show Cause re:  
6 Preliminary Injunction enjoining Defendants and their agents, employees, officers, representatives,  
7 successors, partners, assigns, and those acting in concert or in participation with them, from:

8 1. Representing or implying that Defendants’ course constitutes a high school  
9 education.

10 2. Representing or implying that consumers who complete Defendants’  
11 course are awarded a high school diploma.

12 3. Representing or implying that Defendants offer a high school education  
13 and/or award a high school diploma to consumers who are not proficient in speaking, reading and  
14 writing English.

15 4. Representing or implying that California Alternative High School  
16 (“CAHS”) is legally constituted, recognized, accepted, approved of, authorized, endorsed,  
17 evaluated, associated with, affiliated with and/or holds a permit issued by the local, State or  
18 Federal government, and/or by any agency, subdivision, commission, board, department, district  
19 or other entity of the local, State or Federal government.

20 5. Representing or implying that consumers who complete Defendants’  
21 course are eligible for admission to accredited colleges or universities.

22 6. Representing or implying that consumers who complete Defendants’  
23 course are eligible to receive state or federal financial aid at accredited colleges or universities.

24 7. Enrolling in Defendants’ course any consumer to whom Defendants have  
25 made any of the above representations.

26 8. Accepting money or other consideration from any consumer to whom  
27 Defendants have made any of the above representations.

28

1 B. The application for a temporary restraining order and order to show cause re  
2 preliminary injunction is made on the grounds that:

3 1. Defendants have violated, and are continuing to violate, Business and  
4 Professions Code sections 17200 (prohibiting unfair business practices) and 17500 (prohibiting  
5 false or misleading statements). Defendants unlawfully solicit consumers to enroll in Defendants'  
6 ten-week, thirty-hour course by misrepresenting that consumers who complete the course will  
7 earn a high school diploma that can be used for various educational and vocational purposes.

8 2. The relief that the People request is necessary to protect consumers from  
9 being irreparably harmed by Defendants' misconduct.

10 II. Request for appointment of a receiver; nomination of David J. Pasternak, Esq.

11 A. The People further apply to the Court for appointment of a receiver and an order  
12 to show cause why the appointment should not be confirmed. The People request a receiver to  
13 take possession of and to manage Defendants' business and related assets. The application for  
14 appointment of a receiver is made on the grounds that: (1) the Attorney General has a reasonable  
15 probability of prevailing on the merits at trial in establishing that Defendants obtained real or  
16 personal property by unlawful means; and (2) the appointment of a receiver would facilitate the  
17 maintenance, preservation, operation, or recovery of that property for a restitutionary purpose.  
18 (Gov. Code, § 12527, subd. (b).) This application is also made on the grounds that appointment  
19 of a receiver will prevent Defendants from engaging in certain unlawful practices in violation  
20 Business and Professions Code, sections 17200 and 17500, and will aid in the restoration money  
21 or property that was acquired by means of such violations. (Bus. & Prof. Code, §§ 17203,  
22 17535.)

23 B. The People request appointment of a receiver ex parte. (Cal. Rules of Court, Rule  
24 1900.) The People have submitted declarations and attached exhibits showing the following:

25 1. Nature of emergency/irreparable injury:

26 a. Defendants have refused to comply with the law and court orders.  
27 Among other things, Defendants have continued to violate consumer protection laws, causing  
28 irreparable injury to consumers, despite this Court's entry of a permanent injunction. Defendants

1 Daniel A.D. Gossai and CAHS have also continued to operate in Huntington Park, despite notice  
2 from that city that their permit to do so was not granted because Defendants refused to provide  
3 information to officials. Defendants Daniel A.D. Gossai and CAHS have also refused to provide  
4 information to law enforcement officials in at least one other state about the operation of CAHS.

5 b. Certain Defendants have attempted to hide their assets by  
6 manipulating the title to property acquired with the proceeds of the unlawful practices that are the  
7 subject of this lawsuit.

8 c. Based on this conduct, the People believe that the appointment of a  
9 receiver without notice is necessary so that: (i) Defendants will be prevented from dissipating the  
10 assets that may be used to pay restitution to consumers, and will be prevented from destroying  
11 documents to be used to determine eligibility for restitution; and (ii) Defendants will be prevented  
12 from further misleading consumer victims and potential victims who contact their offices with  
13 complaints or inquiries.

14 2. Names, addresses and phone numbers of persons in possession of property  
15 or president, manager or principal agent of corporation in possession of property/use being made  
16 of property by person(s) in possession:

17 a. 2049 Pacific Coast Highway, Lomita, CA 90717 is an address of  
18 defendant California Alternative High School and defendant California Alternative Adult High  
19 School (“CAHS”), according to corporate records. Defendant Daniel A.D. Gossai, the president  
20 of CAHS, gives both this address and the address identified in paragraph (b) below as the address  
21 of CAHS; CAHS and Mr. Gossai use the following phone numbers: 310-326-8221, 323-585-  
22 6080 and 323-582-7453.

23 b. 7407 State Street, Huntington Park, CA 90255 is used by  
24 defendant Daniel A.D. Gossai to conduct the business of running the CAHS program. Mr.  
25 Gossai, the president of CAHS, gives both this address and the address identified in paragraph (a)  
26 above as the address of CAHS; CAHS and Mr. Gossai use the following phone numbers: 310-  
27 326-8221, 323-585-6080 and 323-582-7453.

1 c. 8212 Alondra Blvd., Paramount, CA 90723. Defendant West Side  
2 Education Corporation (“West Side”) uses this location as an office to conduct the business of  
3 running the CAHS program. Among other individuals, defendant Noel Brito, a director of West  
4 Side, uses this office to conduct such business. Defendant David Soto, the president of West  
5 Side, gives as West Side’s address: 8500 Long Beach Boulevard, South Gate, CA 90208. West  
6 Side’s phone numbers are (323) 587-0460 or 562-633-9256.

7 d. 8500 Long Beach Boulevard, South Gate, CA 90208. Defendant  
8 West Side Education Corporation uses this location as its principal executive office. Defendant  
9 David Soto, the president of West Side, gives as West Side’s address: 8500 Long Beach  
10 Boulevard, South Gate, CA 90208. West Side’s phone numbers are (323) 587-0460 or 562-633-  
11 9256.

12 3. Nature and approximate size or extent of the business: Defendants’  
13 business is that of falsely claiming to offer a high school education and diploma that is recognized  
14 by both the state and federal government. Defendants also falsely claim that the CAHS diploma  
15 can be used to gain admission to accredited colleges, to receive financial aid at those colleges and  
16 for many other educational and employment opportunities that require a high school diploma.  
17 Defendants claim to conduct their diploma program at 78 locations nationwide. Defendants are  
18 actively expanding their operations. Defendants charge anywhere from \$450 to \$1,450 per  
19 consumer, plus the cost of a workbook, rental fees for a cap and gown and additional charges for  
20 “official” transcripts.

21 4. Impact on operation of ongoing business: Defendants’ business is  
22 operating in violation of the law and in violation of a permanent injunction issued by this Court.  
23 The receiver will operate the business in compliance with the law and the previously-issued  
24 injunction, as well as in compliance any additional injunction that this Court may issue.

25 C. The People nominate David J. Pasternak, Esq. to serve as Receiver. Mr.  
26 Pasternak’s qualifications are discussed in his declaration and attached exhibits, submitted  
27 concurrently with this application.

1     III.     Protection of assets

2             A.     The People also request that the Court enter an order enjoining Defendants and  
3     their agents, employees, officers, representatives, successors, partners, assigns, and those acting in  
4     concert or participation with them, from spending, transferring, disbursing, encumbering, or  
5     otherwise dissipating any of the following funds:

6                     1.     any money or other consideration that Defendants have received from  
7     consumers for enrollment in a California Alternative High School course or for expenses  
8     associated with that course;

9                     2.     any accounts maintained at any financial institution, including, but not  
10    limited to, Wells Fargo Bank, Bank of America, Citibank and Washington Mutual, in which any  
11    Defendant deposited any of this money, including, but not limited to, the following accounts:

12                             a.     Wells Fargo Bank, account numbers 6225218210 and 5442302641

13                             b.     Bank of America, account numbers 03715-09096, 03716-02938,  
14                                     03711-11619, 03711-09852

15                             c.     California Federal (Citibank), account number 2904214992

16                             d.     Washington Mutual, account number 8712828413

17                     3.     any profits derived from this money;

18                     4.     any real property purchased or maintained, in whole or in part, by any of  
19    this money, including, but not limited to, the following:

20                             a.     7407 State Street, Huntington Park, CA 90255 (Gossai)

21                             b.     6462 Parklynn Drive, Rancho Palos Verdes, CA 90275 (Gossai)

22                             c.     4489 W. 130<sup>th</sup> Street, Hawthorne, CA 90250 (Gossai)

23                             d.     Oro Grande Property Tract No. 768100 Lot 63 (Gossai)

24                             e.     Property Tract No. 768100 Lot 64 (Gossai)

25                             e.     Property Tract No. 768100 Lot 65 (Gossai)

26                             f.     515 Ivanell Avenue, La Puente, CA 91744 (Sandoval)

27                     5.     any personal property purchased or maintained, in whole or in part, by any  
28    of this money, including, but not limited to, the following:

- 1 a. Nissan 350Z, license plate number 5CFTK158 registered to Daniel
- 2 Gossai
- 3 b. Ford Focus, license plate number 4YDV176, registered to Daniel
- 4 Gossai
- 5 c. Ford Focus, license plate number 4WTM151, registered to Daniel
- 6 Gossai at Mr. Sandoval's address
- 7 d. Lexus RX330, license plate number 5DCZ915, registered to Janet
- 8 Gossai
- 9 e. Ford Expedition, license plate number 4WOS969, registered to
- 10 Janet Gossai

11 B. This request is independent of, and in addition to, the request for appointment of  
12 Receiver because:

13 1. If a receiver is appointed, this order will safeguard (a) assets of which the  
14 receiver will not take possession, and (b) assets that have not yet been transferred to the  
15 receiver, including, but not limited to, assets that the receiver and/or the People have not yet  
16 located.

17 2. If a receiver is not appointed, this order will be the only means to  
18 safeguard these assets pending resolution of this matter.

19 IV. Permission to file a brief in excess of 15 pages (CRC 313, subd. (e))

20 The memorandum of points and authorities exceeds 15 pages. The People submit that a  
21 brief in excess of the 15-page limit of Rule 313(a) is necessary in this case due to the numerous  
22 defendants involved in the alleged misconduct, the People's submission of detailed factual  
23 support to show the propriety of the requested relief, and the extensive legal argument  
24 concerning the requirements for such relief.

25 V. No notice given

26 The People have not given notice of this application. The provision of notice would  
27 pose an additional threat to the public because it would allow Defendants to dissipate assets and  
28

1 to destroy documents before the Court has been able to enter an appropriate order to prevent  
2 such conduct. (Cal. Rules of Court, Rule 379, subd. (a)(3).)

3  
4 No bond is required of the People. (Code Civ. Proc., § 995.220.)  
5

6 This application is based on this application and memorandum of points and authorities,  
7 the complaint on file herein, the declarations filed in support of this application and exhibits  
8 thereto, any other documents that may be filed, and such evidence and argument that may be  
9 presented at or before the hearing, or of which the Court may take judicial notice.

10 DATED: August 2, 2004

BILL LOCKYER,  
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Acting Senior Assistant Attorney General  
MICHELE R. VAN GELDEREN  
Deputy Attorney General

14  
15 By \_\_\_\_\_  
MICHELE R. VAN GELDEREN

16 Attorneys for Plaintiff,  
17 the People of the State of California  
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Defendants have made a lucrative career of exploiting immigrants' dreams of a better life  
4 through education. Operating from their headquarters in Los Angeles County, they run the  
5 deceptively-named "California Alternative High School" ("CAHS") at 78 locations across the  
6 country. Defendants tailor their sales pitch to adult Latino immigrants, claiming that the  
7 founders of CAHS are fulfilling a divine mission to help Latinos escape poverty by earning a  
8 high school diploma. To gain consumers' confidence, Defendants frequently hold classes at  
9 churches with the unwitting assistance of well-meaning clergy and congregants.

10 Defendants charge from \$450 to \$1,450 for a ten-week, thirty-hour course. According  
11 to Defendants, if consumers complete the program, they will receive a high school diploma that  
12 will allow them, among other things, to go to an accredited college, to receive financial aid, or  
13 to get a job that requires a high school diploma. At the end of the course, Defendants require  
14 the consumer to rent a cap and gown, conduct a sham "commencement ceremony" and even  
15 issue "official transcripts" to enhance the illusion that consumers actually have earned a high  
16 school diploma. At the end of the course, however, consumers are left with a useless certificate  
17 and less money to spend on legitimate high school or vocational programs.

18 Numerous governmental entities and consumer victims across the country have taken  
19 legal action to stop Defendants' systematic and unrepentant exploitation of these consumers.  
20 As a result of that litigation, a permanent injunction has been entered by this Court, which  
21 previously had entered a preliminary injunction, and two temporary injunctions have been  
22 entered in other states.

23 These legal actions have had no discernible effect on Defendants' conduct. In Los  
24 Angeles County, elsewhere in the state and across the country, Defendants continue to mislead  
25 consumers into enrolling in CAHS; they take consumers' money, waste weeks of their time, put  
26 them through a meaningless commencement ceremony in front of proud family and friends --  
27 which in retrospect is humiliating to those consumers -- and leave them with a "diploma" that is  
28 useless in achieving consumers' educational and employment goals.

1 The People submit that forceful action is necessary to prevent Defendants’ continued  
2 practice of preying on these vulnerable consumers in California. Therefore, the People request  
3 that the Court: (1) enter a temporary restraining order prohibiting Defendants from engaging in  
4 conduct that is likely to be proven unlawful; (2) appoint a receiver to manage Defendants’ high  
5 school business and its assets, both to protect consumers from further irreparable harm and to  
6 prevent Defendants from dissipating assets that could be used to make restitution to consumers;  
7 and (3) enter an order freezing certain of Defendants’ assets, which, likewise, can be used for  
8 consumer restitution.

## 9 **II. STATEMENT OF FACTS**

### 10 **A. The Defendants.**

11 Defendant Daniel A.D. Gossai is the “principal” of CAHS. (Garcia Dec., ¶11.6, Exh. 15  
12 at p. 7, ¶13, Exh. 18; Porbanic Dec., ¶6; Yepez Dec., ¶3.) He is in charge of the CAHS  
13 materials, curriculum and teacher training. (Garcia Dec., ¶11.13, ¶13.12.) He also confers the  
14 diplomas and is a featured speaker at CAHS’s “commencements.” (Garcia Dec., ¶11.13, ¶8(b),  
15 Exh. 8; Yepez Dec., ¶5, Exh. 3; Roa Dec., ¶7.) Mr. Gossai is the president and chief executive  
16 officer of defendant California Adult High School. (Van Gelderen Dec., ¶3(a), Exh. 21.) Mr.  
17 Gossai is the incorporator and agent for service of process of defendant California Alternative  
18 Adult High School; Mr. Gossai has not filed documents with the Secretary of State designating  
19 the corporate officers. (*Id.* ¶3(b), Exh. 22.) Mr. Gossai works out of his office on State Street  
20 in Huntington Park. (Garcia Dec., ¶7, Exh. 6, ¶13, Exh. 18.)

21 Defendant Janet Gossai acts as a repository of the assets that Mr. Gossai acquires via  
22 the CAHS scheme, apparently to protect those assets from consumer victims of CAHS and  
23 other judgment creditors. He transfers to her, and she holds in her name, property purchased  
24 with funds taken from the victims of the CAHS scheme. Mr. Gossai, however continues to  
25 make use of, and to exercise control over, that property. For example, Mr. Gossai quitclaimed  
26 to Mrs. Gossai his interest in his Huntington Park office, from which he continues to run CAHS.  
27 (*Infra* at p. 13.)

1 Defendant West Side Education Corporation (“West Side”) purchased the rights to the  
2 CAHS program about four years ago, and has been actively expanding the program to locations  
3 throughout California and in other states. (Garcia Dec., ¶12.1.) There are now 78 CAHS  
4 locations across the country at which Defendants conduct the CAHS program. (*Id.* ¶11.13,  
5 ¶12.1.) Defendant David L. Soto is the president of West Side and is involved in CAHS’s  
6 business operations, often traveling to CAHS sites across the country. (Van Gelderen Dec.,  
7 ¶3(c), Exh. 23; Garcia Dec., ¶11.13, ¶12.1.) Noel Brito, the director of West Side, manages  
8 the business’s finances. (*Id.* ¶12, Exh. 16; ¶12.1.) He works out of West Side’s office at 8212  
9 Alondra Boulevard in Paramount. (Garcia Dec., ¶12, Exh. 16.) Mr. Gossai remains actively  
10 involved in the scheme in his role as “principal.” (*Supra* at p. 2.)

11 Defendant Fabricio Sandoval is the director of admissions for CAHS. (Garcia Dec.,  
12 ¶15, Exh. 19.) He also teaches CAHS classes. (*Id.*, ¶8, Exh. 8 at p. 2; Acevedo Dec., ¶5.)  
13 Often, when Daniel Gossai wants to address Spanish-speaking students, such as to deliver a  
14 “commencement address,” Mr. Sandoval acts as the translator. (Roa Dec., ¶7.)

15 Defendant Janira Jacobs is an administrator and an instructor for CAHS at its “Victory  
16 Outreach” center in La Puente, California. (Garcia Dec., ¶11.)

17 **B. Defendants’ high school diploma scheme.**

18 **1. The solicitation.**

19 Defendants target Latinos. For example, Mr. Gossai, the “principal” of CAHS, claims:  
20 “I am committed in a special way to help the Hispanic population, and I, as principal of CAHS  
21 have accepted my calling from God to help the Hispanic population to improve their lives and to  
22 get out of poverty.” (Garcia Dec., ¶11.6, Exh. 14 at p. 2, Exh. 15 at p. 8.) The classes and the  
23 exam are offered in either English or Spanish. (*Id.*, ¶11.10, *Id.* ¶12.3; Roa Dec., ¶2; Acevedo  
24 Dec., ¶3.) To foster trust in the program, Defendants often advertise the program through  
25 churches and hold classes on church grounds. (Garcia Dec., ¶¶8-10, Exhs. 7-9, ¶11.12 [stating  
26 that CAHS classes are offered at church because people are more comfortable attending class at  
27 a church than anywhere else]; Porbanic Dec., ¶¶2-3; Acevedo Dec., ¶¶1-2; Roa Dec., ¶¶1-2.)

1 Defendants make numerous claims about the program, which range from misleading to  
2 patently false. Some of these claims are discussed below.

3 **(a) Defendants falsely claim to offer a high school**  
4 **diploma.**

5 Defendants claim that students who complete their ten-week, thirty-hour course are  
6 awarded a high school diploma. (Garcia Dec., ¶9.1, ¶11.1, ¶11.6, Exh. 14 at p. 1, Exh. 15;  
7 Porbanic Dec., ¶9; Roa Dec., ¶2; Yopez Dec., ¶3.)

8 This claim is false or, at the very least, misleading. The requirements for an adult to earn  
9 a high school diploma from CAHS are, essentially: (1) payment in full; (2) attendance at ten  
10 three-hour classes; (3) passage of a final exam; and (4) participation in the graduation  
11 ceremony, wearing the obligatory cap and gown. (Garcia Dec., ¶11.6, Exh. 15 at pp. 11-14;  
12 Porbanic Dec., ¶¶9-12.) The course and the exam are offered in English or Spanish; Spanish-  
13 speaking students do not need to know any English to earn their CAHS diploma. (Garcia Dec.,  
14 ¶11.10, *Id.* ¶12.3; Roa Dec., ¶2; Acevedo Dec., ¶3.) There are no educational prerequisites.  
15 (Garcia Dec., ¶13.10 [stating that consumers can start from “level zero”; there are no entrance  
16 requirements].)

17 This program does not constitute a high school education, and cannot result in a high  
18 school diploma that is of any use. As this Court has already suggested, the phrase “high school”  
19 indicates a four year course of study. (*Infra* at p. 11.) For students under age 18 to earn a high  
20 school diploma in the public school system, they must complete, at a minimum, the following  
21 courses, each lasting one year: three courses in English; two courses in mathematics; two  
22 courses in science; three courses in social studies; and one course in visual or performing arts or  
23 foreign language. Students are also required to take a one-semester course in American  
24 government and civics, and a one-semester course in economics. (Ed. Code, § 51225.3, subd.  
25 (a).) Instruction must be in English, except for students who are proficient in English and are  
26 interested in learning a foreign language. (*Id.* § 30.)  
27  
28

1 An adult may earn a high school equivalency certificate -- *not* a high school diploma --  
2 only by achieving a score on a State administered exam “equal to the standard of performance  
3 expected from high school graduates.” (Ed. Code, § 51420.)

4 The awarding of a high school diploma or its equivalent, then, suggests that the student  
5 who has earned it has completed this lengthy and comprehensive educational program or can  
6 demonstrate an equivalent mastery of the material as someone who has completed the course  
7 work. Defendants’ claim to offer a high school diploma is, at a minimum, misleading.

8 **(b) Defendants falsely claim that the State of California**  
9 **has authorized CAHS to award high school diplomas.**

10 Defendants use many phrases to convey the concept that CAHS has some type of  
11 governmental recognition. For example, Defendants claim that “CAHS is legally constituted  
12 within the State of California and is so authorized as an educational institution conferring the  
13 High School Diploma.” (Garcia Dec., ¶11.6, Exh. 14 at p. 1, Exh. 15 at p. 3.) (See also  
14 Porbanic Dec., ¶12 [claiming that the CAHS high school diploma “is accepted everywhere you  
15 go because it is accepted by the State”].) These statements are false. There is no mechanism by  
16 which the State of California “authorizes” private organizations to confer high school diplomas.  
17 In fact, any suggestion of such an authorization is expressly prohibited by California law. (*Infra*  
18 at p. 18.)

19 Defendants also claim that CAHS is affiliated with, or has some approval issued by, the  
20 Los Angeles Unified School District (“LAUD”). (Porbanic Dec., ¶3, 7, 10; Garcia Dec., ¶9.1,  
21 11.11; Acevedo Dec., ¶2; Yopez Dec., ¶3.) There is no evidence of any such relationship  
22 between CAHS and the LAUD.

23 When asked if CAHS is accredited, Defendants generally admit that it is not. (Garcia  
24 Dec., ¶13.11.) They claim, however, that they *choose* not to seek accreditation because it is an  
25 expensive process, and that the program would cost \$6,000 to \$7,000 if CAHS were accredited.  
26 (*Id.*) This, Defendants claim, would keep out the very students they are trying to help. (*Id.*)  
27  
28

1 (c) **Defendants falsely claim that students with a CAHS**  
2 **diploma can be admitted to accredited colleges and**  
3 **universities.**

4 Defendants claim that many CAHS students have been admitted to accredited colleges  
5 and universities, and that “CAHS’ program is widely accepted and recognized by accredited  
6 educational institutions.” (Garcia Dec., ¶11.6, Exh. 15 at pp. 3, 5, 7-8; Exh. 15 at p. 10  
7 [CAHS’s “mission” is to provide an education and high school diploma for students “to gain  
8 admission into an accredited college or university”]; Exh. 14 at p. 1, ¶13, Exh. 17 [“we will help  
9 you to get into an accredited college or university”]; ¶13, Exh. 17 [“our students have been  
10 admitted at regionally and nationally accredited colleges and universities”]; ¶13.1 [claiming that  
11 graduates of CAHS have enrolled in accredited colleges and universities; ¶11.11 [claiming that  
12 CAHS graduates are eligible to enroll at California State University].)

13 CAHS graduates, however, do not meet the qualifications for enrollment at accredited  
14 colleges and universities such as the California State University (“CSU”) and University of  
15 California (“UC”) systems. For example, CSU and UC applicants must have completed at least  
16 the courses than are required to earn a high school diploma through the public school system.  
17 (Garcia Dec., ¶¶2-3, Exh. 1.) The admission standards of private colleges and universities in  
18 California generally mirror the requirements for graduation from public high school in this state,  
19 particularly in course work for English, math and science. (*Id.* ¶3, Exh. 1.)

20 CAHS graduates can enroll in community college, not because the diploma makes them  
21 eligible, but because applicants do not need a high school diploma. (Garcia Dec., ¶4, Exh. 2 at  
22 p. 1.) Indeed, students can work toward their high school diploma at a community college. (*Id.*  
23 at p. 3.)

24 (d) **Defendants falsely claim that a CAHS diploma will**  
25 **allow students to get financial aid at accredited**  
26 **colleges and universities.**

27 Defendants claim that CAHS is “the first program of its kind in this nation recognized by  
28 the State and Federal Government for students to participate in financial aid at accredited  
29 colleges and universities.” (Garcia Dec., ¶11.6, Exh. 15 at p. 9.) (See also *id* at p. 3 [claiming  
30 that CAHS is “recognized by [the] United States Department of Education for students to

1 participate in financial aid programs at accredited colleges and universities”]; Exh. 14 at p. 1  
2 [CAHS “is recognized by both the State of California and the Federal Government as an  
3 institution conferring the High School Diploma for students to participate in Financial Aid  
4 programs at accredited Colleges and Universities”]; *id.* ¶11.3 [claiming CAHS diploma will  
5 allow student to get a federal Pell grant].) These statements are false; there is no “recognition”  
6 that the State of California, the federal government or their respective Departments of  
7 Education bestow on high schools in general, or CAHS in particular, that allows students to get  
8 financial aid.

9 Defendants’ false statements that CAHS has such recognition are also misleading in that  
10 they create the impression that a CAHS diploma is somehow sufficient to allow students to get  
11 financial aid. To the contrary, to be eligible to receive financial aid from the federal  
12 government, a student must meet numerous criteria that CAHS “graduates” would not meet.  
13 Most notably, students must be accepted for enrollment in an accredited institution (20 U.S.C. §  
14 1091, subd. (a)(1)); for consumers with a CAHS diploma, their *eligibility for admission to*  
15 *accredited colleges or universities* poses a threshold obstacle that would render moot the issue  
16 of *financing* their higher education. In addition, to be eligible for state or federal financial aid, a  
17 student must be a citizen, national or permanent resident of the United States. (See, e.g., 20  
18 U.S.C. § 1091, subd. (a)(5); Ed. Code, § 69433.9, subd. (a); Garcia Dec., ¶5, Exh. 3.)  
19 Defendants make no mention of this critical condition in their materials, although they target  
20 non-English-speaking immigrants who may not have such status in this country. (See also,  
21 Garcia Dec., ¶11.10 [claiming that CAHS graduates who are in the country illegally would not  
22 have a problem enrolling in a university or getting financial aid].)

23 (e) **Defendants misrepresent the qualifications of CAHS’s**  
24 **“principal.”**

25 Defendants claim that Daniel Gossai, the person responsible for the CAHS curriculum  
26 and teacher training, “holds life time credential [sic] from the State of California to teach at the  
27 community college level . . .” (Garcia Dec., ¶11.6, Exh. 14 at p. 1, Exh. 15 at p. 3, ¶13, Exh.  
28 17.) In fact, in 1994 the Victor Valley Community College District terminated Mr. Gossai’s

1 employment as an instructor on the grounds that he engaged in immoral conduct, refused to  
2 obey school regulations and rules, committed acts of dishonesty, and was unfit for service.  
3 (Van Gelderen Dec., ¶2(a), Exh. 1.) Mr. Gossai avoided revocation of his credential only  
4 because of a change in the law -- four years earlier, the California community college system  
5 discontinued the use of credentials for determining eligibility of instructors. Instead, as part of  
6 the Legislature's plan to "professionalize" the community college faculty, the credential system  
7 was replaced with a system of minimum qualifications. (Ed. Code, §§ 87350, 87359, subd. (a).)  
8 Having been found unfit for service, Mr. Gossai would not meet the minimum qualifications for  
9 employment as a community college instructor (as evidenced by his termination.) The result  
10 would have been the same under the previous credential-based system; Mr. Gossai's life  
11 credential would have been revoked pursuant to former Education Code section 87331, which  
12 required revocation for unprofessional or immoral conduct. (Former Ed. Code, § 87331,  
13 repealed by Stats. 1988, ch. 973, § 27.)

14 Like the other individual Defendants, Mr. Gossai does not hold either a teaching or  
15 administrative credential. (Van Gelderen Dec., ¶4.)

16 In their contacts with consumers, Defendants refer to Mr. Gossai as "Dr." Gossai.  
17 (Garcia Dec., ¶11.6, Exh. 15 at p. 7, ¶13, Exh. 18; Porbanic Dec., ¶6; Roa Dec., ¶6.) Mr.  
18 Gossai claims to hold two doctorate degrees. (Van Gelderen Dec., ¶2(d)(iii), Exh. 18.) He  
19 claims that one of these degrees, in economics, is from Pacific State University, an unaccredited  
20 school in Los Angeles. (*Id.*) That school's dean, however, says that Mr. Gossai was never a  
21 student at that university. (Garcia Dec., ¶16.) Mr. Gossai also claims to have earned a  
22 doctorate from the University of Aruba in accounting in 1982; Mr. Gossai, however, has lived in  
23 California since 1978 (Van Gelderen Dec., ¶2(d)(iii), Exh. 18), which suggests that this  
24 doctorate, if he in fact earned it, may be of questionable validity. The People have been unable  
25 to determine whether Mr. Gossai attended the University of Aruba.

## 26 2. The content of a CAHS "high school education."

27 The quality of the instruction should not be relevant to the legitimacy of the CAHS  
28 high school diploma because it is not possible to complete a high school education in ten weeks,

1 particularly if there are no academic prerequisites and the course is offered in Spanish to  
2 consumers who may not speak English. Nevertheless, to demonstrate the gross inadequacy of  
3 the CAHS program, the People set forth a brief description of the course materials and  
4 observations from one CAHS class session.

5 **(a) The class materials consist of a single, slim workbook.**

6 CAHS does not use any textbooks. Instead, consumers receive a single 54 page  
7 workbook printed in both English and Spanish; about 14 pages of the workbook consist of the  
8 type of misleading statements described above, as well as the mechanics of finishing the class  
9 and getting a diploma. (Garcia Dec., ¶11.6, Exh. 15 at pp. 1-14.) The 40 remaining pages of  
10 the workbook consist of alternating questions and, in some cases, answers on various topics,  
11 including economics, U.S. history and math. The class consists of the teacher reading a  
12 question from the workbook and then giving the answer (some of which are written below the  
13 question), repeating the process for each question and answer pair. (*Id.* at pp. 15-52; ¶11.8;  
14 Yopez Dec., ¶4.)

15 The CAHS workbook contains numerous factual errors. For example, CAHS students  
16 are taught that there are *four* branches of the United States government: the executive, the  
17 legislative, the judicial and the administrative. (Garcia Dec., ¶11.6, Exh. 15 at p. 26.) CAHS  
18 also teaches that the Second World War was from 1938 to 1942. (*Id.* at p. 30.) The workbook  
19 also refers to “the book ‘Death of A Traveling Salesman.’” (*Id.* at p. 23.)

20 **(b) The teachers do not appear to be competent.**

21 Defendants claim that they employ qualified, well-trained teachers because, in the words  
22 of the CAHS workbook, “individuals must be educated before he or she can impart  
23 knowledgeable education in the life of anyone” [sic]. (Garcia Dec., ¶11.6, Exh. 15 at p. 6.)  
24 Defendants claim that:

25 Our teachers hold accredited degrees that are recognized by the State, Federal  
26 Government, and the United States Department of Education. In addition, our teachers  
27 possess years of experience in teaching and hold other credentials. Our teachers have  
28 undergone training in teaching, development and implementation of our curriculum.

(*Id.* ¶13, Exh. 17; see also *id.*, ¶11.6, Exh. 15 at p. 3, ¶13.2.)

1 The teachers, however, do not appear to be qualified to clarify or explain the material,  
2 and often compound the errors in the CAHS workbook. For example, when asked about the  
3 alleged fourth branch of government (the “administrative” branch), one teacher explained that it  
4 is not that important and not much is heard about it because it works behind the scenes. (Garcia  
5 Dec., ¶11.9.)

6 In addition, CAHS students have been taught that:

7 C there are 53 states in the United States; in addition to the “original” 50 states, the  
8 Union has added Alaska, Hawaii and Puerto Rico. The flag has not yet been  
9 updated to reflect the addition of the last three states.

10 C the Treasury is part of the “administrative” branch of government, which, as  
11 discussed above, is one of the four branches of government.

12 C there are two houses of Congress, the Senate and the House; one is for the  
13 Democrats, and the other is for the Republicans, respectively.

14 (*Ibid.*)

15 After thirty hours of this type of instruction, Defendants claim to award students a high  
16 school diploma.

17 **3. Defendants exploit familiar symbols to create the illusion of**  
18 **legitimacy.**

19 Defendants require students to rent a cap and gown, and to attend a commencement  
20 ceremony, which is often photographed and videotaped with pride by family members. (Garcia  
21 Dec., ¶11.6, Exh. 15 at pp. 11-12; Yepez Dec., ¶5.) The ceremony includes congratulatory and  
22 inspirational speeches; usually, “Dr.” Gossai, the “principal,” makes a speech. (Yepez Dec., ¶5;  
23 Roa Dec., ¶7; Acevedo Dec., ¶6.) Because many students speak only Spanish, the speeches  
24 are either delivered in Spanish or translated for the students, sometimes by defendant Sandoval.  
25 (Roa Dec., ¶7.) Photos of one such graduation are included in Exhibit 8 to the declaration of  
26 Edith Garcia. A sample CAHS diploma is attached as Exhibit 4 to the declaration of Jose  
27 Yepez.  
28

1 In the program handed out at one such graduation, “graduates” are encouraged to “take  
2 the next step: learning and/or improving your English.” (Yepez Dec. ¶5, Exh. 3.)

3 Defendants also provide transcripts, with grades given in each subject. (Yepez Dec., ¶4,  
4 Exh. 2.) On the “unofficial” transcript, students are warned that “transcript is unofficial without  
5 signature and embossed dry seal.” (*Id.*) CAHS also provides “emergency” transcripts for an  
6 additional charge. (Garcia Dec., ¶13.4.)

7 CAHS graduates are also offered the option of purchasing a class ring. (Porbanic Dec.,  
8 ¶11.)

9 **C. This Court recently held that Defendants’ conduct violates the law and**  
10 **should be enjoined, yet the CAHS scheme continues unchanged.**

11 In August of 2003, three consumers who had gone through the CAHS program sued in  
12 small claims court for a return of their money. According to the consumers, contrary to CAHS  
13 representatives’ statements, they were unable to enroll in programs requiring a high school  
14 diploma. (Van Gelderen Dec., ¶2(b)(iii), Exh. 4 [see cross-complainants’ declarations  
15 accompanying their application for injunction].) Mr. Gossai, who was a defendant in the small  
16 claims case, did not defend that action, which resulted in judgment for the plaintiffs. (*Id.*) Rather,  
17 he brought a multi-million dollar action in propia persona against the consumers in this Court for,  
18 among other things, defamation and interference with CAHS’s ability to sell its diplomas to other  
19 consumers. (*Id.*, Exh. 2.)

20 The consumers filed a cross-complaint against Mr. Gossai and CAHS (*id.*, Exh. 3) and  
21 successfully moved for entry of a preliminary injunction. (*Id.*, Exhs. 4 and 6.) The Court found  
22 that the cross-complainants were likely to prevail on the merits:

23 In this state, the phrase “high school” indicates a level of schooling given to  
24 teenagers that lasts four years and offers a high school diploma. A “high school diploma”  
25 or equivalent is often a prerequisite to obtaining employment [or] being admitted to a two-  
26 or four-year college or university. A private school may offer a high school curriculum and  
27 diploma. A recognized alternative to a high school diploma is a . . . GED.

28 *For a private school to imply that it offers a high school education and diploma  
when actually it does not is deceptive advertising and an unfair business practice.*

(*Id.*, Exh. 6 at p. 3, emphasis added.) The Court further found that Defendants’ material, “is  
clearly deceptive. It implies, incorrectly, that CAHS is an alternative high school whose students

1 receive high school diplomas.” (*Id.* at p. 4.) The Court concluded that the consumer victims were  
2 likely to prevail against the defendants. (*Ibid.*)

3 The Court further found that entry of a preliminary injunction was appropriate:

4 The court finds . . . the public suffers irreparable harm caused by cross-defendants’  
5 continued advertisement of the school in the form noted above, and cross-complainants  
6 have no adequate remedy at law. The court also finds the harm cross-defendant is likely to  
suffer under the injunction is far outweighed by that suffered by students deceived by his  
advertising.

7 (*Ibid.*) Consequently, on December 17, 2003, the Court enjoined Mr. Gossai and CAHS from  
8 continuing the practice of “misleading the general public with respect to [the] school’s  
9 accreditation and the validity of the ‘diploma’ received.” (*Ibid.*)

10 On May 3, 2004, the Court entered a permanent injunction barring Mr. Gossai and CAHS  
11 from, among other things, claiming that the state or federal government, or any non-governmental  
12 educational accrediting agency, has recognized CAHS or its high school diploma, or claiming that  
13 consumers who take the CAHS course will receive the equivalent of a traditional high school  
14 education and/or diploma. (Van Gelderen Dec., ¶2(b)(viii), Exh. 9.)

15 Mr. Gossai and CAHS are disobeying the Court’s orders. Much of the factual support for  
16 this motion is based on conduct that occurred after issuance of, and which violates, the Court’s  
17 orders. Indeed, according to Defendants, the school operates the same today as it did before entry  
18 of the injunctions. (Garcia Dec., ¶14.)

19 **D. Daniel Gossai and CAHS operate illegally in the City of Huntington Park,**  
20 **despite city officials’ denial of CAHS’s application for a business license.**

21 In 2001, the City of Huntington Park denied Mr. Gossai’s application to operate CAHS, a  
22 decision that resulted from Mr. Gossai’s refusal to provide information to city officials about  
23 CAHS. (Van Gelderen Dec., ¶2(c), Exhs. 10 through 15.) Mr. Gossai, however, continues to  
24 conduct the business of CAHS from his office in Huntington Park. (Garcia Dec., ¶13, Exh. 18, ¶7,  
25 Exh. 6; Van Gelderen Dec., ¶3(a), Exh. 21, ¶3(b), Exh. 22.)

26 **E. Daniel Gossai and CAHS have refused to comply with law enforcement in at**  
**least one other state.**

27 The Iowa Attorney General began an investigation of CAHS after the Consulate of Mexico  
28 questioned the legitimacy of the CAHS program. (Van Gelderen Dec., ¶2(d)(ii), Exh. 17 at p. 2.)

1 Pursuant to that state’s consumer fraud law, the Iowa Attorney General issued a subpoena to  
2 CAHS and Mr. Gossai requesting information about the program, but “CAHS and Gossai have  
3 failed and refused to produce the documents requested in the subpoena.” (*Id.* Exh. 17 at pp. 2-3.)  
4 Upon the Attorney General’s application, the District Court ordered CAHS and Gossai to comply  
5 with the subpoena. (*Id.* Exh. 17 at p. 1; ¶2(d)(i), Exh. 16.) The Court also enjoined the  
6 defendants from operating, pending compliance with the subpoena. (Exh. 17 at p. 2.)

7 The Nebraska Attorney General has also sued Mr. Gossai and CAHS under that state’s  
8 unfair competition law, which has so far resulted in the issuance of a temporary restraining order.  
9 (Van Gelderen Dec., ¶2(e), Exhs. 19 and 20.)

10 **F. Daniel Gossai and Janet Gossai have conspired to hide assets from consumer**  
11 **victims and prosecutors.**

12 Mr. Gossai has gone to exceptional lengths in an attempt to make himself judgment proof.  
13 Among other things, Mr. Gossai has transferred to Janet Gossai, for nominal or no consideration,  
14 much of his real property. Janet Gossai holds those assets as her separate property. Mr. Gossai,  
15 however, has maintained control and use of those assets, both to run CAHS and to maintain his  
16 affluent lifestyle, which includes an estate in Rancho Palos Verdes and six cars, as identified in the  
17 ex parte application.

18 For example, Mr. Gossai quitclaimed to Mrs. Gossai his interest in his Huntington Park  
19 office. (Garcia Dec., ¶17(c), Exh. 22.) He continues to run CAHS from this office. (Garcia Dec.,  
20 ¶13, Exh. 18, ¶7, Exh. 6; Van Gelderen Dec., ¶3(a), Exh. 21; ¶3(b), Exh. 22.) On the same date  
21 that Mr. Gossai quitclaimed his interest in the office property to Mrs. Gossai, she recorded a deed  
22 of trust on the property securing a \$145,000 loan. (Garcia Dec., ¶17(d), Exh. 23.)

23 Mr. Gossai also transferred to Mrs. Gossai his interest in the couple’s Rancho Palos Verdes  
24 estate. (Garcia Dec., ¶17(b), Exh. 21.) Mrs. Gossai also holds as her separate property several  
25 parcels of real estate, which were acquired in 2002. (*Id.*, ¶18(a), Exh. 28; *Id.* ¶17(b), Exh. 29,  
26 ¶17(c), Exh. 30.)  
27  
28

1 The People ask the Court to protect those assets pending resolution of this case, so that the  
2 consumer victims can receive restitution, if the Court determines that an order of restitution is  
3 appropriate.

4 **IV. A TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW**  
5 **CAUSE RE: PRELIMINARY INJUNCTION SHOULD ISSUE**

6 **A. This Court has the authority to issue an injunction under Business and**  
7 **Professions Code sections 17203 and 17535.**

8 Business and Professions Code section 17203 specifically empowers the Court to issue  
9 orders “as may be necessary to prevent the use or employment by any person of any practice which  
10 constitutes unfair competition.” Similarly, Business and Professions Code section 17535  
11 empowers the Court to issue an injunction “to prevent false or misleading advertising and  
12 unlawful, unfair or fraudulent business practices.” (*People v. Columbia Research Corp.* (1977) 71  
13 Cal.App.3d 607, 610, cert. denied (1977) 434 U.S. 904.)

14 “An action filed by the People seeking injunctive relief . . . is fundamentally a law  
15 enforcement action designed to protect the public . . .” (*People v. Pacific Land Research Co.*  
16 (1977) 20 Cal.3d 10, 17.) Once the trial court invokes its equitable jurisdiction, it is within the  
17 court’s broad discretion to determine the scope or type of relief that should be granted. (*People ex*  
18 *rel. Mosk v. Nat’l Research Co. of Cal.* (1962) 201 Cal.App.2d 765, 775, 779.) Such relief may  
19 be as “varied and diversified as the means that have been employed by the Defendant to  
20 produce the grievance complained of.” (*Wickersham v. Crittenden* (1892) 93 Cal. 17, 32; *Roman*  
21 *v. Ries* (1968) 259 Cal.App.2d 65, 70.)

22 **B. The People likely will succeed on the merits at trial and the interim harm the**  
23 **People will suffer if an injunction is not issued is presumed.**

24 Generally, a court determining whether to issue a preliminary injunction applies a two-  
25 pronged test. (*IT Corp. v. County of Imperial* (1983) 35 Cal.3d 63, 69-70.) First, the court  
26 considers the likelihood that the plaintiff will prevail on the merits at trial. (*Id.* at p. 69.) Second,  
27 the court balances the interim harm that the plaintiff is likely to sustain if an injunction is denied  
28 with the harm that the defendant may suffer if an injunction is issued. (*Id.* at pp. 69-70.)

1 In a public action brought pursuant to a law in which the State may obtain injunctive relief,  
2 harm to the public is presumed. (*IT Corp., supra*, 35 Cal.3d at p. 70.) In such a case, if the  
3 governmental entity establishes a reasonable probability that it will prevail on the merits at trial,  
4 there arises a rebuttable presumption that the potential harm to the public outweighs the potential  
5 harm to the defendant. (*Id.* at p. 72.) The burden is on the defendants to show that they would  
6 suffer irreparable harm if an injunction were issued. (*Ibid.*)

7 By authorizing injunctive relief to remedy violations of the Unfair Competition Law and the  
8 law prohibiting untrue and misleading statements (see Business and Professions Code, sections  
9 17203 and 17535, respectively), the Legislature has already determined that such violations harm  
10 the public interest and that an injunction is the proper way to protect against that harm. Thus, if  
11 the People demonstrate a reasonable probability of prevailing on the merits at trial, harm to the  
12 public is presumed. Instead, Defendant must demonstrate that they will be harmed by issuance of  
13 the injunction.

14 More than a reasonable probability exists that the People will establish violations of  
15 Business and Professions Code sections 17500 and 17200. There is overwhelming evidence that  
16 Defendants have violated, and continue to violate, Sections 17500 and 17200. Based on this  
17 evidence, Defendants could not demonstrate that their interest in continuing to operate their illegal  
18 enterprise outweighs the interest of the general public in being protected from such unlawful  
19 practices. If Defendants are permitted to continue their unlawful scheme, the harm to the public  
20 will be devastating and irreparable. The consumers who fall victim to this scam, who are by  
21 definition not well educated and likely to be unfamiliar with the American education system, will  
22 continue to waste precious time and money that could have been spend on useful educational  
23 programs; both the consumers and the families that depend on them will be irreparably damaged if  
24 the injunction is denied.

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1                   **1.       The People are reasonably likely to prevail on the merits at trial.**

2                   **(a)       Defendants have made untrue or misleading statements in**  
3                   **violation of Business and Professions Code section 17500.**

4                   Business and Professions Code section 17500 makes it unlawful for any person to make  
5                   any statement that such person knows or by the exercise of reasonable care should know to be  
6                   untrue or misleading in order to sell goods or services. Under Section 17500, a statement is  
7                   impermissibly untrue or misleading if the statement is likely to mislead members of the public.  
8                   (*Chern v. Bank of America* (1976) 15 Cal.3d 866, 876.)

9                   To prove a violation of section 17500, Plaintiff does not have to prove fraud, reliance, or  
10                  an intent to deceive. (See *People v. Superior Court (Olson)* (1979) 96 Cal.App.3d 181, 190, cert.  
11                  denied, 446 U.S. 935.) In addition, Plaintiff does not have to show that consumers were actually  
12                  deceived to establish a statutory violation. (*Id.* at p. 198) Thus, California courts have repeatedly  
13                  held that a violation occurs at the time that a consumer is solicited, regardless of whether the  
14                  consumer purchases the goods or services offered. (See, e.g., *People v. Toomey* (1985) 157  
15                  Cal.App.3d 1, 22-23; *People v. Superior Court (Jayhill)* (1973) 9 Cal.3d 283, 289.)

16                  A failure to disclose may also constitute an untrue or misleading “statement” for purposes  
17                  of a section 17500 violation. The omission of material information can be as misleading as a direct  
18                  misstatement of fact. (*Ford Dealers Ass’n v. Dept. of Motor Vehicles* (1982) 32 Cal. 3d 347, 364;  
19                  accord *Leoni v. State Bar* (1985) 39 Cal. 3d 609, 618-19, 627.) Moreover, words and sentences  
20                  that may be literally or technically true may also tend to mislead or deceive the public. (*Federal*  
21                  *Trade Comm’n v. Sterling Drug, Inc.* (2d Cir. 1963) 317 F.2d 669, 674-675) A representation  
22                  susceptible to both a misleading and a non-misleading interpretation will be construed against the  
23                  person making it. (*Resort Car Rental System, Inc. v. Federal Trade Comm’n* (9<sup>th</sup> Cir. 1975) 518  
24                  F.2d 962, 964.)

25                  Defendants have made untrue and misleading statements regarding their ability to provide a  
26                  high school education, and a high school diploma, in ten weeks. Further, they have made untrue  
27                  and misleading claims about consumers’ ability to use the diploma to pursue higher education, to  
28                  receive financial aid, and to get a better job. Therefore, Defendants have violated, and continue to

1 violate, section 17500 of the Business and Professions Code. Because Defendants' illegal conduct  
2 is overt and ongoing, the People are more than reasonably likely to prevail on the merits at trial.

3 **(b) Defendants have engaged in unfair business practices in**  
4 **violation of Section 17200.**

5 Unfair competition includes "any unlawful, unfair or fraudulent business act or practice."  
6 (Bus. and Prof. Code, § 17200.) In drafting the Unfair Competition Law, the Legislature  
7 intentionally used "sweeping language," and empowered the court to issue injunctions to curb any  
8 such business practice "in whatever context such activity might occur." (*Barquis v. Merchants*  
9 *Collection Assn.* (1972) 7 Cal.3d 94, 111.) In addition, the statute is written in the disjunctive,  
10 thereby establishing "three varieties of unfair competition -- acts or practices which are unlawful *or*  
11 unfair *or* fraudulent. In other words, a practice is prohibited as 'unfair' or 'deceptive' even if not  
12 'unlawful' or vice versa." (*Podolsky v. First Healthcare Corp.* (1996) 50 Cal.App.4th 632, 647.)

13 **i. Defendants have committed unlawful acts and practices.**

14 Section 17200 "borrows" violations of other laws and makes them actionable as unlawful  
15 business practices. (*State Farm Fire & Casualty Co. v. Superior Court* (1996) 45 Cal.App.4th  
16 1093, 1103.) An unlawful business act or practice, then, includes any activity that is forbidden by  
17 law, "be it civil or criminal, federal, state or municipal, statutory or regulatory, or court-made  
18 [law]." (*Saunders v. Super. Ct.* (1994) 27 Cal. App. 4th 832, 838-839.)

19 **a. Defendants have violated Section 17500.**

20 Untrue or misleading statements in violation of Section 17500 also constitute unfair  
21 competition as defined in section 17200. (Bus. & Prof. Code, § 17200; *Committee on Children's*  
22 *Television, Inc. v. General Foods Corp.* (1983) 35 Cal.3d 197, 210.) Therefore, all of  
23 Defendants' violations of Section 17500 also constitute violations of Section 17200.  
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1 schools that has filed an affidavit pursuant to Section 33190].) It seems, then, that Defendants'  
2 main -- and likely exclusive -- reason for filing an affidavit is to mislead consumers into believing  
3 that the State stands behind the CAHS program.

4 **ii. Defendants have engaged in fraudulent business acts and**  
5 **practices.**

6 A “fraudulent” business act or practice under section 17200 bears little resemblance to  
7 common law fraud and “only requires a showing [that] members of the public ‘are likely to be  
8 deceived.’” (*Saunders, supra*, 27 Cal.App.4th at p. 839.) Proof of actual deception, reasonable  
9 reliance, and damage are unnecessary. (See, e.g., *Committee on Children's Television, supra*, 35  
10 Cal.3d at p. 211.)

11 Defendants’ conduct is “fraudulent” within the meaning of Section 17200 in that members  
12 of the public are likely to be deceived about the significance and utility of a CAHS education and  
13 diploma.

14 **iii. Defendants have engaged in unfair business acts and**  
15 **practices.**

16 Section 17200 also denounces “unfair” business practices in a broad manner. As the  
17 Supreme Court has noted:

18 In permitting the restraining of all “unfair” business practices, section 3369 [the  
19 predecessor to section 17200] undeniably establishes only a wide standard to guide courts  
20 of equity; . . . given the creative nature of the scheming mind, the Legislature evidently  
21 concluded that a less inclusive standard would not be adequate.

22 (*Barquis, supra*, 7 Cal.3d at p. 112.) “Unfairness” under Section 17200 has been equated to  
23 violations of the “fundamental rules of honesty and fair dealing . . . .” (*Ibid.*) “Unfairness” may  
24 also be determined by weighing the “impact [of the practice or act] on its alleged victim . . . against  
25 the reasons, justifications and motives of the alleged wrongdoer.” (*Pastoria v. Nationwide Ins.*  
26 (2003) 112 Cal.App.4th 1490, 1498 (citation omitted, alternations in original).

27 Defendants’ conduct is unfair according to any of these definitions. The CAHS scheme  
28 violates “fundamental rules of honesty and fair dealing” by creating the illusion that CAHS is a  
respected pioneer in the field of “alternative education” that is endorsed by the State, that those  
who run it have the credentials and experience to provide a quality education, and that those who

1 complete the program will have the rights and privileges given to graduates of traditional high  
2 schools. Moreover, the impact on Defendants' victims -- in time, money and foregone  
3 opportunities -- outweighs any justification that Defendants could offer for engaging in the  
4 conduct.

5 The conduct of Defendants Daniel Gossai and Janet Gossai in manipulating title to assets  
6 acquired with the proceeds of this scheme is also unfair within the meaning of Section 17200. Mr.  
7 Gossai, who wrongfully acquires money and property via the CAHS scheme, transfers title to Mrs.  
8 Gossai, who acts as a repository for the wrongfully-acquired assets. Mr. Gossai continues to make  
9 use of these assets -- including, but not limited to, CAHS's Huntington Park office -- to further the  
10 CAHS scheme and to finance the couple's lifestyle while attempting to appear financially  
11 unaccountable to consumers victims and prosecutors. From the perspective of the Gossais, then,  
12 this financial shell-game is an important part of the CAHS scheme for at least two reasons: it  
13 emboldens these defendants to continue the scheme because they believe they are judgment-proof,  
14 and it presents at least the perception of an additional hurdle to those seeking compensation for  
15 harm caused by the CAHS scheme. Thus, this conduct violates Section 17200.

16 **2. California consumers will be irreparably harmed from denial of an**  
17 **injunction; Defendants will not suffer irreparable injury from its**  
**issuance.**

18 As discussed above, in this case, there is a rebuttable presumption that the potential harm  
19 to the public outweighs the potential harm to Defendants. (*Supra* at p. 15.) Defendants cannot  
20 rebut that presumption.

21 Defendants' ongoing violations of the law pose a continuing threat to consumers.  
22 Consumers waste both time and money pursuing useless diplomas from CAHS. While the money  
23 could be repaid, the lost time cannot. Consumers who face demands of work and family may have  
24 lost forever the opportunity to earn a legitimate high school diploma or to study for the GED. In  
25 addition, consumers' embarrassment in front of once-proud relatives, and their humiliation when  
26 their "diploma" is refused by a potential employer or school cannot be measured or repaid.

27 Meanwhile, Defendants profit by flouting their legal obligations. Defendants cannot  
28 plausibly argue that their interest in continuing to operate in defiance of this Court's permanent

1 injunction and in violation of explicit statutory requirements outweighs the interest of the general  
2 public in being protected from such unlawful business practices. Even if Defendants could credibly  
3 argue that they would be harmed by issuance of an injunction, such as by losing “tuition” or  
4 revenue from cap and gown rentals, that “harm” could be compensated monetarily.

5 In addition, even if Defendants could offer evidence demonstrating that they would suffer  
6 grave or irreparable harm from a preliminary injunction, and assuming that Defendants could  
7 prevail in the balancing of the harms, the Court may nonetheless issue a preliminary injunction. As  
8 long as “it appears fairly clear that the plaintiff will prevail on the merits, a trial court might  
9 legitimately decide that an injunction should issue even though the plaintiff is unable to prevail in a  
10 balancing of the probable harms.” (*IT Corp.*, *supra*, 35 Cal.3d at pp.72-73.)

11 It is, at the very least, “fairly clear” that the People will prevail on the merits at trial.  
12 Despite any alleged harm Defendants might suffer, a temporary restraining order and order to  
13 show cause re: preliminary injunction should issue to stop their illegal practices.

#### 14 **V. THE PEOPLE REQUEST THE APPOINTMENT OF A RECEIVER**

15 Defendants have committed numerous violations of California’s consumer protection laws  
16 to extract money from this state’s consumers. Pursuant to Business and Professions Code sections  
17 17203 and 17535, this Court is expressly empowered to appoint a receiver to prevent the use or  
18 employment by any person of any practice that violates Sections 17200 and 17500 et seq. or to  
19 restore the money or property that was acquired by means of such violations.

20 Additionally, the Government Code recognizes the power of the Court to prevent the  
21 dissipation of money or property that was collected through unlawful business practices and thus  
22 will be returned as restitution to victims in cases such as this. Government Code section 12527  
23 specifically authorizes the Court to appoint a receiver in cases brought by the Attorney General on  
24 behalf of the People if: (1) “[t]he Attorney General has a reasonable probability of prevailing on the  
25 merits at trial in establishing that the defendant obtained real or personal property by any unlawful  
26 means”; and (2) “[t]he appointment of a receiver would facilitate the maintenance, preservation,  
27 operation, or recovery of that property for any restitutionary purpose.” (Gov. Code, § 12527,  
28 subd. (b).) The People have met those conditions here.

1           **A.     The People have a reasonable probability of prevailing on the merits at trial.**

2           As set forth in detail above and in the accompanying declarations and exhibits, the People  
3 are likely to prevail on their causes of action against Defendants. At this stage of the litigation, the  
4 People have not yet determined how much money consumers have lost, but there is ample evidence  
5 that Defendants have become wealthy via this scheme. For example, Mr. and Mrs. Gossai --  
6 whose main, if not sole, source of income seems to be the CAHS scheme -- own over \$1.5 million  
7 in real estate and six cars.

8           Therefore, there is a reasonable probability that the People will prove at trial that  
9 Defendants “obtained real or personal property by . . . unlawful means.” (Gov. Code, § 12527,  
10 subd. (b)(1).)

11           **B.     Appointment of a receiver will prevent Defendants from continuing to engage**  
12           **in unlawful practices, and will facilitate the preservation and recovery of that**  
13           **property to pay restitution to consumer victims.**

14           The appointment of a receiver will serve two independent, yet equally important, purposes.  
15 First, it will prevent Defendants from continuing to collect money from consumers in violation of  
16 Sections 17200 and 17500, and second, it will preserve Defendants’ assets, which may be used to  
17 pay restitution to Defendants’ victims.

18           The People submit that Defendants will continue their unlawful practices unless a receiver  
19 is appointed to supervise their business operations. Defendants Daniel Gossai and California  
20 Alternative High School have been subject to injunctions since December 2003, which prohibited  
21 most of the misconduct discussed above. (*Supra* at pp. 11-12.) They have disobeyed those  
22 orders, and instead continue to collect money from consumers unlawfully. In addition, the City of  
23 Huntington Park denied CAHS permission to operate in that City because, among other things,  
24 Mr. Gossai refused to provide the required information for issuance of a business license. (*Supra*  
25 at p. 12.) Mr. Gossai and CAHS, however, continue to conduct business from their office in  
26 Huntington Park. (*Ibid.*) Also, Mr. Gossai and CAHS refused to comply with the Iowa Attorney  
27 General’s investigation of CAHS, forcing the Attorney General to seek assistance from the District  
28 Court. (*Supra* at pp. 12-13.)

1           Given Defendants' disregard for the law, it is necessary to place Defendants' business  
2 under the control of a receiver to ensure compliance with the law and to prevent further  
3 victimization of consumers. Among other things, as the People discovered during their  
4 investigation, Defendants receive a steady stream of consumer phone calls at their office in  
5 Huntington Park. (Garcia Dec., ¶¶13.3, 13.4). Also, the instructors tell consumers to  
6 communicate directly with Defendants, rather than with the instructors and directors where the  
7 classes are offered. (Porbanic Dec., ¶7.) It can reasonably be expected that this litigation will  
8 prompt even more consumer questions, many of which will be addressed to Defendants directly.  
9 Therefore, the People submit that a receiver should be in place to respond to these inquiries, many  
10 of which will concern the legality of CAHS, the status of the litigation and, as always,  
11 dissatisfaction with the CAHS program. In addition, there is a need for communication with the  
12 vast network of sites at which classes are offered. There is no evidence that Defendants have  
13 communicated the changes compelled by the earlier preliminary and permanent injunction to the  
14 individuals who run the CAHS program at these sites. A receiver will be a reliable conduit of  
15 information to those individuals, who are in direct contact with consumers at every phase from  
16 recruitment to "graduation." In addition, the receiver will safeguard the books and records of the  
17 defendant corporations, which will be necessary to locate the corporations' assets and to identify  
18 consumers who may be entitled to restitution.

19           A receiver is also necessary for the maintenance, preservation, operation, and/or recovery  
20 of Defendants' wrongfully-acquired property, so that it may be used to make restitution to  
21 consumers. Among other things, at the direction of the Court, the receiver may: (1) take  
22 possession of real and personal property obtained by unlawful means, and the proceeds of that  
23 property; the receiver may also take possession of property with which the unlawfully-obtained  
24 property and its proceeds have been commingled; (2) avoid transfers to those who participated in  
25 the wrongful acts, transfers to those who knew that the property was wrongfully obtained and, for  
26 the year prior to entry of the receivership order, transfers to those who did not give reasonably  
27 equivalent value for that property; and (3) take possession of the books and records relating to the  
28 unlawfully-obtained property and the proceeds of that property. (Gov. Code, § 12527, subd. (c).)

1 At this early stage, the People have not yet discovered the full extent to which Defendants  
2 have profited from the CAHS scheme. The People have, however, located certain bank accounts  
3 funded by Defendants' misconduct, and real estate and personal property that has been acquired, at  
4 least in part, with the proceeds of the CAHS scheme. Placing these assets in the possession of the  
5 receiver will better ensure that those assets are available for restitution, in the event that the Court  
6 orders restitution, while ensuring the payment of ordinary business expenses during the pendency  
7 of this action. In addition, placing a receiver in the position to manage the Defendant corporations  
8 will enable the receiver to collect and safeguard payments from consumer victims to CAHS,  
9 thereby securing those monies for potential return to the victims.

10 Separately, the People have requested an order freezing certain of Defendants' assets. This  
11 order will safeguard the assets of which the receiver will not take possession. These assets include,  
12 but are not limited to, the real estate of Daniel Gossai and Janet Gossai that has been nominally  
13 transferred between them to thwart creditors, and which will likely be drained of equity or sold if  
14 the Court does not intervene. The freeze order will also protect the assets that have not yet been  
15 transferred to the receiver, including, but not limited to, assets that the receiver and/or the People  
16 have not yet located.

17 **C. The People have made the showing required by CRC 1900 for ex parte**  
18 **appointment of a receiver.**

19 The People submit that appointment of a receiver cannot wait until after hearing on a  
20 noticed motion for at least two, independent reasons. First, this Court has already determined that  
21 Defendants' conduct causes irreparable injury to consumers. (*Supra* at p. 12.) Based on  
22 Defendants' past actions, it is likely that they will continue to violate the law until they are  
23 removed from a position that allows them to do so. Immediate appointment of a receiver will  
24 greatly diminish Defendants' ability to continue to mislead consumers through their high school  
25 scheme.

26 Second, it is likely that defendants will attempt to dissipate their assets once they have  
27 learned of this action. While this cannot be known with certainty until it is too late (i.e., once they  
28 have already done so), there are many indications that this will result. As discussed above,

1 Defendants have not obeyed the law when ordered to do so. Also, defendants Daniel Gossai and  
2 Janet Gossai have placed much of their real estate in her name alone. Although the People intend  
3 to prove that this strategy is ineffective, it is nevertheless evidence of their willingness to hide  
4 assets from consumer victims and prosecutors. The appointment of a receiver and an asset freeze  
5 order will safeguard those assets while continuing to operate the business in a lawful manner. In  
6 the event that the People do not prevail at trial, control over those assets can be returned to  
7 Defendants. In contrast, if a receiver is not appointed and the assets are dissipated, consumer  
8 victims will be deprived of restitution without recourse.

9 **VI. CONCLUSION**

10 For the foregoing reasons, the People respectfully request that the Court grant the  
11 requested relief.

12  
13 Dated: August 2, 2004

Respectfully submitted,

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