

C10-1884 *LS*

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2

CONFIDENTIAL COVERSHEET

3

FALSE CLAIMS ACTION

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THIS CIVIL ACTION IS BROUGHT UNDER THE FALSE CLAIMS ACT

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GOVERNMENT CODE SECTION 12650 ET SEQ. THE DOCUMENTS FILED IN THIS

6

CASE ARE UNDER SEAL AND ARE CONFIDENTIAL PURSUANT TO

7

GOVERNMENT CODE SECTION 12652(c).

☐ FILED ☐ ENTERED
☐ LODGED ☐ RECEIVED

NOV 18 2010 LK

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

UNITED STATES OF AMERICA

Civil Action No.

C10-1884 RSL

Ex rel. MARK E. PHILLIPS,

FILED UNDER SEAL

Plaintiff/Relator,

PURSUANT TO 31 U.S.C. § 3729, *et seq.*

v.

JURY TRIAL DEMANDED

KYLEEN E. CANE, JAN M. WALLACE,

AMIN AND AFSHAN LAHKA,

CLAIRE AMBROSIA, GRACE SIM,

MUNJIT AND DEVI JOHAL,

ANTHONY AND LILLIAN BAY,

JEFFERY SMYTH,

JULIA DEHAAN,

JUSTIN HOTARD, NCR CORPORATION,

JOHNAND JANE DOES 1 – 100,

JOHN DOE CORPORATIONS 1 - 100,

and OTHER JOHN DOE ENTITIES 1-100

Defendants.

FILED LODGED ENTERED RECEIVED

NOV 18 2010 LK

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY



10-CV-01884-CMP

C10-1884 RSL

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CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
DEPUTY

**QUI TAM COMPLAINT
FOR VIOLATION OF THE FEDERAL FALSE CLAIMS ACT AND AS AMENDED BY
THE FRAUD ENFORCEMENT AND RECOVERY ACT 2009**

RELATOR Mark E. Phillips brings this *qui tam* action on his own behalf and on behalf of the Government of the United States of America, pursuant to the Federal False Claims Act, 31 U.S.C §3729, *et sequitur*, [hereinafter "FCA"], and as amended on May 20, 2009, by the Fraud Enforcement and Recover Act of 2009 [hereinafter "FERA"], by and through himself, Pro Se and alleges as follows:

INTRODUCTION

1. Relator brings this action to enjoin Defendants Cane, et al., from engaging in the following activities, among other potential activities not yet identified and/or alleged in this Complaint: 1) presenting, or causing to be presented, any false or fraudulent representations and/or orchestrating and/or executing, or causing to be orchestrated and/or executed, any scheme to defraud as prohibited by the FCA; 2) knowingly and willfully falsifying and/or concealing, or causing to be falsified and/or concealed, any material fact through the orchestration and/or execution of a scheme and/or making any materially false, fictitious, or fraudulent statements or

1 representations, and/or causes to be made any materially false, fictitious or fraudulent statements
2 or representations, or makes or uses a materially false writing or document, or causes to be made
3 or used a materially false writing or document knowing such writing or document contains any
4 materially false, fictitious or fraudulent statement or entry; 3) violating the anti-fraud provisions
5 of the federal securities laws; 4) orchestrating and/or executing, or causing to be orchestrated
6 and/or executed, any patterned racketeering activity thereby directly violating the provisions set
7 forth under the Racketeered Influence and Corrupt Organizations Act [hereinafter "RICO"]; and
8 5) violating provisions of the federal money laundering laws by knowingly engaging in, or
9 attempting to engage in any transactions of criminally derived property.

10 2. Relator also brings this suit to recover all damages, civil penalties and other
11 remedies available for violations of the "reverse false claim" provision of the FCA. 31 U.S.C. §
12 3729(a)(1)(G). Under this provision, there is no improper payment by government to defendant,
13 but rather there is improper reduction in defendant's liability to government; this provision of Act
14 entitles plaintiff to recover against defendant who knowingly makes, uses, or causes to be made
15 or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit
16 money or property to the Government. 31 U.S.C.A. § 3729(a)(7). U.S. ex rel. Bain v. Georgia
17 Gulf Corp., 386 F.3d 648. 78 AMJUR POF 3d 357. In summary, this provision of Act prohibits
18 an individual from making, using or presenting any false or fraudulent records, statements or
19 claims, or any combination thereof, or causing to be made, used or presented, or any
20 combination thereof, in order to conceal, avoid, or decrease an obligation to pay or transmit
21 money or property, or any combination thereof, with respect to mortgage fraud, securities fraud,
22 financial institution fraud and other frauds through abuses and loopholes in corporate shells,

1 corporate and tax accounting, preemptive complaints and other litigation procedures.. As
2 detailed herein, defendants, their agents, employees and/or co-conspirators, or any combination
3 thereof, have knowingly and/or intentionally acted in violation of this law.

4 3. Plaintiff brings this action for violations of the FCA on behalf of himself and the
5 United States of America pursuant to 31 U.S.C. §§ 3729 – 3733.

6
7
8 **THE FALSE CLAIMS ACT**
9 **HISTORY, AMENDMENTS AND APPLICATION OF FERA**

10 4. The False Claims Act, (hereinafter “FCA”), was enacted in 1863 during the Civil
11 War to redress fraud against the union by defense contractors. Congress amended the False
12 Claims Act in 1986 to enhance the Government's ability to recover losses sustained as a result of
13 fraud against the United States. by creating incentives for individuals to disclose fraud and absent
14 fear of reprisal or Government inaction and by encouraging the private bar to commit legal
15 resources to prosecuting fraud on the Government's behalf.

16 5. The False Claims Act provides in relevant part under 31 U.S.C. § 3729(a)(1) that
17 any person who knowingly submits, or causes the submission of, a false or fraudulent claim to
18 the United States Government for payment or approval is liable for a civil penalty of not less
19 than \$5,500 up to a maximum of \$11,000 for each such claim, plus three times the amount of the
20 damages sustained by the Government because of the false claim.¹ Likewise, liability is imposed

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¹ The Federal Civil Monetary Penalties Inflation Act of 1990 (“CMP”) as amended by the Debt Collection improvement Act of 1996 provides that for violations of 31 U.S.C. § 3729(a) after September 9, 1996, the CMP is increased to a mandatory penalty of between \$5,500 and \$11,000 per claim. Prior to this date, the CMP remains at

1 under 31 U.S.C. § 3729(a)(7) against “any person who (7) knowingly makes, uses or causes to be
2 made or used, a false record or statement to conceal, avoid or decrease an obligation to pay or
3 transmit money or property to the Government.

4 6. Under the FCA, “knowing” and “knowingly” means that a person has:

- 5 a. actual knowledge of the information; *or*
6 b. acts in deliberate ignorance of the truth or falsity of the information; *or*
7 c. acts in reckless disregard of the truth or falsity of the information, “and no
8 proof of specific intent to defraud is required.” 31 U.S.C. § 3729(b).

9 7. The FCA allows any person having information about a false or fraudulent claim
10 against the Government to bring an action for himself and the Government, and to share in any
11 recovery. The FCA requires that the complaint be filed under seal for a minimum of 60 days
12 (without service on the defendant during that time) in order to allow the Government time to
13 conduct its own investigation and determine whether to join the suit.

14 8. None of the allegations set forth in this Complaint are based on public disclosure
15 of allegations or transactions in a criminal, civil, or administrative hearing, in a congressional,
16 administrative, or General Accounting office report, hearing, audit, or investigation, or from the
17 news media, or upon public disclosure for which Relator is not the original source.

18 9. Relator has direct and independent knowledge within the meaning of 31 U.S.C. §
19 3730(e)(4)(B), derived through his employment, and professional and personal relationship with
20 Defendants, of the information on which the allegations set forth in this Complaint are based.

between \$5,000 and \$10,000 per claim. *See*, 65 FR 47099 (Vol. 64, No. 167, Monday August 30, 1999), now part of 28 CFR 85.

10. Relator is the original source of the allegations as defined in 31 U.S.C. § 3730(e)(4)(B), has direct knowledge of defendants' unlawful actions and violations as alleged herein, and claims that Defendants knowingly submitted, or caused to be submitted, false statements and records to the Government.

11. To the extent, if any, that this case is deemed to be a related action and that facts set forth herein are deemed to be the same as facts underlying an existing qui tam False Claims Act action pending at the time of filing this action, as prohibited in 31 U.S.C. § 3730(e), said factual allegations in common with either pending action which would cause this to be a related cause of action, are hereby expressly excluded from this action, but only to the limited extent necessary to exclude such preemption.

12. Furthermore, to the extent that the Court finds that the allegations or transactions set forth herein are based upon allegations or transactions which are the subject of a civil suit or an administrative civil money penalty proceeding in which the United States is already a party, if any such proceedings exist, then the allegation or transactions referred to herein that the Court deems are so based are expressly excluded herefrom, but only for the specific time periods, specific companies, and specific allegations or transactions as necessary.

THE PARTIES

I. INDIVIDUALS

13. RELATOR **Mark E. Phillips**, age 35, is, and was at all times material hereto, a resident and citizen of the state of Washington, primarily residing and conducting business in Seattle, Washington. Mark E. Phillips [hereinafter "Phillips" and/or "Relator"] is the founder,

1 Chief Executive Officer (“CEO”) and Chief Technology Officer (“CTO”) of A Dot Corporation
2 and MetaWallet Corporation, as well as numerous other entities, most of which are identified
3 herein. Phillips co-founded MOD Systems, Inc. and served as the company’s CEO and CTO
4 until 2009.

5 **14. A DOT Corporation** [hereinafter “A Dot”] is a private corporation organized
6 under the laws of the state of Washington with its principal place of business in King County,
7 Washington. Incorporated on April 1, 2003, A Dot provides high-end engineering services
8 relating to wireless communications, processor design, smart device product engineering,
9 perceptual coding design and optimization including industry cryptography for music, video and
10 electronic currency systems.

11 **15. MOD Systems, Inc.** [hereinafter “MOD”] is a private corporation organized
12 under the laws of Washington with its principal place of business in King County, Washington.
13 MOD was incorporated on May 20, 2005. MOD provides digital media solutions for retailers
14 including the licensing for music and studio content for distribution on to portable memory
15 devices. Under the leadership of Phillips [*also referenced herein as “Relator”*], MOD found
16 success in the technological development of memory cryptography for movie rentals and sales,
17 gaining approval by Warner Brothers and Paramount Studios, and ultimately securing a
18 \$35,000,000 investment, which resulted in a company value of approximately \$120 million.

19 **16.** Pursuant to a written agreement dated June 1, 2005, A Dot shares office space
20 with MOD at 1201 3rd Avenue, Suite 1000, Seattle, WA 98101.

21 **17. MetaWallet Corporation, (also known as Banana Corporation)** [hereinafter

1 "MetaWallet"] is a private corporation organized under the laws of the state of Washington.
2 MetaWallet was incorporated on or around June 16, 2006. Phillips' vision and business plan for
3 MetaWallet was focused on the research and development of an electronic currency transactional
4 system for mobile communication devices primarily for impoverished individuals in
5 underdeveloped countries.

6 18. Other corporations founded, managed and controlled by Relator include, but are
7 not limited, to the following entities: AnythingBox Corporation; ThinkBox Corporation; Hello
8 Hello Corporation; *and* other entities that contain field of use licenses between Phillips, and/or
9 other entities utilizing Phillips' expertise, assets, intellectual property ("IP") and trade secrets,
10 which include a number of Patents either pending or already issued by the United States Patent
11 and Trademark Office ("USPTO"), as well as a variety of copyright materials and other assets
12 provided and owned by Phillips. Prior to Defendants' actions and violations detailed herein,
13 MOD and MetaWallet had executed licenses with Phillips, specifically pertaining to U.S. Patent
14 No. 7,574,272, "System and Method for Data Transfer Optimization in a Portable Audio
15 Device," and U.S. Patent No. 12,239,669 ("System and Method for Musical Playlist Selection in
16 a Portable Audio Device."

17 19. Through their unlawful actions and fraudulent schemes, Defendants breached, or
18 caused to be breached, Phillips' license agreements with both MOD and MetaWallet. These
19 infringements resulted in the revocation of any rights previously granted pursuant to such
20 agreements with respect to the aforementioned IP, thereby causing immeasurable damage to

these corporations as well as to Phillips, personally.²

20. Defendant **Kyleen E. Cane** (*formerly known as Michael Cane*), date of birth October 22, 1954, age 56, social security number [REDACTED] was at all times material hereto a citizen of the United States, primarily residing in Calabasas, California with her partner, Sarah Eiselman. On or around February 14, 2002, Kyleen E. Cane [hereinafter "Cane"] underwent sex reassignment surgery. In 1978, Defendant Cane received her Jurist Doctorate from the University of Southern California, at which time her legal name was Michael Cane. At all times material hereto, Cane was a licensed member of the State Bars of Nevada, Hawaii, Washington and California, a member of the U.S. Tax Court and held a Real Estate Broker's license, which was valid in Nevada and California, as well as Hawaii.³

21. On information and belief, Defendant Cane secretly has been the beneficiary owner of more than a dozen companies over the past decade. She founded and currently operates Cane Clark Productions and Cane Clark Agency, both of which provide services pertaining to the management, sale and transfer of securities. Defendant Cane also co-founded Cane Clark LLP, a Nevada law firm, 3273 E. Warm Springs Road, Las Vegas 89120, office number (702) 312-6255, cellular phone number (702) 595-6005 where she currently practices, primarily in the areas of corporate and securities law.

22. At all times material hereto, in her capacity as a corporate and securities attorney, Defendant Cane has represented at least a dozen companies including, but not limited to, the following: Dynamic Associates (*formerly known as Dynamic & Associates*; and General

² See Exhibit __, (Mark Phillips c.v and Product History)

³ See Exhibit __, (Kyleen Cane & Michael Cane Biographies)

Dynamic Corporation), Imagistics International, Tele-Lawyer, Legal Access Technologies, Secure Diversified Investments, Galaxy Gaming, MW Medical, Perspective Health, Genesis Health Care, DAVI Skin, Dynamic Acquisition Corporation, MW Asia, MW Europe, Savannah Corporation, Western Investment Partners and Iomega Investments, most of which have been, or currently are, affiliated with one of more of the individuals named in this Complaint as co-defendants.

23. Defendant **Jan M. Wallace**, date of birth, July 2, 1955, age 55, born in British, Guiana, social security number [REDACTED], residing 6929 E. Cheney Dr. Paradise Valley, Arizona, home phone number (480) 626-2577 and cellular phone number (480) 276-7293 was at all times materials hereto a citizen of Canada and operating several securities, lending and business schemes in various U.S. jurisdictions and abroad. On information and belief, Defendant Jan M. Wallace [hereinafter "Wallace"] has used and/or currently uses the following aliases: Jan Jardin; Jan L. Wallace; Jardin Wallace; Jan Michael Wallace; E.L. Wallace; Anna L. Wallace; Neda Wallace; and Sarah Blair, as well as others not yet identified and/or detailed herein. Wallace is the founder of Dynamic Associates, MW Medical, Genesis, Perspectives, Savannah Corporation (formerly MW Fitness), Wallace Black LLC and Davi Skin (formerly MW Medical), as well as dozens of other corporations. During all times materials hereto, Wallace was the majority shareholder, Chairman and CEO of most, if not all, of the aforementioned entities.⁴ Wallace provided a statement to the Assistant United States Attorneys Office in desperate efforts to retaliate and delay legal civil action by Relator on April 1st, 2010, arriving on March 23 or 24th 2010 to U.S. Attorney Matthey Diggs and Aravind Swaminathan.

⁴ Exhibit, Jan Wallace Resume 2005

1 **24.** Defendant **Amin Lahka and Afshan Lahka**, and the marital community
2 composed thereof, were at all times material hereto citizens of United States , primarily residing
3 in Bellevue, Washington. Lahka Investments LLC, Western Investment Partners, Occupation,
4 Entities Affiliated, Roles with Entities, Previous Entities, Roles, Approximate Date, Relationship
5 to Relator

6 **25.** Defendant **Munjit Johal**, age , was at all times material hereto a citizen of India
7 residing primarily in Los Angeles, California. Defendant Munjit Johal (“Johal”) maintains and
8 controls Makeup.com, Ltd. and Makeup, Inc., which are both organized under the laws of the
9 state of Nevada, as well as Tora Technologies, a company which currently owns a percentage of
10 SDI stock resulting from the company’s bankruptcy.

11 **26.** Defendant **Claire Ambrosio**, age _____, was at all times material hereto a U.S.
12 citizen residing primarily in Los Angeles, California.

13 **27.** Defendant **Grace Sim**, age 49 or 50, was at all times material hereto a citizen of
14 Singapore residing in the United States, as well as other locations. Grace Sims maintains and
15 controls MW Asia, a wholly-owned subsidiary of MW Medical, Inc.

16 **28.** Defendant **Anthony and Lillian Bay**, and the martial community composed
17 thereof, are citizens of the United States, primarily residing at their home in Kirkland,
18 Washington. Anthony Bay (“Bay”) is a consultant for MOD , and presently describes himself as
19 Mod’s Chief Executive Officer (“CEO”). Defendant Bay has previously worked at Loudeye
20 Corporation, as its Executive Chairman, and Microsoft Corporation Senior Vice President of
21 Netshow and Windows Media Technologies Division.

29. Defendant **Julia de Haan** is a citizen of the United States, primary residing in Seattle, Washington. Julia de Haan ("De Haan") is attorney-in-fact for Robert M. Arnold. Defendant De Haan primarily operates as a Certified Public Accountant De Haan PLLC, 220 W Mercer Street, Suite W-430 Seattle, WA 98119, telephone number (206) 629-8500. Defendant De Haan, on information and belief, has overseen the investments made by Arnold. Arnold as of June 2007 has invested in 100 Seattle start-up companies with over \$55,000,000; his investments in MOD and Banana Corporation total \$9,000,000.

30. Defendant **Jeffery Smyth** is citizen of the United States, primary residing in Bellevue, Washington. Jeffery Smyth ("Smyth") is presently the Attorney for Arnold, De Haan and MOD through Smyth and Mason PLLC. Smyth and Mason PLLC., operates at 701 5th Avenue, Seattle WA 98104-7044, telephone number (206) 621-7100, www.smythlaw.com. Smyth communicates using email address jeff@smythlaw.com, and jeff98104@gmail.com.

31. Defendant **Justin Hotard**, age 36, is a citizen of the United States, with a primary residence in the District of Columbia. Justin Hotard ("Hotard") is the current Vice President of NCR Corporation. On behalf of NCR Corporation, Hotard serves as the company's 'observer' during MOD's Board of Director meetings.

32. **John and Jane Does 1-100** are individuals who acted in concert with the named Defendants in the fraudulent actions and unlawful violations detailed herein. The true names and capacities of the Defendants named herein as John and 1 to 100, inclusive, whether individual, corporate, associate, or otherwise, are unknown to Relator, who therefore files suit against such defendants by such fictitious names pursuant to *Federal Code of Civil Procedure* §_____.

Each of the John and Jane Doe Defendants are Washington residents, or were residents at the time relevant hereto, and currently conduct, and/or did conduct business at the time relevant hereto, in the state of Washington. Relator will amend this Complaint to show such true names and capacities when the same have been determined.

33. Each of the Defendants herein were at all times relevant hereto the agent, servant, employee or representative of the remaining defendants, and in performing the acts alleged herein was acting within the course and scope of such agency and employment with the full knowledge, consent, ratification, active assistance and encouragement, express or implied, of each of the other defendants. Accordingly, reference to one defendant herein, automatically is a reference to each and every other defendant herein.

II. ENTITIES

34. **Undersea Recovery Corporation** (*formerly doing business as* Dynamic Associates, *formerly* Legal Access Technologies/Tele-Lawyer) recent company resulting from corporate actions/mergers/name changes involving Tele-Lawyer. (Subsidiary resulting from merger between Dynamic Associates and Tele-Lawyer.)

35. **Tele-Lawyer, Inc.** ("Tele-Lawyer") was incorporated on or around December 29, 1995 and was organized under the laws of the state of Nevada. Defendant Cane was the founder of Tele-Lawyer and served as the company's Chairman and CEO. The Nevada Secretary of State business registry reports that Tele-Lawyer currently has an active business status and lists Cane Clark Agency, LLC as the company's registered agent. Defendant Cane is the company's President, Treasurer and Director, and Elliot Schear serves as secretary. Among the various

1 actions and amendments recorded on the website, a registered agent address change on
2 December 9, 2003, lists Michael A. Cane as the company's registered agent at that time.

3 **36. Davi Skin, Inc.** (formerly MW Medical, Inc.) was formed out of a reverse
4 merger, whereby Davi Skin acquired 100% of the assets of MW Medical, Inc.. Davi Skin was
5 organized under and by virtue of the laws of the State of Nevada, with its registered office in
6 Clark County, Nevada. The company's I.R.S. Employer Identification No. is 86-0907471, and
7 according to the corporation's last Form 10-Q, its business office is listed at 11990 San Vicente
8 Blvd., Suite 300, Lost Angeles, CA 90049. The company's prior business address was listed as
9 4223 Glencoe Avenue, Suite B130, Marina Del Rey, California 90292, which is the address
10 currently listed on the SEC's website and in the last filing of the list of officers and directors with
11 the Nevada Secretary of State.

12 **37.** Davi Skin is a public company with over five hundred sixty (560) stockholders.
13 The company's common stock is listed for trading on the Pink Sheets LLC trading platform
14 under the trading symbol "DAVN."

15 **38.** Davi Skin is in the business of cosmetics and skincare products, and more
16 specifically, the company is involved in the development and marketing of an all-natural, grape-
17 based skincare line. The Company launched the sale of its products during the year ended
18 December 31, 2006.

19 **39.** Defendant Wallace is, and at all times relevant hereto was, a director, president
20 and general manager of the defendant corporation. Under NRS 78.150, each Nevada corporation
21 is required to file with the Nevada Secretary of State an annual list of officers and directors,

listing among other things, the names and addresses of all officers and directors of the corporation. Wallace has not caused an annual list of officers and directors to be filed with the State for the last two years. Currently, the Nevada Secretary of State has revoked the corporation's charter.⁵

40. As a public company, the defendant corporation is required to file periodic reports with the SEC, including, but not necessarily limited to, an annual Form 10-K, a quarterly Form 10-Q and upon the occurrence of certain events, a Form 8-K. According to the SEC's website, Davi Skin last filed a Form 10-Q on August 19, 2008, and has not filed any current reports since this date, although certain events have occurred that would require the filing of such a report. As such, both Davi Skin and Wallace, acting as CEO, are in violation of the Exchange Act. The company did not file a Form 10-Q for the third quarter of 2008, or for any quarter in 2009, and the company did not file its 2008 annual report on Form 10-K that was due no later than March 31, 2009. The four entities listed below are subsidiaries that were formed, as a tax-free event, after the merger between Davi Skin and MW Medical. The act of forming shell companies 6 months prior to bankruptcy played a key role in the orchestration of defendants' schemes. Davi Skin has subsequently morphed through the following entities changes 1) D.A.V.I., INC. (NV20051552987), Default, Domestic Corporation 2) Davi Acquisition Corporation. (NV20041502861), Dissolved, Domestic Corporation 3) Davi Skin, Inc. - NV20041417204, Revoked, Domestic Corporation 4) Davi Skin, Inc. (NV19971339044), Revoke Domestic Corporation.

41. Secured Diversified Investments (currently Galaxy Gaming Corporation)

⁵ See Exhibit ___, (Zenith Complaint v Jan Wallace)

1 Mortgage-backed securities fraud./ Clifford Strand/Biddle litigation / Reverse merger with
2 Galaxy Gaming

3 **42. Subsidiaries of MW Medical** Three subsidiaries were spun out of MW Medical
4 while the company was still in the process of filing for bankruptcy: MW Asia, MW Europe and
5 MW Fitness, Inc.

6 **43. MW Asia (*Subsidiary of MW Medical*)** Entity involved in Tarapaski/Thomas
7 Wong Litigation

8 **44. MW Europe (*Id*)**

9 **45. MW Fitness, Inc. (*Currently doing business as Savannah Corporation*).** On or
10 around October 2, 2002, pursuant to a board resolution and certificate of amendment to the
11 company's articles of incorporation, MW Fitness, Inc. ("MW Fitness") changed its name to
12 **Savannah Corporation** ("Savannah"). The signature authorizing the certificate of amendment
13 appears to belong to Michael Cane. Indeed, Cane O'Neill Taylor, LLC is listed as being the
14 company's registered agent during that time of The MW Fitness, Inc. ("MW Fitness")
15 bankruptcy of MW Medical July 31, 2002, Entity number C19167-202 as a domestic corporation
16 in Nevada, business ID NV20021384672 with 100,000,000 shares outstanding capital amount of
17 \$100,000 and the officers President, Secretary, Treasurer and Sole Director Jan Wallace of 6929
18 E. Cheney, Paradise Valley 85253, AZ. Registered agent previously Cane O'Neill Taylor of 2300
19 West Sahara Las Vegas NV 89102 Rxs, October 2nd 2002 amended the articles to change name
20 from MW Fitness to Savannah Corporation.

21 **46. Cane Clark LLP (*formerly known as Cane Clark Productions, LLC; Cane Clark***

1 Agency; Cane & Associates LLP; and Cane O'Neill Taylor LLC) was originally was formed by
2 Cane as an entity through which Cane could act as a registered agent for various entities.

3 **III. OTHER AFFILIATED ENTITIES**

4 **47. Wallace Black, LLC** (*formerly* Bobby Black, LLC) is a corporation organized
5 under the laws of the state of Nevada. Wallace Black, LLC was incorporated on or around
6 March 3, 2005. According to the Nevada Secretary of State, the company's business license has
7 been revoked. Wallace Black, LLC is managed by its two members/officers: Kelly Black and
8 Defendant Wallace. On information and belief, Kelly Black was responsible for listing SDI on
9 the Frankfurt Exchange.

10 **48. LOM Securities, Incorporated** - From approximately June 2000, until around
11 June 2008, LOM Securities, Inc., ("LOM Securities"), a broker-dealer company managed by
12 Kevin Gunther [hereinafter "Gunther"], regularly conducted business in the Southern District of
13 New York. At all times material hereto, LOM Securities, dealt in securities transactions
14 primarily through New York based brokerage, clearing, and trust companies, as well as others,
15 for which LOM managed accounts and/or conducted business.

16 **49.** On information and belief, LOM Securities, in both the Cayman Islands and
17 Bermuda, has managed the following nominee companies on behalf of Defendants for nearly 15
18 years: Aberdeen Holdings Ltd. Inc.; Sunshine Ltd.; Arch, Ltd.; The Chloe Group of Companies;
19 and Hepburn Holdings, Ltd.

20 **50. Western Investment Partners** [hereinafter "WIP"], and **Iomega Investments**
21 LLC are both companies which were formed by defendants Wallace and Cane in order to

1 conceal related parties and affiliates, appoint such individuals to the target company's board of
2 directors and issue proxy votes through the LLC, thereby concealing beneficial ownership and
3 avoiding legal requirements pertaining to registration and disclosure. WIP members include,
4 among others, Defendant Lahka, who has also served as a real estate investor to Secure
5 Diversified Investments.

6 **51. John Doe Corporations 1 – 100** are corporations, the names and addresses of
7 which are unknown, that were affiliated and/or aided and abetted named Defendants in executing
8 the fraudulent actions and schemes detailed herein.

9 **52. John Doe Entities 1 through 100** are other legal entities, the names and
10 addresses of which are unknown, that were affiliated and/or aided and abetted named Defendants
11 in executing the fraudulent actions and schemes detailed herein.

12 **53. The Individual Defendants**, either named in this Complaint or identified herein as
13 John and Jane Does, the Corporate Defendants, either named or identified herein as John Doe
14 Corporations 1 through 100, and other Entity Defendants, either named or identified herein as
15 John Doe Entities 1 through 100, are collectively referred to as the "Defendants."

16 **54. Each of the named Defendants herein, and the fictitiously named Defendants,**
17 **were in some way or manner responsible for the occurrences and happenings alleged in this**
18 **Complaint and/or in some way aided and abetted the fraudulent schemes detailed herein. All of**
19 **the injuries and damages as alleged herein were and are the direct and proximate results of all**
20 **named defendants and of the defendants designated as John and Jane Does 1 through 100 as well**
21 **as Doe Entities 1 through 100 and Doe Corporations 1 through 100.**

JURISDICTION AND VENUE

55. This court has subject matter jurisdiction pursuant to 31 U.S.C. §§ 3730(b)(2) and 3732(a).

56. Venue is proper in this District pursuant to Defendants reside in, transact business and are organized under the laws of this District, and a substantial part of the causes of action occurred in this District.

57. The Court has jurisdiction of this action pursuant to Sections 20 and 22(a) of the Securities Act of 1933 [15 U.S.C. §§ 77t, 77v(a)], and Sections 20, 21(d), and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78t; 78u(d), and 78aa].

58. The Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and 31 U.S.C. § 3732, the latter of which specifically confers jurisdiction on this Court for actions brought pursuant to 31 U.S.C. §§ 3729 and 3730.

59. The Court has personal jurisdiction over the defendants, and venue is proper in the Western District of Washington, pursuant to 31 U.S.C. § 3730(b)(1), because many of the defendants' acts, practices, transactions, and courses of business constituting the violations alleged herein occurred in the United States, within the jurisdiction of the United States District Court for the Western District of Washington and elsewhere.

60. Defendants, directly and indirectly, have made, and are making, use of the means and instruments of interstate commerce, the OTC securities market and the mails in connection

1 with the acts, practices, and courses of business alleged herein in the Western District of
2 Washington and elsewhere.

3 4 SUMMARY OF FACTS

5 I. HISTORY/RELATIONSHIP OF PARTIES

6 61. On information and belief, Defendants Cane and Wallace have had a personal and
7 professional relationship for over a decade, beginning in or around 1998 through their mutual
8 affiliation with Dynamic.

9 62. Wallace first became affiliated with Dynamic Associates in or around 1995, when
10 she was elected to the company's Board of Directors and accepted the position of COO. "Jan
11 Wallace is a director, president and Chief Operating Officer of the company. Ms. Wallace has
12 been employed by the company since April 1995."⁶ See Exhibit, (Dynamic Associates, Annual
13 Report Form 10-KSB, fiscal year 1999).

14 63. Over the last decade, Wallace has presented herself through a veil of (cite Clifford
15 Strand Complaint)

16 64. Defendant Cane, first became affiliated with Dynamic in or around 1998, at which
17 time she was served as the company's attorney, under her former identity as Michael Cane. "Mr.
18 Cane had been one of the company's attorneys since November 1998, handling mostly business
19 and securities matters for Dynamic." On information and belief, Defendant Cane serves as the

6 Exhibit, Dynamic Associates, Annual Report Form 10-KSB, fiscal year 1999

1 scheme architect and aids co-defendants in their fraudulent and unlawful actions with respect to
2 corporate takeover, securities law, corporate law, tax law, and shelters and bankruptcy law. *Id.*

3 65. Defendant Sim first became affiliated with Dynamic, and subsequently with
4 Defendants Cane and Wallace, in or around 1997, when she was elected to the Board of Directors
5 and began serving as the company's secretary and treasurer. "Grace Sim is the
6 secretary/treasurer and a director of the company. She is also currently the secretary, treasurer
7 and a director of MW Medical, Inc., a public company." *Id.*

8 66. Defendant Ambrosio represents Wallace in civil litigation matters serves as power
9 of attorney over Wallace's assets, both in the United States and offshore. In this capacity,
10 Ambrosio has represented Wallace in the majority of her litigation matters, many of which are
11 identified herein. At all times material hereto, Defendant Ambrosia served as corporate attorney
12 for Claire Technologies, Demure, Inc., Davi Skin (between 2004-2007) and Secured Diversified
13 Investments. With respect to Claire Technologies, she is the beneficiary of the company's
14 equity.

15 67. Defendant Johal's primary role in the schemes detailed herein was as CFO and/or
16 audit committee member, having been introduced into the target company through either
17 Defendants Wallace or Cane.

18 68. Defendant Lahka's primary role in the schemes detailed herein was a financier and
19 beneficiary of illegally transport of monetary instruments, and defrauding management of
20 targeted companies by the Defendants.

21 II. SUMMARY/OVERVIEW OF THE SCHEME

1 **69. *Money Laundering Through the Over-the-Counter Derivative Market ("OTC")***

2 **70.** The outline of the schemes described herein involves causing litigation with
3 falsified accounting involving financial instruments, accounting records or alleged abuse in
4 corporate governance causing derivative or direct action against the Chief Executive, sometimes
5 through breaching trust/authority over associated officers and/or directors of target company,
6 shareholder litigation through minority oppression, derivative actions, or blackmail, causing
7 Special Litigation committee control and findings of accounting irregularities to dismiss the
8 management. The secret control of financial instruments and manipulation of securities value
9 through market dumping of shares, or devaluing of corporate assets, allowing for the issuance of
10 a controlling share of the corporation, justifying a reverse split of the securities, while concealing
11 the transport of previous securities, the falsifying of securities accounting records to maintain
12 large amounts of unregistered securities, and involvement of a legal process to affirm judgments
13 of the number corporate securities or the bankrupting of the corporate entity while looting its
14 assets to 3rd parties. Leaving the entity a shell and readying it for a reverse merge with
15 cooperative or unsuspecting company to sell the unregistered securities in conjunction with
16 manipulating the market share price as to create a legitimate appearance of strong market
17 volume, when in fact the entity is laundering money and causing tax liabilities to the former
18 management of the predecessor company.

19 **71.** The process by which Defendants' execute their scheme requires elaborate efforts
20 involving corporate takeovers and manipulation of securities whereby false records and
21 statements are presented, or caused to be presented, in order to conceal beneficial ownership
22 thereby allowing Defendants to retain all such proceeds, and/or avoid or decrease an obligation

1 to pay or transmit such monies or property to the Government. The FCA prohibits this activity
2 pursuant to section 3729(a)(1)(G), regarding reverse false claims.

3 72. Defendants conceal the fraudulent actions detailed herein through the abuse of
4 financial instruments such as embedded derivatives, which facilitate the unlawful sale of
5 unregistered securities on the derivative securities market. Defendants present, or cause to be
6 presented, false records and/or statements to financial institutions, mortgage lending institutions
7 and the Securities and Exchange Commission [hereinafter "SEC"], in order to loot the target
8 company while laundering monetary instruments, thereby evading taxes and defrauding the
9 Government and citizens of the United States of America.

10 73. In particular, Defendants conceal beneficial ownership and violate the federal anti-
11 fraud provisions regarding securities through the use of financial instruments held by individuals
12 or entities such as promissory notes with convertible features, and market manipulation allowed
13 Defendants to issue a significant portion of securities controlled by these individuals, to their
14 agents, employees, or co-conspirators, or any combination thereof. In addition, by and through
15 their unlawful, deceptive and fraudulent actions, Defendants were able to transfer these financial
16 instruments into predecessor entities with unregistered securities, to be converted and either
17 subsequently placed in off-shore nominee companies, or sold through Depository Trusts, such as
18 CEDE & CO, which is, and was at all material times hereto, the trust account used by Defendant
19 Cane, and later sold on the derivative markets in concert in order to facilitate money laundering
20 and tax evasion, and ultimately avoiding or decreasing an obligation to pay or transmit money or
21 property to the United States Government.

74. The overall scheme involves fraudulent and intentionally deceptive actions to obtain secret control of a public shell company, by merging it with a private company, introducing a control device promissory note with convertible features, promotion of the stock, illegal block placement of shares in brokerage accounts and then profiting by selling millions of unregistered shares into the ensuing demand.

75. Secretly acquiring a private company with a public shell prior to promoting and selling the stock is a common reverse merger scheme. Less common and more complex is the take-over of a public company for the purpose of looting its assets and acquiring the shell itself through bankruptcy. The complexity of the take-over introduces complex litigation which aids in the concealment of the crimes and deterrent for the authorities to intervene.

76. Such actions violate FERA §4(G) which declares liability on any person who, “knowingly makes, uses or causes to be made or used, a false record or statement material to an obligation to pay or transmit monies or property to the Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the government.” FERA §4(G) among other Act violations.

77. Defendants, as well as their agents, employees, co-conspirators or any combination thereof, are engaged in a massive scheme with respect to false claims made, presented, or used, or caused to be made, presented or used, or any combination thereof, against Financial Institutions, Mortgage Lending Services, the SEC, the U.S. Commodities Futures and Trade Commission (“CFTC”), the IRS and other government agencies monitoring and protecting the public for sole purpose of tax evasion and concealment of monetary instruments.

1 78. Defendant Cane is believed to architect, direct resources, cause by way of
2 direction, advice, business activities, security filings, disclosures, litigation, SEC complaints, and
3 through other legal maneuvering the systematic, pervasive, structuring, layering, and
4 implementation of accounting, securities and beneficiary ownership frauds, for the purpose of
5 laundering funds in and out of the United States.

6
7 **III. CANE CLARK AS A REGISTERED AGENT**

8 79. **Cane Clark LLP** (*formerly known as Cane Clark Productions, LLC; Cane Clark*
9 *Agency; Cane & Associates LLP; and Cane O'Neill Taylor LLC*) was originally was formed by
10 Cane as an entity through which Cane could act as a registered agent for various entities. Since
11 its incorporation, the company has undergone several business name changes, serving to
12 facilitate the schemes detailed below by obfuscating shell identity as well as the identity of
13 beneficial owners. Cane Clark currently remains controlled by Cane.

14 80. **Cane Clark Agency**, Entity Number E0620402008-0, Domestic Limited-Liability
15 Company, NV20081089679, 3273 E Warm Springs Rd, Las Vegas 89120.

16 81. Cane Clark LLP is the registered agent for over 200 companies (219), and has
17 provided securities legal services through Cane Clark LLP, Cane Clark Productions, Cane
18 O'Neil, and other Cane Legal Entities. The following individuals, operating companies, and
19 issued underlying securities represents similar patterned behavior including large blocks of
20 shares issued either to individuals, holding companies, or entity with appearances of an alter-ego
21 or obfuscation of beneficiary owner, reverse merger, and trading, volume fluctuation, direct

1 knowledge private transaction, reported transactions, or other reliable indicator which indicates
2 likely transactions either fraudulently presented to a private investor, or provides appearances of
3 assets, cash, or equity, for purposes of acquiring liquidity through means of fraudulent
4 representations, of which proceeds from underlying security transactions may cause concealment
5 of beneficiary ownership, frauds relating to opinion letters, broker-deal activities, securities or
6 funds in and out of the United States to evade taxes, representing "reverse" false claims of
7 actions to conceal or avoid an obligation to pay the government.

8 **82.** Cane Clark LLP (formerly Cane & Associates LLP Assigned on 7/18/03),
9 regulator # U.S. SEC # 1255294, IRS Number 743098870 provides purported legal services to
10 individuals targeted for corporate take-overs. 3273 East Warm Springs RD, Las Vegas, NV
11 89120, Phone: (702) 312-6255, Fax: (702) 944-7100, Email: info@caneclark.com.

12 **83.** Cane Clark Productions LLP maintains piggyback registration rights for the
13 sale of securities with Galaxy Gaming against a promissory note in first position of the corporate
14 entity. Defendants Cane and her co-conspirators caused the February 2005 issuance of
15 15,000,000 shares from Secured Diversified Investments, former company of Galaxy Gaming.

16 **84.** Cane Clark Productions LLP, through undisclosed ownership of securities sell
17 securities of Galaxy Gaming Corporation.

18 **85.** Cane Clark LLP has filed 2,059 SEC filings from August 15th 2003 to April 23,
19 2010 and is the beneficiary owner of shares from Sedona Software Solutions Inc., a company
20 that was prosecuted by the SEC in the matter of SEC v. Lines, et al.

21 **86.** Cane Clark LLP, a law firm organized and operating under the state laws of

1 Nevada, is comprised of attorneys Cane, Bryan Clark, Scott P. Doney, John J. Laxague, and
2 Christopher Clark online materials describe the firms focus in Corporate & Business Law,
3 Private & Public Securities Offerings, SEC & Blue Sky Registration & Periodic Filings, Reverse
4 Mergers & PIPEs, Specialty Litigation, Workouts, Reorganizations & Liquidations, Tax Planning
5 and Asset Preservation. In their capacity as attorneys for Cane Clark LLP, each of these
6 individuals directly and/or indirectly, participate, of have participated, in the schemes detailed
7 herein.

8 **87.** The following resumes and biographical excerpts currently can be found on Cane
9 Clark LLP's webpage:

10 **88. Kyleen E. Cane, J.D., LL.M.** Kyleen Elisabeth Cane received her B.A. degree in
11 Economics from the University of California, Irvine in 1975, her Juris Doctorate (J.D) from the
12 University of Southern California School in 1978, where she was Order of the Coif, Phi Beta
13 Kappa, Summa Cum Laude, Dean's Honor List, Who's Who in American Colleges and
14 Universities, Recipient of Three University of Southern California Scholarships, The American
15 Jurisprudence Award in Constitutional Law and member of the University of Southern California
16 Law Review. She is a licensed Member of the State Bars of Nevada, Hawaii, Washington and
17 California, a member of the U.S. Tax Court and maintains Real Estate Broker licenses in Nevada,
18 California and Hawaii. During the past thirty years, Ms. Cane has been a clerk for Justice Robert
19 Thompson on the California Court of Appeals (District 2, Division 1), an associate with the law
20 firm of Goodsill Anderson and Quinn in Hawaii, a Partner with the Newport Beach Law firm of
21 Wellman and Cane, an Associate Professor of Business Law at the University of Hawaii,
22 Chairman of the Department of Financial Economics and Institutions at the University of

Hawaii, College of Business, a Visiting Professor of Law at Whittier College School of Law and a Professor of Law at Western State University School of Law, a partner in the law firm of Cane and Company in Las Vegas, Nevada, and has published articles on a broad range of legal topics, including Corporate Take-overs, Tax Sheltered Investments, The Tax and Economic Benefits Of Structured Personal Injury Settlements, Equity And Forfeitures In Contracts For The Sale Of Land, Default Under An Agreement Of Sale, The Flat Tax System, and Restrictive Practices In Accreditation Of Medical Schools. She is also the author of four books (Divorce, Taxes, Bankruptcy and Estate Planning) in the Five Minute Lawyer's Guide books series first published by Bantam Doubleday Dell Publishing Group in May of 1995 (now out of print). From 2000-2003, Ms. Cane was CEO and President of Legal Access Technologies, a public reporting company. Ms. Cane practices primarily in the areas of Corporate and Securities Law.

89. Bryan R. Clark, J.D., LL.M. Bryan R. Clark received his B.S. degree from the University of Utah at Salt Lake City in 1987, and his Juris Doctorate (J.D.) from the University of Colorado at Boulder in 1990, where he was an editor of the law review and was inducted into the Order of the Coif. Mr. Clark also holds a Masters of Laws in Securities and Financial Regulation (LL.M.) from Georgetown University Law Center, earned in 2002. Prior to forming Cane Clark LLP with Ms. Cane in 2005, Mr. Clark was an associate with Brownstein Hyatt Farber & Shreck in Denver, a trial attorney with the capital crimes defense unit for the Clark County Public Defender, and a partner with McDonald Carano Wilson in Las Vegas. Mr. Clark practices primarily in the areas of Corporate and Securities Law, and is also experienced in commercial law and litigation, including jury trials and commercial arbitrations. Mr. Clark is licensed to practice in Nevada, Colorado and the District of Columbia and is admitted to practice

before the Ninth Circuit and the U.S. Supreme Court.

90. **Scott P. Doney, J.D.** Scott P. Doney received his undergraduate degree from the University of Utah at Salt Lake City, Utah in 1999. Mr. Doney received his Juris Doctorate (J.D.) from the William S. Boyd School of Law (UNLV) in 2002. Mr. Doney practices primarily in the areas of Corporate and Securities law, and also handles specialty litigation. Prior to joining Cane Clark LLP in 2005, Mr. Doney was an associate with McDonald Carano Wilson in Las Vegas and an associate with Mainor Eglet & Harris in Las Vegas. Mr. Doney is licensed to practice in Nevada. He is a member of the State Bar of Nevada.

91. **John J. Laxague, J.D.** Joe Laxague received his undergraduate degree from the University of Nevada, Las Vegas in 1997 where he graduated magna cum laude. He then went on to receive his Juris Doctorate (J.D.) from the University of Notre Dame in 2000, also receiving top honors. Mr. Laxague practices primarily in the area of corporate securities law and is also experienced in the areas of bankruptcy, commercial law, and commercial litigation. Prior to joining Cane Clark LLP in 2007, Mr. Laxague was an associate with McDonald Carano Wilson in Las Vegas. Mr. Laxague is licensed to practice in all state and federal courts in Nevada. He is a member of the State Bar of Nevada, and the American Bankruptcy Institute.

92. **Christopher T. Clark, J.D., LL.M.** Christopher T. Clark received his undergraduate degree from the University of California at Los Angeles in 1996. Mr. Clark received his Juris Doctorate (J.D.) from the University of Utah in 2001, and a Masters of Law in Taxation (LL.M.) from New York University in 2003. Mr. Clark practices primarily in the areas of Estate Planning, Taxation, Probate and Asset Preservation. Prior to joining Cane Clark LLP in

2008, Mr. Clark was a partner with Boyce Gianni & Clark in Las Vegas. Mr. Clark is licensed to practice in Nevada and Utah, and has been admitted to practice before the United States Tax Court. He is a member of the Utah State Bar, State Bar of Nevada, American Bar Association and the Clark County Bar, Nevada Community Foundation Professional Advisors Council and the University of Nevada Las Vegas Planned Giving Professional Advisors Council.

93. The following individuals, entities and/or corporations, among others, not listed, have, or previously had, a Filing/Agent relationship with Cane Clark LLP: Galaxy Gaming/Inc [formerly Secured Diversified Investment Ltd.]; Cascade Wind Corp [formerly Cascade Wind Corp/Inc.]; Cane, Kyleen E [formerly Cane Michael]; Saucier, Robert; Sedona Software Solutions Inc.; Iomega Investments LLC, ; McNevin, Patrick; Legal Access Technologies Inc. ; Kister, Jay; Wallace, Jan; Western Ridge Minerals/Inc [formerly Western Ridge Minerals]; Grid Petroleum Corp [formerly Sunberta Resources Inc.]; Genova Biotherapeutics Inc [formerly Kinder Travel/Inc.]; PrismOne Group/Inc [formerly Bright Screens/Inc.]; Galaxy Gaming/Inc [formerly Secured Diversified Investment Ltd.]; Cascade Wind Corp [formerly Cascade Wind Corp/Inc.]; Lans Holdings/Inc [formerly Lans Holding/Inc.]; Aviation Surveillance Systems/Inc [formerly Fairytale Ventures Inc.]; Source Gold Corp [formerly Ibex Resources Corp.]; Landmark Energy Enterprise/Inc [formerly Reflex Inc.]; Savoy Energy Corp [formerly Arthur Kaplan Cosmetics Inc.]; Blue Earth Solutions/Inc [formerly RM Health International/Inc.]; IB3 Networks/Inc [formerly Language Access Network/Inc.]; Zealous/Inc [formerly Adult Entertainment Capital/Inc.]; General Automotive Co [formerly General Automotive Co.]; Fusa Capital Corp [formerly Galaxy Championship Wrestling Inc.]; Elegant Concrete Inc [formerly Shaft Inc.]; Amarium Technologies/Inc [formerly Cirond Corp.];

Liberty Coal Energy Corp [formerly ESL Teachers Inc.]; World Series of Golf/Inc [formerly Innovative Consumer Products/Inc.]; Affinity Gold Corp [formerly Syncfeed/Inc.]; Znomics/Inc [formerly Pacific Syndicated Resources/Inc.]; Omnimmune Holdings/Inc [formerly Roughneck Supplies Inc.]; Options Media Group Holdings/Inc [formerly Heavy Metal/Inc.]; Defense Solutions Holding/Inc [formerly Flex Resources Co/LTD]; Cavitation Technologies/Inc [formerly Bioenergy Inc.]; Sinobiopharma/Inc [formerly Buzz Media/LTD]; United American Corp [formerly Studio Bromont Inc.]; Debut Broadcasting Corporation/Inc [formerly California News Tech]; SVI Media/Inc [formerly Oxford Media/Inc.]; Colombia Goldfields Ltd [formerly Columbia Goldfields Ltd.]; Akeena Solar/Inc [formerly Fairview Energy Corporation/Inc.]; Sedona Software Solutions Inc.; Iomega Investments/LLC; Wind Works Power Corp [formerly Ammex Gold Mining Corp.]; Legal Access Technologies Inc.; Health Benefits Direct Corp [formerly Darwin Resources Corp.]; Vegas Equity International Corp [formerly Cash 4 Homes 247]; MGN Technologies/Inc [formerly Tryx Ventures Corp.]; ProUroCare Medical Inc [formerly ProUroCare].

IV. AFFILIATION WITH LOM SECURITIES AND OFFSHORE ENTITIES

**(Arch, Ltd.; Sunshine Ltd.; The Chloe Group of Companies; Hepburn Holdings Ltd.;
Aberdeen Holdings Ltd. Inc.)**

94. The schemes involve the substantial participation of a Bermuda-based securities firm, defendant LOM (Holdings) Ltd. ("LOM Holdings"), two of its investment managers, defendant Kevin Gunther and unnamed Devi Johal, and several of its subsidiaries: Lines

1 Overseas Management Ltd. ("LOM Ltd."), LOM Securities (Bermuda) Ltd. ("LOM Bermuda"),
2 LOM Securities (Bahamas) Ltd. ("LOM Bahamas"), and LOM Securities (Cayman) Ltd. ("LOM
3 Cayman") (collectively referenced herein as "LOM" or the "LOM Entities"). Kevin Gunther
4 manages Hepburn Holding, and Devi Johal manages Arch Ltd.

5 **95.** During the relevant period of mid-2000 through mid-2008, the LOM Entities,
6 Kevin Gunther conducted extensive, regular, and continuous securities-related business in the
7 Southern District of New York, through U.S. and New York based brokerage, clearing, and trust
8 companies with which LOM maintained accounts or conducted business.

9 **96.** From approximately June 2000, until around June 2008, **LOM Securities, Inc.**,
10 ("LOM Securities"), a broker-dealer company managed by Kevin Gunther [hereinafter
11 "Gunther"], regularly conducted business in the Southern District of New York. At all times
12 material hereto, LOM Securities, dealt in securities transactions primarily through New York -
13 based brokerage, clearing, and trust companies, as well as others, for which LOM managed
14 accounts and/or conducted business.

15 **97.** On information and belief, LOM Securities, in both the Cayman Islands and
16 Bermuda, has managed the following nominee companies on behalf of Defendants for nearly 15
17 years: Aberdeen Holdings Ltd. Inc.; Sunshine Ltd.; Arch, Ltd.; The Chloe Group of Companies;
18 and Hepburn Holdings, Ltd.

19 **98.** On information and belief, Defendant Wallace has maintained, among others,
20 Chloe Group of Companies, an entity managed by LOM - Cayman, for an extensive period of
21 time in order to conceal beneficial ownership and illegally sell unregistered securities, thereby

1 avoiding tax obligations and defrauding the government for her own personal benefit.

2 **99.** LOM Securities' nominee company, Aberdeen Holdings, Ltd. Inc., 27 Reid Street,
3 Hamilton received Dynamic Associates or MW Medical shares on or around August 22, 2001.
4 Thirty-three of these shares carried over to Davi Skin. Aberdeen Holdings, Ltd. Inc. has been
5 identified as a nominee account secretly controlled by the Scott and Brian Lines of LOM
6 Securities.

7 **100.** On or around January 11, 2005, Defendant Wallace paid a renewal fee for broker-
8 dealer operations and management of Sunshine Ltd. through fiscal year 2006. Sunshine Ltd.,
9 managed by LOM Securities-Cayman, received DAVI Skin shares.

10 **101.** As of January 11 2005 Ms Devi Johal managed Arch Ltd on behalf of Jan
11 Wallace. Arch Ltd requires \$2,500 per year Corporation Administration Fee. Arch Ltd is
12 managed out of LOM Securities (Bermuda) Limited. Arch Ltd was suggested by Jan Wallace for
13 an executive to use, however topic did not proceed further. Arch Ltd received DAVI Skin shares.

14 **102.** On or around April 24, 2007, Gunther emails the same message sent on April 17
15 including the body addressed to Jan Wallace. Requesting executive authority for children over
16 Hepburn Holding. This email does not copy Jan Wallace, while the message is directed to her.
17 On information and belief, Jan Wallace caused that email to be transmitted.

18 **103.** On May 14 2007, Amin Lahka executes an agreement with Davi Skin, thereby
19 initiating a transfer of 200,000 voting shares to him from Hepburn Holdings, Ltd..

20 **104.** On information and belief, Jan Wallace and Cane have had relationships with

1 various LOM Entities directors and managers from 2001 through 2008 including Sherry Johal,
2 Devi Johal, Scott and Brian Lines, Tony Wile and Wayne Wile who have all orchestrated
3 manipulation of stock transactions over the OTCBB for proceeds. Through this relationship and
4 purported significant holdings, reach of disciplines and resources available Defendants Cane and
5 Wallace are able to produce necessary documents, tools and materials for schemes they plan
6 executing.

7 **105.** Defendant Cane, through Cane Clark LLP is the majority owner of Sedona
8 Software, Company, as of May 13 2005. Clark David, an associate at Cane Clark is listed as the
9 CEO and CFO as of May 13 2005. There are current SEC action against the Lines Brothers
10 owners of LOM Entities, Sedona Software, and other individuals who aid and abet the schemes
11 alleged herein.

12 **106.** In 2004, LOM earned approximately \$7.5 million from trades placed through U.S.
13 markets. This accounted for sixty-three percent of LOM's \$12 million in total brokerage revenues
14 and forty-four percent profits \$17 million in overall revenues. Of LOM's \$7.5 million in revenue
15 from U.S. trading in 2004, approximately \$4.1 million derived from trades placed over the
16 OTCBB and approximately \$3.4 million derived from trades executed on the NYSE.

17 **107.** Historically, LOM maintained at least fifty U.S. brokerage customers. Upon
18 information and belief, LOM communicated with those customers by mail; telephone, email, and
19 through its website, www.LOM.com. During the relevant period, LOM also used its website to
20 solicit retail brokerage and mutual fund customers in the U.S.

21 **108.** On information or belief, Jan Wallace has maintained Chloe Group of Companies,

1 LOM Entity (Cayman) for an extensive period of time and tributes the earnings to her daughter
2 Chloe Cutler, age 16. The names of the off-shore companies, Jan Wallace's use of them, and her
3 avoidance of tax obligations is a well known fact by all those that crossed paths with her.

4 **109.** As of January 11 2005 Sunshine was paid a renewal fee for corporate operations
5 through 2006 by Jan Wallace. Sunshine is located in LOM Securities (Cayman). Sunshine
6 received DAVI Skin shares.

7 **110.** On June 3 2007, Jan Wallace <jardin.wallace@gmail.com> wrote: "I have the
8 instructions. Please go to a fax and call me when you are ready to receive I moved it to Hepburn
9 Holdings (from ARCH Ltd.) it's been around for a long time, less obvious. Please keep the facts
10 hidden."

11 **111.** On July 13 2007, then CEO DAVI Skin, Jan Wallace faxed SWIFT and Account
12 information for Hepburn Holding to an executive.

13 **112.** On or about July 2007, CEO DAVI Skin, Jan Wallace disclosed use of Hepburn
14 Holdings for payment of funds which an executive wanted to move funds through accounts,
15 Wallace changed the account to use Arch Ltd, and stated "keep the facts hidden". Jan Wallace's
16 purpose in having funds wired to those accounts and later into Wallace Black LLC was to use
17 this transfer as leverage for control over MOD. In absences of actual facts, Defendants Smyth,
18 Bay, and others relied on email communication with Kevin Gunther and co-conspirator Cane to
19 organize and manipulate the facts to deceive the MOD parties.

20 **113.** On information and belief, Defendants Cane, Wallace, Lahka, Sim, Johal and
21 others have had relationships with various LOM Entities directors and managers from 2001

1 through 2008 including Sherry Johal, Devi Johal, Scott and Brian Lines, Tony Wile and Wayne
2 Wile who have all orchestrated manipulation of stock transactions over the OTCBB for proceeds.
3 Through this relationship and purported significant holdings, reach of disciplines and resources
4 available Defendants Cane and Wallace are able to produce necessary documents, tools and
5 materials for schemes they plan executing.

7 DEFENDANTS' LITIGATION HISTORY

8 114. On information and belief, defendants' have orchestrated and executed fraudulent
9 schemes against the United State government and its citizens, destroying shareholder value,
10 depriving individuals, investors and shareholders of property, causing frivolous litigation and
11 destructive conflict, which included, among others, a fraudulent manipulation of stock value,
12 ultimately leading to bankruptcy of the target company. Defendants employ legal tactics which
13 appear to operate within business judgment, but are in fact caused by Defendants' unlawful
14 actions.

15 115. The following list outlines some, but not all, of the various civil matters involving
16 Defendants primarily Wallace, Ambrosio, Sim, and support by Micheal Cane or Kyleen Cane.
17 The following lists states the parties, court and/or known jurisdiction, and case or cause number.

18 116. HomeQ LLC v. Jan Wallace, Cause No. CV2008-017334, in Az Maricopa
19 Superior Court; Spencer v. First Federal Bank, et al. CA., Cause No. 3:08CV00942, in U.S.
20 DIST. CT., SOUTH; Kagel, et Al., v. Wallace, Cause No. 07-55463, in U.S. Court of Appeals,
21 9th Circuit.; Medley, Et. Al. v. Jan Wallace, Cause No. 07-55456 in U.S. Court of Appeals, 9th

1 Circuit; Jan Micheal Wallace, Ginger Ann Wallace, KY, Cause No. 5:07-BK-50171 in U.S.
2 Bankruptcy East; Parrish Medley v Jan Wallace et. Al., Cause No. 2:06CV03370 in U.S. District
3 Court Central; David L. Kagel v. Jan Wallace et al. CA, Cause No. 2:06CV03357 in U.S. District
4 Court Central; David L. Kagel v. Jan Wallace, Cause No. BC351143 in CA. Los Angeles
5 Superior Court; Parrish Medley v. Jan Wallace, Cause No. BC351142 in CA. Los Angeles
6 Superior Court; Strand v. Wallace, Cause No. 06CC02350 CA Superior Court of Orange County;
7 Jan M. Wallace, Gary D. Wallace Cause No. 3:05-BK-34050 in IL U.S. Bankruptcy South;
8 Burwell v Wallace, et al., Cause No. 2:01CV02353 in AZ U.S. District Court; Clement L.
9 Burwell v. Jan Wallace, Cause No. CV2001-019191 in AZ Superior Court of Maricopa; Clement
10 L. Burwell v. MW Medical Inc., Jan Wallace, Cause No. CV2000-007658 in AZ Superior Court
11 of Maricopa; Gorge Recovery Service, Inc. v Jan Wallace, Cause No. 010421SC in OR HOOD
12 CIR. CT.; Moreno, Lisa v. Jan Wallace Cause No. 01-R-109473-R in NV CLARK 8TH
13 JUDICIAL DIST.; Westminster Agencies Ltd. V Dynamic Associates, Inc., Jan Wallace, Herb
14 Capozzi, Logan Anderson, WA Lucky, Vickie Talley Luckey, JT Simmons, R Michael Asbury,
15 William H Means, Harry Moll, Cause No. CV2001-005996 in AZ, Maricopa Superior Court.;
16 Jan Wallace v. Grey, Cause No. 000-06642 in Mo City Of St. Louis 22nd Judicial Cir.; Jan
17 Hittman Wallace v. John Leighton Wallace Cause No. 0303496/1995 in NY New York Superior
18 Court.

19 117. The following litigation and associated causes of action describe aspects of the
20 schemes by Defendants.

21 a. Thomas And Wong General Contractor v. Blume Law Firm PC, Cause No.
22 v07-A-549856-C in NV Clark 8TH JUDICIAL DIST., appellate courts expanded action

1 Thomas & Wong Contractor v Blume Law Firm, Gary Blume, Jan Wallace, and other
2 individuals; Alleging Breach of Fiduciary Duty, and Abuse of Trust.

3 b. David Kagel v Jan Wallace, Parrish Medley v Jan Wallace. United States
4 District Court Central District of California, Cause No. 06-3357 R, related Case No.
5 BC351142, Complaint for Defamation Per Se, Defamation Per Quod, Intentional
6 Infliction of Emotional Distress and Negligent Infliction of Emotional Distress, Filed on
7 April 21, 2006

8 c. Clifford Strand, William Biddle, Gernot Trolf, individuals, National
9 Commercial Brokers, a California corporation v Jan Wallace, Secure Diversified
10 Investments Ltd, Nevada corporation, Alliance Title Company, Superior Court of
11 California, County of Orange, Central Justice Center, Cause No. 06CC02350, Alleging
12 Fraud and Misrepresentation, Negligent Misrepresentation, Breach of Contract, Breach of
13 the Covenant of Good Faith and Fair Dealing, Conversion, Common Counts, Money had
14 received, filed on May 4, 2006.

15 d. A DOT Corporation v Anthony Bay, Richard Barber, Derek de Bakker,
16 David Douglass, Jan Wallace and Does 1-10, filed in the United States District Court
17 Western Washington at Seattle, filed March 30th 2010, Complaint for Computer Fraud
18 and Abuse Act (18 U.S.C. §1030 et seq.), Trespass to Chattels and Conversion.

19
20 **Financial Instruments: Embedded Derivatives**

118. On information and belief, Defendants Cane and Wallace use predecessor company issued shares and U.S. Bankruptcy judgments of corporate outstanding shares to conceal actual free trading shares in reorganized companies. On information and belief, Defendant Cane through Cane Clark LLP use the following accounting disclosure, "In February 2006, the FASB issued SFAS No. 155 entitled "Accounting for Certain Hybrid Financial Instruments," an amendment of SFAS No. 133 ("Accounting for Derivative Instruments and Hedging Activities") and SFAS No. 140 ("Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"). In this context, a hybrid financial instrument refers to certain derivatives embedded in other financial instruments. SFAS No. 155 permits fair value re-measurement of any hybrid financial instrument which contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133. SFAS No. 155 also establishes a requirement to evaluate interests in securitized financial assets in order to identify interests that are either freestanding derivatives or "hybrids" which contain an embedded derivative requiring bifurcation. In addition, SFAS No. 155 clarifies which interest/principal strips are subject to SFAS No. 133, and provides that concentrations of credit risk in the form of subordination are not embedded derivatives. SFAS No. 155 amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative. Any difference between the total carrying amount of the components of a bifurcated hybrid financial instrument and the fair value of the combined "hybrid" must be recognized as a cumulative-effect adjustment of beginning deficit/retained earnings."

119. The above FASB accounting allows for Defendants Cane and Wallace through

1 control of "Promissory notes" and prior issued securities in predecessor companies, may convert
2 the Promissory note to an individual or LLC, concealing true identity of ownership, and through
3 nominee companies sell the securities on the public market. Cane and Wallace assign and/or
4 create appearance of 3rd party ownership of these financial instruments to both cause tax
5 liabilities to those 3rd parties, appearance of wrongdoing by those 3rd parties, and obfuscate their
6 involvement. In this manner, Defendants Cane and Wallace rely on LOM Securities and
7 corporate take-overs to accomplish their scheme.

8 120. A promissory note or convertible debt, representing the original dollar amount
9 managed by the company, (plus interest and or a discount to a conversion of stock at a
10 predetermined price) converts to stock, which stock the note converts into may be the security
11 from the predecessor company. The promissory note provides the appearance of an individual
12 lending to a corporation. Such instrument contains multiple easily manipulated and controllable
13 variables such as amount of the debt, or accrual of salary and conversion price of stock at a
14 higher or lower price, conversion of such shares provides may result in a majority of shares, or
15 shares disbursed to unrelated off-shore nominee entities.

16 17 FACTUAL ALLEGATIONS

18 I. DAVI SKIN SCHEME

19 121. Davi Skin scheme relies on pervasive misinformation to destabilize the
20 organization, defraud and manipulate corporate structure and partners and dissolution of the
21 enterprise as to distract the placement of unregistered securities into offshore accounts where
22 they are sold yielding proceeds in excess of \$6,385,000.

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A Historical Account of Dynamic Associates and MW Medical, Inc.

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122. On or around July 20, 1989, Dynamic was incorporated under the laws of Nevada for the purpose of developing venture businesses. “Through acquisitions, Dynamic has become a holding company for a variety of entities [...]. The company operates two health care management businesses specializing in geriatric and psychiatric care through two of its wholly owned subsidiaries, Genesis Health Management Corporation (“Genesis”) and Geriatric Care Centers of America (“GCCA”).” 1999 10KSB for Dynamic Associates.

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123. On or around December 4, 1997, MW Medical was organized under the laws of Nevada, as a wholly owned subsidiary of Dynamic.

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124. On or around February 25, 1998, Dynamic spun off both Genesis and GCCA to MW Medical. Dynamic Associates 1999 10KSB. “Dynamic then transferred all shares of MW Medical, Inc. to the shareholders of Dynamic through a distribution completed on March 11, 1998. Each shareholder of Dynamic received one common share of MW Medical, Inc. for each common share of Dynamic held by the shareholder.” [Emphasis added] [Davi Skin April 2005 10KSB, page 1, line 685]. As a result of the aforementioned actions, MW Medical was left with no operations, effectively becoming a publicly owned shell corporation.

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19

125. On information and belief, such actions, and others similar in nature, were executed by defendants in order to obfuscate share ownership.

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126. On or around April 5, 2001, a complaint was filed against Dynamic by

Westminster Agencies, Ltd., alleging Breach of Contract and Securities Fraud.

127. On or around June 12, 2001, Dynamic completed a reorganization and share exchange with Tele-Lawyer, thereby merging the two companies and subsequently forming Legal Access Technologies. Also as a result of this merger, Dynamic "converted virtually all of its \$8.4 million in debt to equity, reverse split its stock on the basis of 153 to 1, and acquired the business, assets and management of Tele-Lawyer, Inc." [1999 10KSB for Dynamic Associates]

128. Defendant Cane served as Legal Access Technologies' president, CEO and directors since the June 12, 2001 reverse acquisition by Tele-Lawyer and was the president, CEO and director of Tele-Lawyer since its inception in May of 1989. [2004 10KSB for Legal Access Technologies]

129. On or around January 22, 2002, MW Medical filed a Petition for relief under Chapter 11 of the Bankruptcy Code, which was approved on or around November 19, 2002 and the court closed the petition. Accordingly, the company was relieved of all prior debt, as well as any financial and liability claims. Following its bankruptcy, MW Medical wrote off its entire inventory and subsequently began seeking other business opportunities or/or acquisitions.

130. In September 2003, Westminster Agencies, Ltd. obtained a judgment against Dynamic in the amount of \$276,955. According to its 2004 10KSB, Legal Access Technologies was unable to pay or make payments on this judgment.

131. Effective on or around November 18, 2004, Legal Access Technologies spun-off Tele-Lawyer and Perspectives Health Care Management Corporation, two wholly owned subsidiaries formerly belonging to Dynamic, which had been transferred subsequent to the June

12, 2001 merger. As a result of this spin-off, Legal Access Technologies was left with no operations, effectively becoming a publicly owned shell corporation.

The Formation of Davi Skin, LLC

132. Davi Skin, LLC was formed by Carlo Mondavi ("Mondavi") in 2003, from his vision of creating a natural grape-based luxury skincare line. On or around March 21, 2004, the company was incorporated under the laws of the state of Nevada.

133. In early 2004, Mondavi approached Parrish Medley ("Medley"), a childhood friend who was the founder and sole proprietor of a successful company called Palm Beach Tan, Inc., to discuss his plans for Davi Skin, LLC. Subsequently, Mondavi, along with his friend and partner, Josh Levine ("Levine"), asked Medley to help guide them through the start-up process, and in early 2004, Medley was appointed CEO of Davi Skin.

134. As CEO, Medley investigated whether Davi Skin could make an initial public offering absent any earnings or products. To assist in this endeavor, Medley sought legal advice and contacted a Nevada attorney whom he had met previously. This attorney was, in fact, Defendant Cane. According to Medley, Defendant Cane advised that he execute a reverse merger between Davi Skin and a publicly owned company and suggested MW Medical, a company she represented that was looking for new business opportunities as a result of its prior bankruptcy. Defendant Cane also agreed to discuss the proposal with Wallace, on Medley's behalf. (see February 20, 2007 Declaration of Parrish Medley).

1 135. On or around June 21, 2004, Wallace, as President and CEO of MW Medical,
2 executed a Plan of Merger and Reorganization Agreement with Davi Skin ("Davi Agreement"),
3 whereby both parties agreed that MW Medical would merge into and with Davi Skin and become
4 a wholly-owned subsidiary of the Company.

5 136. The Davi Agreement provided that the 9,745,634 issued and outstanding shares
6 of MW Medical common stock would be exchanged for common stock of Davi Skin on a one for
7 one basis. The Davi Agreement further provided that former officers and directors, Defendants
8 Wallace and Sim, would resign, that the Board of Directors for Davi Skin, which consisted of
9 Messrs. Medley, Mondavi and Levine, would become the board of the newly formed company,
10 and that the accounting history of the acquirer would be carried forward as the history for the
11 Company Accordingly, the new board was installed on or about August 1, 2004, and Defendants
12 Wallace and Sim resigned on June 21, 2004. [December 31, 2004, 10KSB for Davi Skin]

13 137. Accordingly, the accompanying financial statements reflect the history of Davi
14 from its date incorporation of March 21, 2004 (incorporated in the State of Nevada). Prior to the
15 merger transaction, MW Medical had 645,033 shares of its common stock outstanding, \$1,922 in
16 accounts payable, \$200,000 in a note payable to a related party and no assets. On May 10, 2004,
17 Davi Skin shareholders met and approved a one for five hundred reverse stock split as proposed
18 in the company's Schedule 14A filed on April 28, 2004. Following the reverse stock split the
19 company had approximately 199,745 shares issued and outstanding.

20
21 **Securities and Commodities Fraud/Money Laundering Through Embedded**

Derivatives

(FDIC, Securities, Futures/Options, Money Laundering)

138. The Davi Skin scheme relied on layering accounting transactions, involving contractual and financing options with stock.

139. On information and belief Defendant Ambrosia at all times material to all events alleged by Defendants Cane, Wallace, and Johal.

140. On information and belief, at no time before, during, or after the reverse merger between MW Medical and Davi Skin, did Defendants Cane and Wallace disclose their professional and/or personal relationship to Messrs. Medley, Mondavi and/or Levine. Subsequent to the merger, both Defendants Cane and Wallace remained active in Davi Skin, with Cane serving as the company's counsel and Wallace purportedly providing consulting services.

141. On information and belief, Wallace, acting under the guise of a financial adviser, began soliciting investments in 2007. In preparation of this, Wallace had primed the market by previously disseminating materially false and misleading information, by means of various press releases, memoranda and statements to investors, all the while communicating a recklessly inflated target for the company's share price, at \$5.00 per share.

142. On information and belief, Wallace also orchestrated materially false business objectives, which included ambitious corporate structures involving various subsidiaries and licensing programs. Both Defendants Cane and Wallace knew these facts to be false, and Wallace deceitfully used the Mondavi name to access a higher profile of potential investors, all of which were defrauded through the Defendants' false and misleading statements, the purpose

1 of which was to convince these potential investors, customers, and partners that Davi Skin had
2 significant sales and market potential, when in fact the company had not yet formulated a
3 concept of revenue generation, product inventory or customer channel.

4 143. On information and belief, Defendants Cane and Wallace orchestrated a scheme
5 against Davi Skin, at all times material hereto, intending to bankrupt the company, frame and
6 cause litigation against its founder, officers and affiliates, thereby serving as a distraction and
7 concealing the unlawful activities of Defendants.

8 144. On or around May 14 2007, Joe Spellman [hereinafter "Spellman"], the
9 company's President at that time, executed several investment agreements with Amin ("Andy")
10 Lahka [hereinafter "Lahka"] on behalf of Davi Skin, whereby promissory notes and shares were
11 issued to Lahka in consideration for his investments. As provided by one such agreement, the
12 company issued a promissory note in the amount of \$2,200,000 and transferred 200,000 shares
13 of Hepburn Holdings to Lahka.

14 145. On information and belief, Defendants Cane and Wallace orchestrated and
15 controlled the circumstances leading up to the execution of these agreements with Lakha, in
16 order to conceal certain affiliations from both Mondavi and Spellman. Defendants' intentional
17 and orchestrated concealment of material events is an essential element found in all their
18 schemes.

19 146. Beginning on or around March 2007, Davi Skin registration statements made
20 disclosures regarding a certain convertible promissory note, which was originally issued by MW
21 Medical for compensation and subsequently transferred to Davi Skin pursuant to the reverse

1 merger. In particular, with respect to the convertible note, the company's registration statements,
2 among other filings, reported the note's beneficiary to be an "unrelated third party" when, in fact,
3 the note's beneficiary was Wallace, who was far from qualifying as an "unrelated third party."

4 **147.** On information and belief, Defendants Cane and Wallace knowingly submitted, or
5 caused to be submitted false information in various SEC filings for Davi Skin, and omitted
6 and/or caused to be omitted certain material disclosures. This statement, which was filed by
7 Defendant Wallace under guidance of Defendant Cane, was material false and deceptive to the
8 company's shareholders. After converting the note, Wallace transferred the purported proceeds
9 into four LOM Securities accounts of which Wallace was the sole beneficiary owner.
10 Additionally, the reported conversion ratio is materially false in light of the actual securities that
11 were placed; the additional securities were simply underlying shares converted from MW
12 Medical pursuant to the reverse merger. Unpublished legal statements concerning Defendants
13 Lahka's promissory notes disclose the acceptance of underlying securities based on the transfer
14 of ownership relating to Hepburn Holdings.

15 **148.** As of September 20th 2007, nearly six months after execution of the Defendants
16 Lahka agreements, the company's SEC filings still did not disclose the beneficiary owner of the
17 transferred shares from Hepburn Holding, nor did they report any related party transactions.

18 **149.** On or around December 11 2008, on information and belief, Defendants Cane and
19 Wallace inadvertently disclosed these facts to the SEC. While responding to a request for
20 additional information, Defendants Cane and Wallace inadvertently included the Defendants
21 Lahka agreements with the documents that had specifically been requested by the SEC.

1 **150.** In an effort to explain the information presented in these agreements, Defendants
2 Cane and Wallace created the false appearance that previous management was responsible for
3 these acts, including an investment with Artist House for 566,667 with additional warrants.

4 **151.** On information and belief, after securing the placement of 2,295,388 shares into
5 four LOM nominee company accounts, Defendants Cane and Wallace caused certain individuals
6 to be appointed to company's Board of Directors, on or around June 30, 2007. Subsequently, the
7 LOM entities facilitated the trading of these 2,295,388 unregistered shares into the U.S. market,
8 failing to take additional steps to ensure that these securities were registered and valid for
9 trading.

10 **152.** On information and belief, since March 2005, Defendants Cane and Wallace used
11 LOM nominee companies and corresponding accounts to conceal their identities and the
12 identities of others involved in the scheme.

13 **153.** On or around April 3 2007, Defendants Cane and Wallace initiated and secured
14 the placement of 2,295,388 unregistered shares, divided equally into four offshore nominee
15 accounts managed by LOM Securities (Bermuda and Cayman) (573,847 unregistered shares per
16 entity).

17 **154.** On information and belief, Defendant Johal was retained as CFO for Davi Skin as
18 part of Defendants' corporate takeover scheme. In this role, Defendant Johal facilitated transfer
19 agent communications, certificate issuance and correspondence with various individuals
20 affiliated with LOM Securities.

21 **155.** On information and belief, Defendant Ambrosio, as Wallace's personal attorney

1 and power of attorney, prepared destination accounts, contracts and cash holdings for the
2 unregistered securities controlled by Wallace.

3 **156.** The four LOM nominee entities used by Defendants Cane and Wallace, among
4 others, included Arch Ltd., Sunshine Ltd., Chloe Group of Companies, and Hepburn Holdings.
5 On information and belief, Aberdeen Holdings, another nominee company managed by LOM
6 Securities, has held securities from MW Medical, Dynamic, and other affiliated public
7 companies since 2001. LOM Investment Director, Kevin Gunther, administers Hepburn
8 Holdings, and Devi Johal, an investment adviser for the company, manages Arch Ltd.

9 **157.** In a July 2007 email, Wallace disclosed that these four nominee accounts had been
10 around for “a long time,” and asks the recipient “to keep the facts hidden.” On information and
11 belief, Defendant Wallace is the beneficiary of the four LOM nominee accounts and pays yearly
12 administration fees of approximately \$2,500 to each of these offshore entities, for a total of about
13 \$10,000.

14 **158.** Deposited in or around August 2003 until approximately July 2007, CEDE & CO,
15 a broker-dealer depository of trust, held an aggregate of 2,249,825 shares of Legal Access
16 Technologies, the majority of which were, at all times material hereto, beneficially owned and
17 controlled by Defendant Cane.

18 **159.** On information and belief, the depository certificates from the four LOM offshore
19 nominee entities, as well as the certificates from CEDE & CO, comprise of a total over of 90%
20 of Davi Skin’s free trading stock through 2007.

21 **160.** On July 13 2007 and July 20 2007 the daily volume of DAVI shares traded

1 1,732,900 and 1,892,200 respectively. Share prices ranged from of \$1.14 high and \$.20 low,
2 \$1.10 high and .99 low respectively and generated total \$1,906,190.00 and \$2,157,108.00
3 yielding \$4,063,298.

4 **161.** Upon market liquidation of the offshore placed stock, from approximately June
5 through September 2007, CEDE & CO, depository trust shares from Legal Access Technologies
6 (formerly Dynamic Associates) and the four LOM nominee companies aggregated stock position
7 of 2,295,388 shares, issued from the Defendant Wallace promissory note (embedded derivative)
8 yielded approximately half of the \$6,385,033 in illegal proceeds.

9 **162.** The shares were sold from undisclosed affiliate entities, each representing 4%
10 16% total, and these sales were made without a valid registration statement in effect and did not
11 qualify as exemptions from registration, in a failed attempt to ensure each nominee account
12 contained less than 4%.

13 **163.** Brokerage directors, owners and managers assisted Defendants in their unlawful
14 concealment and fraudulent actions, and thereby were a necessary part of Defendants' schemes.
15 Despite the existence of several red flags, these affiliated individuals failed to conduct a
16 reasonable inquiry to determine whether Defendants were engaged in an illegal distribution of
17 DAVI stock. In fact, on information and belief, Kevin Gunther, the Investment Director for
18 LOM, was instrumental in providing Wallace with falsified documents, thereby aiding and
19 abetting Defendants in executing their scheme.

20 **164.** On information and belief, in or around September 2008, Defendant Wallace
21 orchestrated and subsequently caused the resignation of Mondavi for the purpose of rolling back

the company's shares.

165. At no time material hereto, did Davi Skin, by or through its officers or directors, execute an agreement pertaining to piggy-back registration rights to allow for MW Medical shares to be swapped for shares in Davi Skin, nor were the 74,000,000 underlying securities ever disclosed before, during or after the company's merger with MW Medical.

II. SDI SCHEME

166. From approximately March 2005 until September 2009, Defendants orchestrated, initiated, executed and secured, and/or caused to be orchestrated, initiated, executed and/or secured a complex and unlawful scheme, gaining personal benefit, concealing such benefit from the U.S. government and citizens, and causing immeasurable damages to target company and its directors, officers and shareholders, as well as other affiliated individuals. Defendants' target company in this scheme is Secured Diversified Investments ("SDI").

History of SDI

167. SDI was formerly known and doing business as Book Corporation of America. Book Corporation of America was formed in August 2002 and at all times material hereto organized under the laws of the state of Nevada. Prior to SDI, Book Corporation of America was incorporated in November 1978.

1 **168.** Secure Diversified Lending, LLC, (hereinafter “Secure Lending”) a mortgage
2 lending business and wholly-owned subsidiary of SDI, was formed by Defendants on or around
3 May 5, 2006, for the purpose of providing mortgage loans to SDI. Secure Lending’s members
4 included Defendants Wallace, Sim and Lahka, as well as an unnamed individual, Patrick
5 McNevin. At all times material hereto, Defendant Cane served as the company’s registered agent
6 and incorporator.

7
8 **Introduction/Formation of Special Litigation Committee**

9 **169.** In or around March 2005, three individuals serving on SDI’s Board of Directors at
10 all times material hereto (collectively “SDI Directors”), retained Defendant Wallace as a
11 consultant to the board and eventually hired her as company President. Defendant Wallace was
12 hired primarily on her promise that she would improve the company’s net worth, and that she
13 would bring in additional capital to the company. See First Amended Complaint at ¶14 (Strand,
14 et al. v. Wallace, et al, Case No. 06CC02350).

15 **170.** On information and belief, immediately upon her hire, Defendant Wallace
16 initiated a campaign primarily designed to personally gain complete control of the corporation,
17 financially destroy SDI and to devise, initiated and secure financial interests designed for her
18 own personal profit. Defendant Wallace made false and fraudulent representations to SDI
19 Directors as well as others, in order to induce these individuals to surrender money, property and
20 legal rights. In complete and unlawful disregard for the welfare of SDI and its stockholders, both
21 of which she owed a fiduciary duty to, Wallace fragmented the board of directors, polarized

1 board members against management, bought a small amount of stock and immediately
2 threatened a minority shareholder lawsuit. As a direct result of Defendant's destructive actions,
3 the income of the corporation was substantially reduced, assets were diminished, and the value of
4 stock plunged from about \$1.00 per share, to about \$0.5 per share. See First Amended
5 Complaint at ¶15.

6 171. On or around July 5 2005, Jan Wallace and Clifford Strand establish that an audit
7 committee will be formed comprising of Defendants Cane, Wallace and Johal.

8 172. SDI as reported in SDI 8-K on September 2005, that August 31, 2005 Clifford
9 Strand, Chief Executive Officer; William Biddle, Vice President; and Gernot Trolf. Chief
10 Operating Officers resigned from their respective positions with the Company. Defendant
11 Wallace announced her appointment September 1st, 2005, as President with the Company and her
12 position as President of Wallace Black, LLC.

13
14 **Fraud Enforcement and Recovery Act Violations**

15 173. On information and belief, actions by Defendants in Secured Diversified
16 Investments present violations Mortgage and Lending Institution Fraud, Financial Institutions
17 Fraud, Securities, Options and Futures Fraud, Bankruptcy Fraud, Reverse False Claims and other
18 FERA 2009 Violations.

19
20 **Mortgage and Lending Institution Fraud**

174. June 14, 2006 unnamed Jay Kister and Wallace, Director of SDI and Manager of SDL and parent Secure Diversified Investments caused a \$250,000 loan from 3rd party lending facility to pass through Infinity Lending Service, where an audit is overseen by Kister, then transferred into Secure Lending Account held at Wells Fargo, oversee another audit, then to Secure Diversified Investments, until the removal of the funds, and back to the lending source. Defendant and then SDI CEO Wallace responded to the scheme “let’s talk about the process”.

Financial Institution Fraud

175. On July 8th 2005, Secured Diversified Investment management communications document Bank of the West, formerly Community Bank, and U.S. Bank Account activity unapproved by officers and directors of SCDI. Defendant Mujit Johal, at the time had undisclosed prior relationships with Defendants Cane and Wallace and individuals who were currently advisors, agents, or engaged as financiers on behalf of the company. The transactions and statements made to Bank of the West including transactions with a Discover Card were caused for the purpose of providing known transactions and financial irregularities which the Audit Committee comprising of Wallace, Cane and Munjit were members of, established on July 4th 2005.

176. On or about June 26, 2006, Wallace provided written statements to Americash, 450 Apollo Street, Suite E, Brea CA 92821 in concert with unnamed Jim Brondino countersigned by Americash V.P. Michael Martin (crossing out Paul Giagrande, its President) regarding an application for a Branch Manager position, thereby enabling and engaging Defendant Wallace, individually, with known affiliation with ILEND SERVICES, Secured Diversified Lending and

other entities with the purpose of providing loans enabling property acquisition to Secured Diversified Investments.

177. The Americash agreement enables the opening of a settlement account at Certified Credit which receives the commission, loans and lender fees collected at the closing of mortgage loan approvals. Certified Credit closing settlements include Americash Corporate Settlement Fees of Company Fee .25% of funded loan amount plus \$585.00, Investor Fees of Loan Purchase fees charged by Investor Fee Schedule: Americash Conforming 0.0 FNMA fixed products, CitiFinancial 0.0 "Cherry products", Wells Fargo 0.0 "Walnut products", RFC \$80.00 (1st only), HSBC \$279.00 (1st only), Countrywide \$380.00 (1st only), New Century \$375.00 (1st only) and Long Beach \$104.00 (1st only).

178. The statements made to Americash and other financial institutions for lending services were made after February 2 2006, which Secured Diversified Investments secretly issued 15,000,000 shares to Iomega Investments. The details of the Secured Diversified Investment scheme is detailed in Defendant Cane's SDI Plan communications February 28th 2006, and other actions believed to be sufficient knowledge and intent of Defendants Cane and Wallace to Bankrupt SDI and leave the corporate entity with no property assets, and leaving SDI to default on the mortgage obligations.

Securities Fraud

179. On or around June 30, 2006⁷ Wallace presented to the board of SDI, as consulting president an audit report containing complaints regarding various accounting irregularities of

1 which were caused by her or her agents. Defendant Wallace fraudulently represented Munjit
2 Johal, unknown to her, when in fact they were colluding on fracturing the management of SDI,
3 as independent party concealing their plan to take over the company. Wallace maintained a
4 secret relationship with Jim Brondino to monitor SDI CEO Clifford Strand and William Biddle.

5 **180.** Defendants Cane and Wallace orchestrated the roll-back of shares in SDI. Kelly
6 Black, of Wallace Black LLC, managed the process of setting Secure Diversified Investments to
7 be listed on the Frankfurt Exchange.

8 **181.** June 28 2006 Defendant Wallace provided an individual a bribe for information,
9 and communicated information shared to him in confidence by Biddle and Clifford Strand CEO,
10 and Operating Officer of SDI. This individuals and family were primary financial contributor of
11 Iomega Investments, which Wallace secretly had a voting proxy for.

12 **182.** Backdated Corporate Records state on December 14, 2005, Defendants Cane and
13 Wallace caused the SDI Corporate Director Written Consent to Convert Iomega Shares, stating:
14 RESOLVED, that the Directors hereby authorize management of the Corporation to direct the
15 Corporation's stock transfer agent to convert Iomega's 250,000 Series C Preferred Stock, valued
16 at \$3.00 per share, into 15,000,000 shares of the Corporation's Common Stock, trading at \$0.05
17 per share; December 14, 2005, First Amendment of the By Laws of SDI, change of Corporate
18 Offices, Certain Related Party Transactions; draft SDI 8K, statement of Iomega Conversion and
19 statements about registration rights.

20 **183.** Backdated Corporate Records state on December 14, 2005 Settlement
21 Confidentiality Agreement Between SDI and Iomega where as SDI pays \$40,000 to Iomega,

1 *"allowing for Iomega to exercise its conversion, that Iomega makes no representations or*
2 *warranties regarding tax effect of the settlement proceeds, Iomega agrees to defend and*
3 *indemnify SDI with respect to any Iomega's payment or nonpayment."* On December 14, 2005
4 *with written consent by directors of Secure Diversified Investments caused the conversion of*
5 15,000,000 shares to be issued, which Defendant Wallace executed, on behalf of SDI and further
6 executed the proxy statement, giving Defendant Wallace control of the LLC; the execution of
7 agreements occurred as planned and documented by Defendant Cane.

8 **184.** February 2, 2006, Schedule 13D was filed for Iomega Investments LLC to issue
9 15,000,000 shares of SDI; On information and belief Defendants Cane agent Ms. Wallace,
10 through Mr. Biddle, caused the West Family, specifically Helen West to consent to the transfer of
11 the IOMEGA Investments LLC, for \$40,000 and stock, its acquisition was secret throughout the
12 conversion until bankruptcy, it was learned that Defendant Wallace received proxy voting control
13 for the Iomega Investments despite individuals stating otherwise.

14 **185.** Through communications on primarily conducted on February 28, 2006,
15 Defendant Cane instructed Defendant Wallace and unnamed Scott Doney to execute a prescribed
16 scheme including back-date certain transactions, with documentation, including generation of
17 meeting minutes causing the necessary business judgment authority to allow early conversion of
18 15,000,000 shares, secretly under Defendants Cane and Wallace control. February 28, 2006,
19 Defendant Cane's Plan for Secure Diversified Investments documented in email communication
20 states: *"Bylaws amendment – in the minutes of the 1-21-06 meeting we need to make sure that the*
21 *amendment to the bylaws is reflected as we discussed to allow the meeting of shareholders to*
22 *occur within 90 days of the filing of the 10K. The board felt that this was a more appropriate*

1 time to hold the meeting, so that the shareholders could receive the annual report. In addition,
2 when you are preparing the annual report (10K), I want to make sure that it contains a detailed
3 disclosure of all conflict violations of prior management in the section on CERTAIN
4 RELATIONSHIPS AND RELATED TRANSACTIONS. Jan will arrange for signatures. Prepare a
5 proxy for signature. This should not be dated; Prepare an 8k for amendment of the bylaws –
6 5.03(a) and shares issued 3.02, 5.01; Prepare a 14A for filing after the 10K with the new board
7 slate – for election of the board.”

8
9 186. Defendant Cane follows up with additional information on March 1, 2006
10 including “the Form 8-K, which includes the 15,000,000 common stock conversion, Peter
11 Richman’s appointment, and changes to Bylaws; the First Amended Bylaws, which will be filed
12 as an Exhibit 3.1 to the Form 8-K; the confidential settlement and general release agreement
13 dated Dec. 14; the board consent authorizing entry into the settlement agreement dated Dec. 14;
14 the board consent authorizing conversion at \$0.05 per share (the then trading amount); the Jan
15 21 board minutes re changes to bylaws; and Proxy (you will need to fill in the date of annual
16 meeting) (for Iomega).”

17 187. On or about March 8, 2006, Mr. William West stated that Helen had suffered a
18 number of strokes, and that he was taking care of her however, it appears that Defendant Wallace
19 and Mr. William West were intimate and disclosure of communication with other directors and
20 board members was discussed. March 15, 2006, Defendant Wallace, invited “wldbillw” or “Wild
21 Bill”, and Helen west to dinner, where she invited two directors from SDI.

1 **188.** On or about June 6, 2006, Helen West, manager of Iomega Investments, signed
2 the SDI SC13D Iomega conversion disclosure form, the date of the event stated to require this
3 filing, was February 2, 2006.

4 **189.** SCDI SEC filings which contain conflicting information include February 2,
5 2006, Schedule 13D was filed containing statements regarding Iomega LLC issued 15,000,000
6 shares of Secure Diversified Investments. Documented in the June 30, 2006 10QSB, "On
7 February 2, 2006, Iomega converted its 250,000 shares of Series C Preferred Stock for
8 15,000,000 shares of the Company's common stock." Defendants Cane, Wallace, Johal, Sim,
9 and others orchestrated the false reporting of these mortgage backed derivative securities.

10 **190.** Documented in the September 30, 2006, 10QSB November 14, 2006, "the
11 Company had the following equity transaction adjusted for the effect of reverse split of 20:1. On
12 December 22, 2005, the Chief Executive Officer and President returned 2,250 shares of common
13 stock to the Company for cancellation and return to unissued and authorized shares. The shares
14 were canceled January 14, 2006. On February 2, 2006, Iomega converted its 12,500 shares of
15 Series C Preferred Stock for 750,000 shares of the Company's common stock."

16 **191.** Documented in the December 31, 2006, 10KSB, the following statement was
17 made, "All the issued and outstanding shares have been retroactively restated for the effect of the
18 reverse stock split of 20:1. During the year ended December 31, 2006 and 2005, the Company
19 had the following equity transaction: On February 2, 2006, Iomega converted its 250,000 shares
20 of Series C Preferred Stock for 15,000,000 shares of the Company's common stock. The shares
21 were converted at a price of \$0.05 per share."

192. On information and belief, Defendants Cane, Wallace, Johal, Lahka, Sim, Ambrosia and unnamed individuals from Cane Clark LLP orchestrated, carried out, and designed the aforementioned scheme to loot real property assets, manipulate the securities on the derivative market and affirm the actions through Bankruptcy Court.

Bankruptcy Fraud

193. Secure Diversified Investments entered bankruptcy in 2007, prior to this event, Defendant Wallace and the other executive staff increase salaries as to incur additional accrued notes against the corporation. Defendant Wallace also caused related party transactions whereby she exchanged or caused the issuance of assets to her sole benefit in exchange for reducing promissory note value. These transactions did were not valued independently.

194. During involuntary Bankruptcy, Defendant Cane positioned herself away from corporate securities role and stepped into the debtor in possession where Defendant Cane demands payment for fees and accepts the corporation itself as payment. Defendant Wallace as CEO of SDI converted lower round C class shares preferred while ignoring conversion rights of prior classes. Defendant Wallace unilaterally converted C class shares and ignored class A and B holders. The following statement was extracted from the SEC complaint made on the matter.

195. Prior to entering Bankruptcy, Defendant Wallace on behalf of Secure Diversified Investments (SDI) invested 1/3 of equity into Cactus Scottsdale property of \$300,000, caused a loan to be taken against the property secured by SDI, knowing it would be defaulted. On information and belief, Galaxy Gaming assigned the property to Defendant Johal.

1 196. Defendant Wallace received 400,000 derivative shares of SDI on March 4 2005.
2 Defendant Mujit Johal on October 11 2005 received 250,000 derivative shares of SDI, earlier he
3 received 500,000 shares, for their participation in the bankruptcy of SDI.

4 197. In the U.S. Bankruptcy Court, District of Nevada, Las Vegas, SDI Bankruptcy
5 Petition #08-16332-LBR, presented a 341 Meeting of Creditors, on September 18th 2008, in Las
6 Vegas, Nevada. Appearance of Counsel and Creditors including U.S. Trustee Scott A. Farrow,
7 Esq. U.S. Department of Justice, Office of The United States Trustee, 300 Las Vegas Boulevard,
8 Suite 4300, Las Vegas, NV 89101 (scott.a.farrow@usdoj.gov). Defendant Mujit S. Johal,
9 interviewed by the U.S. Trustee and individuals, Mr. Farrow, Mr. Clifford Strand, Robert
10 Atkinson, and William Biddle.

11 198. During the 341 proceedings Defendant Johal confirmed the following facts.
12 Defendant Johal, in capacity as CEO directed the filing of schedules of assets and liabilities for
13 this company in bankruptcy. 12202 Scottsdale Road, corner of Cactus and Scottsdale 1/3 owner
14 of the property Secured Diversified Interest for 200,000, and the rest 2/3 owner was Defendant
15 Wallace.

16 199. Cane Clark LLP represented a claim of \$214,000 against Secured Diversified
17 Investments, and represented SDI as SEC, of securities counsel. For the period of time between
18 2005 until the date of the petition. Defendant Ambrosio was also corporate counsel for Secured
19 Diversified Investments

20 200. Mr. Farrow stated, "as the corporation sits today, other than the 25 percent interest
21 in the property and the associated insurance policy, it's a shell, a corporate shell; is that right?"

1 Defendant Johal, "it has no assets, yes" Farrow responded, "and frankly, most of its liabilities are
2 its professionals, to officers and directors; is that right?" Defendant Johal responded, "Yes"

3 **201.** Defendant Johal stated conflicting facts to the arrangement between Defendants
4 Cane and unnamed Saucier, "Galaxy Gaming wanted to become a public company, and they
5 reviewed many assets or many possible routes in which to accomplish that. They felt the best
6 way they could accomplish it was through a reverse merger." "It came to SDI by – it was
7 introduced by Cane Clark." Mr. Farrow asked, "Were the terms negotiated between Cane Clark
8 and Galaxy Gaming to the best of your knowledge?" Defendant Johal responded, "I wouldn't
9 know who negotiated it, but I would assume that's what the case was." I don't know if it was
10 Kyleen Cane or Bryant Clark, but I don't know which one." Mr. Farrow asked, "Do you
11 remember how long ago was the first time you heard of Galaxy Gaming's interest?" Defendant
12 Johal answered, "Some time in 2008 but I can't tell you exactly.

13 **202.** Mr. Farrow confirmed Defendant Cane once SDI's securities attorney placed SDI
14 into involuntary bankruptcy, "SDI consented to the entry of an order for relief making the case
15 an involuntary case." "This case was filed involuntarily by Cane Clark. At some point SDI
16 signed a paper that said, yeah, I agree to be in Chapter 11. I'm not going to fight you on that."

17 **203.** Mr. Farrow, "Do you believe they [2007 K and the Qs for 2008] were true and
18 accurate at the time they were filed?" "Where you the individual who provided the information
19 to Moore?" Defendant Johal answered, "Yes"

20 **204.** Mr. Farrow asked Mr. Biddle, "My question is when did Ambrosio become a
21 corporate attorney?" Mr. Biddle answered, "I was on the board until August 31, 2005 and she

1 was not our corporate attorney.”

2 205. Mr. Atkinson asked Defendant Johal, “You earlier testified that for \$200,000 in
3 approximately February 2006, the company purchased a one-third interest in a property in
4 Maricopa County; correct? Defendant Johal answered, “Scottsdale, Arizona, yes.” Mr. Atkinson
5 asked, “Have you seen this document before? It's a quitclaim deed expressing that transaction
6 where Jan Wallace quitclaims one-third interest in that property to SDI for consideration of
7 \$200,000. Do you recall your 10-Q filing from Q1, 2007, that expresses that on that property
8 there was a first deed of trust held by Chase for approximately 300,000 and a second deed of
9 trust on the property held by Ms. Wallace in the order of 226,000? After the quitclaim in early
10 2006, were you aware of any transaction in which SDI was a party, grantor or grantee, with
11 respect to that subject property? Mr. Johal responded, “No, I do not recall.” [Q] Are you aware
12 that Jan Wallace herself has several properties in Scottsdale? [Johal] No, I'm not aware of her
13 personal situation. Are you aware of this warranty deed by SDI as grantor on that subject
14 property recorded in the Maricopa County records on July 3rd, 2007? That deed purports to grant
15 SDI's interest back to Jan Wallace. [Defendant Johal] No. I'm not aware. [Q] You're not aware of
16 her signature as CEO at the top? [Defendant Johal] No. [Q] recorded simultaneously but next in
17 order, which is a deed of trust on the property made out to Jan Wallace for approximately
18 \$600,000? Are you aware of this document which was recorded next in line in exactly the next
19 order, numerical order, at the Maricopa County clerk records in which Jan Wallace then deeded
20 one-third of the property back to SDI? [Defendant Johal] No. I wasn't aware of this. [Q] This is
21 the first time you've ever heard of this transaction in terms of deed, mortgage, deed? [Defendant
22 Johal] Yeah, I'm not aware. [Q] Based on your understanding of how mortgages work, would you

1 say that this deed of trust that was recorded on that day would have paid off the first two lien
2 holders on the home?"

3
4 **Laundering of Monetary Instruments and Identity Theft**

5 **206.** On information and belief Defendant Cane planned the derivative securities,
6 accounting, bankruptcy and corporate fraud in SDI and its subsequent sale to Robert Saucier
7 ("Saucier") as demonstration of Cane and her associates services for money laundering.
8 Defendant Cane transferred shares in Legal Access Technologies through the appearance of a
9 legitimate contract to Carpathia Associates, LLC.

10 **207.** "In May 2001, the Company acquired ownership of the wreck of the R.M.S.
11 Carpathia. On November 30, 2005, the Company's wholly-owned subsidiary R.M.S. Titanic
12 sold a 3% ownership interest in the R.M.S. Carpathia to Legal Access Technologies, Inc. for
13 \$500,000. In addition, R.M.S. Titanic sold Legal Access Technologies, Inc. a twenty-five year
14 license to conduct joint expeditions with R.M.S. Titanic to the Carpathia for the purpose of
15 exploring and salvaging the Carpathia for \$200,000. Under the terms of this agreement, Legal
16 Access Technologies, Inc. was obligated to make payments under a payment schedule of
17 \$100,000 on December 12, 2005 and the balance of \$400,000 on February 15, 2006. In the event
18 of default, R.M.S. Titanic had the option to terminate this agreement. The Company reflected
19 this transaction as a gain on the sale of the Carpathia interest of \$459,000 during the quarter
20 ended November 30, 2005. Pursuant to the terms of the agreement, Legal Access Technologies,
21 Inc. was obligated to make the following scheduled payments to the Company : (i) \$100,000 on

1 December 12, 2005 ; and (ii) \$400,000 on February 15, 2006 . The \$100,000 payment was
2 collateralized with 1,400,000 shares of Legal Access Technologies, Inc.'s common stock, which
3 satisfied its obligation to make the first payment. Legal Access Technologies, Inc. failed to make
4 the second scheduled payment and, on April 3, 2006 , R.M.S. Titanic terminated its agreement
5 with Legal Access Technologies, Inc. In accordance with the agreement, the Company retained
6 the collateral in the form of Legal Access Technologies, Inc.'s common stock. As a result of this
7 default and the Company 's subsequent termination of the agreement, the Company reversed the
8 gain of \$459,000 net of the gain from the retention of the marketable securities of \$168,000 that
9 was recognized during the quarter ended November 30, 2005." [May 7th 2009 10KSB for
10 Premier Exhibitions/Inc, formerly RMS Titanic Inc, PRXI, U.S. SEC #796764. Premier
11 Exhibitions Inc., 3340 Peachtree Road NE, Suite 2250, Atlanta, GA 30326, United States, Phone:
12 404-842-2600, Fax: 404-842-2626, Website: <http://www.prxi.com>]

13 **208.** In fact, Carpathia Associates, LLC filed on August 26th 2006, Entity Number
14 E0628102006-0, as a domestic limited liability company, NV Business ID of NV20061234181,
15 Registered Agent, Robert B. Saucier, on 6980 W O'Bannon Dr., Las Vegas, NV 89117 and its
16 sole manager at the same address, is controlled and its beneficiary is unnamed co-conspirator
17 Saucier.

18 **209.** Defendant Cane through Legal Access Technologies (formerly Dynamic
19 Associates) provided 1,400,000 shares of Davi Skin in April of 2006 to Robert Saucier through
20 Carpathia Associates, LLC, prior to the sale of Davi Skin shares orchestrated by Defendant
21 Wallace.

1 **210.** The March 2007 Davi Skin Shareholder Report states 2,249,825 shares were held
2 at CEDE & CO; 50% of the free trading stock in Davi Skin. Saucier through Carpathia
3 Associates, LLC participated in illegal proceeds of Davi Skin shares sales between June 2007
4 and December 2007 yielding \$6,385,033 sales.

5 **211.** On information and belief the Carpathia Associates, LLC aforementioned success
6 with Defendant Cane provided confidence in further participating in the reverse merging of
7 Galaxy Gaming, LLC into SDI, knowing that Defendant Cane controlled 15,000,000
8 undisclosed, unregistered, underlying derivative securities.

9 **212.** In September 2009, Defendant Cane presented a Bankruptcy Plan of
10 Reorganization using the corporate shell of Secured Diversified Investments. Defendant Cane
11 proposed that SDI reverse merge into Galaxy Gaming LLC; owned by Robert B. Saucier. The
12 reverse merger included issuing 24,000,000 shares to Trifalger Investments, managed by Saucier,
13 and Cane Clark Productions beneficiary of a 50,000 promissory note, including piggy back
14 registration rights for Galaxy Gaming. Concealed by Cane and the U.S. Bankruptcy Court, SDI
15 shareholders and general public is the location, beneficiary and actual number of free trading
16 shares of Galaxy Gaming. Defendants Cane, Wallace, and Johal concealed individuals through
17 control of Iomega Investments LLC, and the issued 15,000,000 shares. Defendants Cane's
18 associates Wallace and Black orchestrated SDI listing on the Frankfurt exchange and true
19 Iomega's members.

20 **213.** On information and belief Defendants Wallace, Mujit and Devi Johal, Amin
21 Lahka, Cane, unnamed Jay Kister, and Saucier are beneficiary owners of some shares. On

1 information and belief, Defendants Cane and Wallace committed additional identity fraud
2 including that of Helen West, Bill West, SDI executives Clifford Strand, William Biddle, and
3 Gerold Trolf, and others to fictitiously represent share ownership. On information and belief,
4 Defendant Cane and unnamed Cane Clark LLP in control of the Shareholder List of SDI, Galaxy
5 Gaming, and other companies conceal actual ownership of the corporate securities and cause the
6 sale and transfer of the securities to Nominee companies under their control for sale into the
7 market.

8 9 **MOD SCHEME**

10 **214.** Defendants acted in concert caused sham litigation, sham Special Litigation
11 committee, corporate accounting fraud, securities fraud, false statements to financial institutions,
12 and attempted the corporate take-over of MOD to loot its assets and the facilitation of money
13 laundering, concealment of prior acts through control of MetaWallet.

14 **History of MOD**

15 **215.** On May 20th 2005, co-founder Defendant Bay and co-founder Relator
16 incorporated MOD Systems, Inc. to monetize Relator's retail system for custom CD burning.
17 MOD would have bankrupted if it had not been for Relator's development of digital distribution
18 business strategy and partners. Defendant Bay had not participated in MOD for the first 18
19 months and the majority of the business until the Defendants embezzlement was threatened to be
20 discovered and exposed.

21 **216.** Defendant Bay has been investigated by the U.S. Department of Justice Anti Trust

1 Division regarding his actions at Microsoft Windows Media Division. The U.S. Department of
2 Justice Government Exhibit Number 904, presents a pattern relating to Defendant Bay's
3 behavior.

4 **217.** In February 1998, Apple CEO Steve Jobs sent Mr. Gates CEO of Microsoft
5 Corporation and email discussing the Microsoft / Apple Relationship. In this email Jobs states,
6 "There is one thing that threatens to be quite divisive, and that is the Microsoft Netshow team's
7 behavior. They are really going out of their way to say they intend to kill QuickTime, and are
8 being quiet threatening and rude about it...We intend to fight and win with QuickTime, and I
9 hope this honest and proper effort doesn't meet with down and dirty tactics and touch rhetoric
10 from the Netshow group- it could really tarnish our entire, budding relationship."

11 **218.** "In January 1999, Microsoft executive Anthony Bay sent Mr. Gates an email
12 outlining a plan for Microsoft to dominate the market for streaming media. Mr. Bay did not
13 recommend that Microsoft compete by improving its streaming media product, Netshow. Instead
14 Mr. Bay recommend that Microsoft repeat the strategy it has used to monopolize the market for
15 web browsers: to tie Microsoft's product to Microsoft's dominant PC operating system. Mr. Bay
16 recommended that Microsoft "reposition streaming media battle from Netshow versus Real to
17 Windows versus Real" and "follow the [Internet Explorer] strategy wherever appropriate." [Real
18 Networks v Microsoft, ¶145]

19 **219.** In the Real Networks versus Microsoft Corporation complaint, alleged the
20 following causes of action: Illegal Maintenance of Monopoly in the Market for Licensing of Intel
21 Compatible PC Operating Systems (Section 2 of the Sherman Act), Attempted Monopolization

of the Digital Media Markets (Section 2 of the Sherman Act), Unlawful Tying of Windows Media Player to Windows PC Operating Systems (Section 1 of the Sherman Act, Cartwright Act), Unlawful Tying of Microsoft's Streaming Media Server Software to Microsoft's Server Operating System (Section 1 of the Sherman Act, Cartwright Act), The Cartwright Act (Calif. Bus. And Prof. Code 16720 SS et seq.), Unfair Competition Act (Calif. Bus. And Prof. Code SS 17200 et seq.), Unfair Practices: Below Cost Sales and Use of a Product as a Loss Leader, Unlawful Exclusive Dealing and Other Exclusionary Agreements (Section 1 of the Sherman Act)

220. Microsoft settled with Real Networks in 2005 for \$1,000,000,000 (One Billion Dollars) and other business agreements with MSN and Microsoft.

Securities Fraud

221. Robert M. Arnold (“Arnold”) invested in MOD, documented by the Common Stock Agreement between MOD and Arnold dated June 2006 and October 2006. The Agreement among other things include the following statement, “Mr. Phillips has an equity stake in each A DOT Corporation (“DOT”) and MOD Systems, Incorporated (“MOD”). Mr. Phillips, who is an executive officer of the Company, is also significantly involved in the operations and management of these two entities. MOD is currently involved in discussions concerning a strategic transaction. Moreover, many of the employees of the Company may provide consulting services to MOD in the near future. The operations and activities of MOD and/or DOT may distract Mr. Phillips and/or the Company's employees attention, which may hinder the Company's success.”

222. Defendants Cane, Wallace, Bay, Smyth and De Haan and others employed a scheme knowingly to defraud the Company and Series A Investors Toshiba and Relator by conspiring to disseminate materially false information, breach in Common Stock Agreement dated June 2005 between Arnold and MOD Systems, configure a Special Litigation committee, comprising of Defendant Cane to affirm the false information, in breach of MOD Shareholder, Employment, and License Agreement, dated October 17th 2008 between Company and Relator, using falsified accounting records and false claims by MOD to legal enforce a judgment and cause Relator into involuntary bankruptcy in order to seize his intellectual property assets.

223. These actions by the Defendants destroyed the value of MOD's securities, affiliate company MetaWallet (also known as Banana Corporation) securities, looted all corporate financial assets. These actions by Arnold, and Defendants Smyth, De Haan, Bay, Hotard, NCR Corporation and others were designed to bankrupt MOD and conceal the activities by Defendants Cane and Wallace, while causing the aforementioned individuals and corporations to create liabilities which forces all parties to participate in retaliation against Relator and his potential bankruptcy.

Framing of the Relator

224. MOD, purchaser of certain A DOT Corporation assets, a company operated by contractors, on July 2005 entered into a contract which requires the purchaser to pay transfer taxes to A DOT. On March 28th 2008 IRS increased the obligation by A DOT to \$86,526.57, MOD is contractually obligated to make this payment and has failed to do so.

225. On October 17th 2009, MOD Systems received \$35,000,000 in Series A funding,

1 immediately afterward, December 17, 2009 Arnold and his agents served a demand on MOD
2 Systems alleging various malfeasance.

3 **226.** On information and belief, December 16th 2008, Defendant Smyth emailed Tom
4 Ryan and Jan Hendericksen stating that his firm was conducting an investigation against Relator.
5 Defendants investigation was a sham, Defendants used a complaint provided to him by
6 Defendant Ambrosio and secretly Defendant Cane. Defendant Wallace drafted a sham
7 statements of facts on September 28th 2008 to disseminate to Arnold his Defendant agents.

8 **227.** In January 2009, Defendants Smyth, De Haan, Bay, Cane and Wallace falsely
9 accuse Relator of embezzlement. On February 17th 2009, file Arnold derivatively on behalf of
10 MOD Systems v Mark Phillips, Kenn Gordon and Anthony Bay accusing among other things
11 embezzlement.

12 **228.** In November MOD Systems took control of the derivative action, removed
13 accusations of embezzlement and subsequently withdrew all claims in November 25th 2009.

14 **229.** Washington State Supreme Court ruled on November 12, 2009 that Defendant
15 Cane and Bay were not fit to serve on the litigation committee conducting the audit, finding them
16 to be with their agendas, unfit, and with conflicts.

17 **230.** On information and belief, Defendants Cane and Wallace represented Relator's
18 ownership of some of the \$6,385,033 in illegal Davi Skin proceeds in Hepburn Holdings, Ltd..

19 **231.** Defendant Wallace caused the submission of Relator's Acceptance to the DAVI
20 Skin board prior to receipt of the D&O Insurance, Indemnification, Articles of Incorporation and

1 other due diligence documents requested to Jamee Nunelee on or about June 2007 by contacting
2 Ms. Nunelee and causing the premature conveyance of approval documents.

3 **232.** Defendant Wallace caused accounting expenses by contacting Jamee Nunelee and
4 by purported personal relationship with executive, representation that she was acting as his
5 agent, representation that she was acting on behalf of, and by other means of misrepresentation,
6 Wallace caused expenses to occur for personal affairs including Hotel Accommodations, Flight
7 Arrangements, Car Rentals, Possibly personal affects and access to executive personal
8 identification information such as passport, social security, and other confidential information.

9 **233.** Defendant Wallace, Bay, Cane and others caused and affirmed the accounting
10 fraud framing the Relator. Defendant Bay for example authorized the statement by Derek de
11 Bakker to the U.S. Attorneys Office and the FBI on April 6, 2010 false representing, that he was
12 unaware of an agreement between MOD and Relator providing for reimbursements. On April
13 28th 2009, MOD then CFO, Rich Barber and carbon copied (cc) Mr. de Bakker, stated, "As you
14 know the company is no longer paying your credit card bills, as a courtesy, we are sending this
15 email to you as a reminder that payment is due on the Centurion by May 2nd in order to avoid
16 paying finance charges. Kole Hartwood [MOD accountant assistant] has noted the items on the
17 attached statement that were obvious to him as business related expenses." April 2, 2009,
18 American Express Centurion Card in the name of Relator [Mark Phillips], also listing MOD
19 Systems, and an additional card issued to Defendant Bay, statement was, in fact, a personal
20 guaranteed and card owned by Relator, and had been been receiving MOD board approved
21 reimbursement of approximately \$2,965,099 since 2006.

1 234. On information and belief, efforts by Defendants Wallace and Cane to blackmail
2 Relator, attempted the following schemes. On April 3 2007, Defendants Cane and Wallace
3 caused to be placed shares into four LOM Securities Brokerage Accounts in Cayman and
4 Bermuda, 573,847 shares. On April 17 2007, Wallace forwarded an email from Gunther,
5 representative of LOM Securities which he requests for personal information to be conveyed to
6 him for customer approval. On April 23 2007, Wallace caused an email from Gunther to be
7 mailed directly to executive where the body of the message is unchanged, again asking for
8 Wallace's children to fill out information. On October 11 2007, executive requests from Wallace
9 if he was to do anything with this information.

10 235. In March and April 2007, Wallace represented that she was terminally ill from
11 breast cancer and that it was imperative to find a guardian for her daughter. Under this basis
12 Relator agreed to sign as an executor on an account. In fact Defendant Wallace, Lahka and Cane
13 stole Relator's identity to conceal activities of money laundering. On May 14 2007 Wallace
14 caused, negotiated and executed a promissory note with securities interest between DAVI Skin
15 and Defendant Lahka, for which upon signing he was to receive 200,000 shares from Hepburn
16 Holding, LOM Securities Account.

17 236. On June 15 2007, a MOD executive instructs office manager, now known to be
18 manipulated by Wallace, for specific documentation and materials from DAVI before an
19 acceptance letter to the board of directors would be accepted. The acceptance letter and
20 appointment was caused without this final approval by the executive.

21 237. On April 17 2007, April 24 2007 and October 11 2007 an unrelated executive

1 received the same emails forwarded from Gunther to Wallace regarding executor application for
2 her children. The first email was forwarded from Wallace with the body of the email addressed
3 solely to her, the second was directly from Gunther however the email body in both the messages
4 addressed "Wallace-no changes, just emailed directly," and the final email in October was
5 forwarded by the executive to Wallace, her return message stated that the message was old,
6 implying that its purpose was done.

7 **238.** On September 17 2008, Carlo Mondavi sent email to the DAVI board announcing
8 his resignation. Upon questioning his act and a directors decision to also leave the board,
9 Wallace responded with a proposal for consulting for the executive's associate, Kenn Gordon
10 offering .03 or .04 cents per share for a total of 573,584 shares. The number of shares similar to
11 Artist House, 566,667 and shy of the block placement in Hepburn and Arch, 574,847.

12 **239.** On June 13 2007 executive requested use of a SWIFT account to wire funds to a
13 pass through account in development of funds transfer system based on contractual research
14 December 22 2006, and the Bank Secrecy Act/Anti-Money Laundering Act 2006 Chapter on
15 Pass through Accounts. Wallace caused the fax of a Hepburn Holding Account directed to LOM
16 Securities purported to be used for consulting services. Wallace through email communicated
17 providing Hepburn Holding information and changed to ARCH Ltd. Account with request to
18 keep the facts hidden. executive provided a SWIFT account at UBS with clearly disclosed
19 beneficiary information. executive caused no funds to pass to nominee companies provided by
20 Wallace.

21 **240.** July 30 2007 SEC filing for DAVI Skin 10KSB, disclosure regarding MW

1 Medical President converting \$200,000 promissory note into 2.2m shares to unrelated party.
2 Wallace fraudulently stated through SEC filings, DAVI accounting, Arnold, and others
3 ownership and control of the LOM Securities account.

4 **241.** September 12 2007, Relator affiliate MetaWallet email with Doug Lower, and
5 others, communicated the proposal process for MetaWallet with a customer in Luxembourg.
6 Defendant Wallace responded multiple times requesting executives social security number
7 including overtures regarding handling it directly with co-conspirator Jamee Nunelee.

8 **242.** Defendant Wallace attempted to bribe Relator's associate Doug Lower with Davi
9 Skin Shares totaling 556,666 in efforts to meet with Arnold.

10 **243.** On October 1 2007, Wallace caused the necessity of a personal item for the
11 executive through a 3rd party jewelry retailer. The request was redirected to executive personal
12 assistant, however the request stated that Wallace is aware of the credit card and is asking to use
13 it, she further requests contacting Jamee Nunelee to handle it, finally, Wallace assures that
14 executive is to pay no attention to the matter and that she will handle it.

15 **244.** On February 11th 2008 Defendants Wallace and Cane attempted to represent that a
16 transfer of property at 6929 East Cheney Drive, Scottsdale Arizona was legitimate, unbeknownst
17 to executive was the status of a unrelated legal proceeding by Ed Tarapasky, where as judgment
18 was entered against Wallace for \$1,500,000. Relator referred Wallace and her attorney,
19 Defendant Cane to bankruptcy attorney to discuss the procedure for such a sale or discounted
20 acquisition. Attorney's advice was to not engage with these individuals. Wallace proceeded to
21 quit claim deed the property to executive anyway, and subsequently failed to execute a lease

1 agreement, which caused counsel for executive to quit claim deed the property back. This was to
2 create the appearance of a fraudulent conveyance of assets to be presented to shareholders as
3 further false evidence of a systematic scheme by executive to commit fraud.

4 **245.** On June 2008, outside the presence of Relator, Wallace purported to provide
5 family member with earrings purported to be of substantial value. Family member traveled to
6 Europe and had the diamonds appraised only to discover they were fake. Defendant Wallace
7 harassed Relator to recover the fake diamonds, and caused significant infighting in his family
8 over the facts. Testimony from the court proceedings of Ed Tarapasky quote Wallace as
9 admitting that she is not a licensed commodities appraiser and therefore unable to certify value.

10 [Court Transcript Thomas Wong v Blume Law]

11 **246.** The efforts by Defendants Wallace were purposefully designed to cause
12 accounting irregularities unbeknownst to Relator, and document those to cause an accounting in
13 the future. Wallace provided these selective documents to Defendants Smyth and De Haan
14 which caused the derivative action and subsequent terminations of employees and destruction of
15 MOD's reputation. This act by Defendants Cane and Wallace was orchestrated to both seize
16 control of the corporation, but to retaliate against the ability for executive to whistle blow on the
17 transactions Wallace and Cane perpetrated in DAVI Skin. The causality of 3rd party litigation
18 against Relator, shareholder adversity, SEC Complaint, and appearance of wrong doing
19 accomplishes public assertion of guilt associated with the securities transaction and possible
20 account assignment at LOM Securities.

21 **247.** Defendant Wallace harassed executive, his assistants, and individuals closely

1 associated with him by way of disseminating false information, encouraging taking legal action
2 against him, encouraging filing of sexual harassment claims, bribing by way of loans to off-set
3 his low pay, and tactics to cause individuals to be adverse to him. Defendant Wallace called
4 dozens of times per hour and mailed hundreds of emails containing harsh, violent and offensive
5 threats against him, and everyone near him. executive's assistant was tasked to review any
6 harassment prior to arrival in the office and delete them.

7 **248.** Defendant Wallace caused transactions through Wallace Black purported to
8 executive for other purposes or other intentions or his aid, while using proceeds from consulting
9 arrangement from MOD. Defendant Wallace caused payment requirements by 3rd parties to
10 coincide with executive's business travel, almost exclusivity out of the country, in Japan.
11 Defendant Wallace was purposeful, intentional, and caused the transactions, executed any
12 purchases without providing receipt, and gave verbal and email assurances that she would handle
13 affairs as a personal courtesy.

14 **249.** Defendants disseminated deceptive information regarding the executive staff
15 publicly, on October 2008 Tech Flash and through anonymous blogs. These devices and
16 schemes are required to deceive the general public to carry out their scheme.

17 **250.** Defendants Cane, Bay and Wallace intentionally documented and caused
18 accounting transactions, ignored MOD accounting review by Price Waterhouse Coopers,
19 Morrison and Forester, and other attorney firms, which all transaction detail was disclosed,
20 approved, and accounted, the litigation committee chaired by Defendants Bay and Cane with star
21 witness Defendant Wallace, conspired to affirm fraudulent accusations including use of rent,

1 purchase of vehicles, and characterizing either board and general authority or contracts.

2 **251.** The false materials were used by Defendant Smyth to author a derivative action
3 which causes the formation of Special Litigation Committee where defendant Cane served as a
4 director. Defendants Cane and Wallace colluded on when the instigation of the action should
5 occur and the configuration of the board committee. Defendant Cane and Bay falsely accused
6 executives of additional wrongdoing and forced a fraudulent agreement upon the majority
7 shareholder. Defendants Cane and Bay cause deprived the majority shareholder of his legal right
8 from March 2009.

9 **252.** March 2009, upon control of MOD, Defendants Cane and Bay reduced the board
10 membership to 2 directors and conducted hostile actions towards executive in furthering of
11 Defendants Cane and Wallace retaliation, the directors fraudulently represented accounting,
12 despite contracts, sales, state, federal and employee taxes requirements. Defendant Bay has
13 caused contractual obligation of MOD to be in breach, obligations have not been booked as
14 liabilities, or expenses, thereby affecting the accounting and claims upon submission for payment
15 or retention of federal claims. Defendants Cane and Bay have disbursed the funds across
16 multiple banking accounts, with different signatory permissions.

17 **253.** Defendants Cane and Bay disbursed the proceeds of D&O insurance to fund the
18 investigation and not to Relator and his associates for defense costs of litigation, including
19 paying Defendant Cane directly. Defendants Cane and Bay falsified legal and accounting
20 records to achieve this.

21 **254.** Director and Defendant Bay and Director and Defendant Cane, with or caused by

1 Defendant Justin Hotard [hereinafter "Hotard"] directed the reduction of Phillips salary with
2 fraudulent information with caused the reduction of Payroll taxes, Federal IRS, Employment
3 Security paid to Washington State Employment Securities Department, and Medicare.

4 **255.** Defendants Bay and Cane caused the incorrect filing and payments to the
5 Washington Department of Revenue for sales tax related to memory cards and its distribution to
6 retailers using the company's IP.

7 **256.** MOD Systems incorrectly booked the income of \$5m from Toshiba Corporation
8 which was secured by Relator's personally Intellectual Property as income, for excise tax to the
9 State of Washington Department of Revenue instead of a loan by Relator paid directly by
10 Toshiba Corporation. MOD Systems Quarterly Tax to the state do not contain liabilities by the
11 corporation regarding executive indemnifications, outstanding invoices by contractors,
12 outstanding balance on MOD Systems American Express, under MOD Systems name.

13
14 **Misrepresentations to Financial Institutions**

15 **257.** MOD Systems' directors, and NCR observer, Defendant Hotard has assisted in the
16 furthering of efforts by the other defendants, either "knowingly presents, or causes to be
17 presented, a false or fraudulent claim for payment or approval; knowingly makes, uses, or causes
18 to be made or used, a false record or statement material to a false or fraudulent claim; conspires
19 to commit a violation of sub-paragraph (A), (B), (D), (E), (F), or (G); (D) has possession,
20 custody, or control of property or money used, or to be used, by the Government and knowingly
21 delivers, or causes to be delivered, less than all of that money or property;" is authorized to make

1 or deliver a document certifying receipt of property used, or to be used, by the Government and,
2 intending to defraud the Government, makes or delivers the receipt without completely knowing
3 that the information on the receipt is true.”

4 **258.** Defendants Hotard, NCR Corporation, and Wallace ordered and threatened
5 Relator with NCR “making matters much worse for him”, if he didn’t immediately sign any
6 papers presented to him. Hotard additionally stated that, he didn’t care whether the accusations
7 were true or false, that Relator must resign. This caused the Transition Agreement, Voting Trust,
8 Intellectual Property Licensing Agreement, and other covenants by Relator and the Series A
9 investors to be breached. The impacts of these breaches cause significant accounting liabilities
10 including Medicare, Social Security and other employment taxes to be misrepresented. The
11 licensing contracts cause the balance sheet to inaccurately represent liabilities and position of the
12 company causing the state and federal excise taxes to be mischaracterized.

13 **259.** On information and belief, on or about March 27th 2009, Defendant Bay with
14 fabricated documentation by unnamed De Bakker and Defendant Cane provided Wells Fargo
15 with documentation purporting to control MOD bank account.

16 **260.** On or about March 27th 2009, Defendant Bay announced to MOD employees that
17 Relator and Relator's associates were on vacation and would return in a few weeks.

18 **261.** On information and belief, on or about January 2010, Defendants Bay and Cane
19 caused funds to be transferred without Shareholder Approval from Wells Fargo to U.S. Bank and
20 Silicon Valley Bank with cooperation and aid of Defendant Hotard and NCR Corporation,
21 purporting to have control. In fact, MOD corporate counsel unnamed De Bakker had no Board

1 Resolution authorizing this transfer.

2 **Corporate Take-over Second Attempt**

3 **262.** On information and belief, April 2009, Defendant Smyth and De Haan issued a
4 letter to MOD attention to Defendant Bay stating that it was not intended for the removal of
5 Relator and that Defendant Bay must be removed. On information and belief, Defendant Cane
6 and Wallace caused this letter, in concert with public, protected class, securities and other such
7 type of complaints destabilizing management, to be sent in order to seize complete control of
8 MOD.

9 **263.** On information and belief, between March 2009 and October 2009, Nancy
10 Devlin, a protected class employee of MOD Systems delivered a Memorandum to MOD
11 corporate counsel making an assortment of allegations targeted at Defendant Bay. Allegations
12 against Defendant Bay and other MOD executives, CFO Rich Barber and unnamed De Bakker
13 included tax evasion, sales tax avoidance, banking fraud, sexual harassment by Defendant Bay,
14 MOD instruction banning employees from communicating with Defendants Cane and Wallace,
15 gambling, and other abuse towards Nancy Devlin.

16 **264.** On information and belief, Nancy Devlin was provided with substantial
17 information in the complaint by Defendant Wallace by instruction of Defendant Cane.

18 **265.** On information and belief, Nancy Devlin communicated with Defendant Cane
19 through anonymous 3rd parties, secret phone calls and meetings.

20 **266.** On information and belief, the Demand Review Committee at MOD, including

1 Defendants Bay, Cane and Smyth, all used information from Defendants Wallace or individuals
2 under her control including Nancy Devlin, Jim Castanes, Alyssa Royse, and Scott Lipsky, to
3 provide false accusations against Relators and Relator's associates.

4 **267.** The Defendants Cane, Wallace and Bay acting in concert demanded on March 25th
5 2009 the execution various agreements including the Transition and Voting Trust Agreement
6 between MOD and Relator. Defendants had previously approved the amendments to the By
7 Laws and Articles of Incorporation which adopted the Right of First Refusal and Co-sale
8 Agreement which states that any transfer of Founder Securities is void without following
9 procedures defined in the various Series A Agreements.

10
11 **Relator Attempt to Expose Fraud**

12 **268.** Whistle Blower Notice of Facts by Relator was delivered to MOD, and its Major
13 Holders on December 15th 2009, Whistle blowing to MOD Systems, Series A Investors NCR
14 Corporation, Toshiba Corporation, and Deluxe Entertainment of the fraud by parties, including
15 contractors, ex-employees, and associates regarding these contract obligations, taxation
16 requirements, securities fraud, and other frauds have been made, dismissed by internal corporate
17 counsel, outside corporate counsel and evidence of threats of retaliation against Relator and his
18 associates, the submission was completely ignored.

19 **269.** On December 15th 2009, Relator cited Right of First Refusal and Co-sale
20 Agreement dated October 17th 2008 between MOD, its Major Holders NCR Corporation and
21 Toshiba, and Founders Defendant Bay and Relator. The agreement states that any transfer of

1 shares not made in conformance with the agreement is "null and void". Including any purported
2 control of Relators' securities by Defendants Cane and Bay. Relator's advice of counsel
3 substantiated that the cancellation of Relator's shares in MOD could not have been effectuated
4 without breach of the MOD Articles of Incorporation, By Laws, and aforementioned agreements.

5 **270.** MOD has been repeatedly requested to issue voting certificate purported to be
6 issued by the Voting Agreement. MOD has never responded to this request, nor has MOD ever
7 confirmed its recording or cancellation of shares to Relator.

8 **271.** On or about December 15th 2009, Relator, still the Chief Technology Officer of
9 MOD, in conjunction with the Whistle Blower Notice of Facts against the Defendants Bay and
10 Cane, MOD Directors, and the lack of action by unnamed Rich Barber and Derek de Bakker,
11 Relator was the only MOD officers not under investigation. At the advice of counsel, Relator on
12 behalf of MOD issued a Termination of Transition Agreement and Voting Trust as MOD Chief
13 Technology Officer.

14 **272.** On or about March 27th 2009 Transition Agreement and Voting Trust was signed
15 by Defendant Bay who's Consulting agreement with MOD required prior written approval by
16 Relator to sign on behalf of the company.

17 **273.** On or about December 15th 2009, Relator drafted a Majority Shareholder Consent
18 terminating the MOD board and Defendant Bay for cause. Relator drafted a MOD board consent
19 appointing Relator to the MOD board.

20 **274.** On or about December 15th 2009, Relator provided materials to the MOD bank
21 under advice of counsel and requested for the bank to have its legal review the documents. Russ

1 Carson of Wells Fargo stated in an email January 12th 2010, "Mark did not request a freeze on
2 the Wells Capital account..." her furthered stated, "it was determined we needed advice from
3 counsel. We forwarded to our in-house legal counsel, Stefan Lawrence, later that morning.
4 Stefan's guidance was that the appropriate course of action was to place a temporary freeze on
5 the account until the documented were reviewed."

6 **275.** On or about March 4th 2010, current and former employees, officers, and directors
7 retained Harmeet Dhillon of Dhillon & Smity LLP, who issued a 13 page letter re: Imminent
8 Litigation Against MOD and Affiliated Persons and Entities Concerning Corporate Governance,
9 Fraud and Securities Violations. The letter was delivered only to the Series A Shareholders of
10 MOD, however, on information and belief, Defendants Smyth, Cane and Wallace were provided
11 copies.

12 **276.** On information and belief, criminal proceedings against Relator were commenced
13 by Defendant's complaints to the U.S. Attorneys Office on March 14th 2010.

14 **277.** On or about March 30th 2010, Relator's affiliate company A DOT Corporation
15 filed a Federal Complaint against Defendants Bay, Wallace, and other unnamed individuals. The
16 complaint alleges Computer Fraud and Abuse Act, Trespass to Chattels and Conversion against
17 individuals stealing information from A DOT Computers and manipulating it causing materials
18 and adversity which fragmented MOD's shareholders and directors irreconcilably.

19
20 **Attempt to Destroy MetaWallet Technology and MOD emails**

1 **278.** Defendants Bay carbon copying Defendant Cane send an email to Relator on
2 April 14, 2009 admitting the destruction of emails and other evidence, "I believe Derek has
3 asked you a number of times to produce the backup of your hard drive that was made right
4 before the Company moved to its new offices since the one Michael [MOD employee] made was
5 mistakenly erased or written over. I believe you told Derek that the backup Michael made now
6 resides on the Drobo drive, but Michael thinks that your hard drive was backed up on the
7 "flask"-shaped external hard drive you sometimes brought to the office. It is essential that this
8 backup is returned to the Company or Lane Powell. For the time being, these backups are not
9 being reviewed and won't need to be reviewed until we have to produce documentation for
10 [Defendant] Smyth (which we hope to avoid by settling this matter). This issue is just as
11 important to the Company as it is to you in that the spoliation charges will be alleged against
12 MOD as well as you personally."

13 **279.** Defendants Cane and Wallace through Smyth and De Haan demanded the
14 complete control of Banana Corporation on January 27th 2009 in efforts to control the corporate
15 entity. Defendant Smyth repeatedly represented both the corporation had no value. To the
16 contrary, Banana had developed a remittance platform and detection mechanism for embedded
17 derivatives securities fraud. International currencies and their contracts are referred to as
18 derivative contracts traded and managed by the U.S. Commodities Futures Trading Commission.
19 FERA 2009 was itself designed to fund SEC and CFTC cooperation in the enhancement of
20 derivative securities fraud for which the aforementioned schemes are pervasive.

21 **280.** MetaWallet's business purpose to detect and protect international remittances of
22 monetary instruments and funds was contractually promised to Nuevatel, a Bolivian Carrier

1 through contractual agreement dated December 2006. MetaWallet was funded by Arnold and
2 overseen by Defendants Smyth and D

3 **281.** On information and belief, Defendant De Haan, has reviewed and approved the
4 Common Stock Agreement dated June 2006 between Banana Corporation its president Relator
5 and Arnold. On information and belief, Defendant De Haan in efforts to conceal her
6 mismanagement of the Arnold estate is pursuing Relator with false information provided by
7 Defendants Cane, Wallace and Bay.

8 **282.** Defendants Cane and Wallace knew of the purpose of MetaWallet and sought to
9 steal its technology to enable their money laundering schemes to be more efficient. Defendant
10 Wallace herself provided "Open Access to everything [email, electronic communications]" and
11 complained that Relator's equipment was "CODED", despite Defendant Wallace theft of trade
12 secrets and confidential information. Defendant's theft of information is believed to be only to
13 information intended to blackmail Relator and not the core technology. Defendant Bay, Smyth
14 and those in the control group at MOD have stolen A DOT computers and trade secrets which
15 serves as the technology detecting this activity.

16 **283.** Preliminary identification of Defendant Cane's network of associates and entities
17 participating in similar schemes of derivative securities fraud. This complaint provides the
18 template of their scheme for which the following individuals, entities, and securities follow.

19 **284.** The following individuals, entities, and securities are calculated by MetaWallet
20 technology as following the same money laundering scheme described herein. These individuals
21 are clients of Defendants Cane and her associates.

1 **285.** Jan Mary Wallace, receipt of [74,000,000 MW Medical], underlying security for
2 Davi Skin.; Logan Anderson, receipt of [112,178,770 Worldbid Corporation], underlying
3 securities for Royalite Petroleum Co. Inc.; Garry Anselmo, receipt of [33,500,000 Silverado
4 Mines], underlying securities for Silverado Gold Mines, Inc.; Daniel Ray Ash, receipt of [
5 35,345,452 Norpac Technologies Inc.], underlying securities for Celllynx Group Inc.; Grant
6 Atkins, receipt of [500,000 TapImmune, Inc.], underlying securities GeneMax Corp., and [
7 850,000 Intergold Corp.], underlying security Lexington Resources, Inc.; Ralph Biggar, receipt
8 of [13,735,250 Tora Technologies], underlying securities Makeup.com; Mark R Branson,
9 receipt of [6,000,000 Texada Ventures]; James Bunney, receipt of [8,000,000 Nuance Resource
10 Corp], underlying security Force Energy Corporation; Kyleen Cane, receipt of [2,000,000 Legal
11 Access Technologies], underlying security Dynamic Associates and Davi Skin; Joseph
12 Caracciolo, receipt of [2,500,000 Fem One Inc.], underlying security Actis Global Ventures
13 Inc.; Marsha Chandler, receipt of [1,697,500 Turbodyne Technologies];

14 **286.** David Cohen, receipt of [616,000 LitFunding Corporation], underlying security
15 GLOBAL ENTERTAINMENT HOLDINGS; Richard Damion, receipt of [37,452,470
16 International Food Products Group], underlying security of Newport Digital Technologies, Inc.;
17 Charles Eissa, receipt of [1,200,000 Darwin Resources Corporation], underlying security of
18 Health Benefits Direct Corporation; George Robert receipt of [4,600,000 INTERNATIONAL
19 FOOD PRODUCTS], underlying security of NEWPORT DIGITAL TECHNOLOGIES INC.;
20 Donald Wehlmann Gould receipt of [1,200,000 RELATIONSERVE MEDIA INC], underlying
21 security of SENDTEC, INC.; Ray Grimm, receipt of [59,310,078 FEM ONE INC], underlying
22 security of ACTIS GLOBAL VENTURES INC.; Alfred Hanser, receipt of [17,000,000 FEM

1 ONE INC], underlying security of ACTIS GLOBAL VENTURES INC.; Robert Harris, receipt
2 of [18,750,000 SHEPARD INC], underlying security of CELLCYTE GENETICS CORP.; Ken
3 Hicks, receipt of [7,400,000 DELBROOK CORP], underlying security of ARGENTEX
4 MINING CORP.; Gary Hokkanen, receipt of [45,000,000 TRACKPOWER INC], underlying
5 security of GATE TO WIRE SOLUTIONS, INC.; Robert Hunts, receipt of [2,400,000 FORGE
6 INC], underlying security of ENCORE CLEAN ENERGY INC.; Wilfred Jefferies, receipt of [
7 3,000,000 TAPIMMUNE INC], underlying security of GENEMAX CORP; Mujit Johal, receipt
8 of [870,000 SECURE DIVERSIFIED INVESTMENTS], underlying security of GALAXY
9 GAMING; Marcus Johnson, receipt of [6,800,000 MORGAN CREEK ENERGY COMPANY];
10 Timothy Keating, receipt of HANDHELD ENTERTAINMENT COMPANY, underlying security
11 of ZVUE, CORP; Mehta Ketan, receipt of [47,500,000 INTERNATIONAL FOOD PRODUCTS
12 GROUP], underlying security of NEWPORT DIGITAL TECHNOLOGIES, additional issuance
13 of [25,000,000] ; Bruce Thomas Leitch, receipt of [29,000,000 NORPAC TECHNOLOGIES],
14 underlying security of CELLYNX GROUP INC.; Glen McDonald, receipt of [1,500,000
15 SHEPARD], underlying security of CELLCYTE; Mark Mcleary, receipt of [3,000,000 MED-
16 TECH SOLUTIONS], underlying security of FOUR RIVERS BIOENERGY, INC; David
17 Noyes, receipt of [1,200,000 OXFORD MEDIA], underlying security of SVI MEDIA; Jeffery
18 Oscodar, [1,400,000 HANDHELD ENTERTAINMENT INC], underlying security of ZVUE
19 CORP; Pamela Padgett, [531,944 SECURE DIVERSIFIED INVESTMENTS], underlying
20 securities of GALAXY GAMING; Carl Page, [4,100,000 HANDHELD ENTERTAINMENT],
21 underlying ZVUE CORP; Phillip Pearce, [350,000 KNIGHTSBRIDGE], underlying 360
22 GLOBAL WINE CO.; Robert Pedersen, [4,300,000 AMERASIA KHAN ENTERPRISES LTD

1], underlying ZAGG; Wayne Psencik, [5,700,000 SONTERRA RESOURCES INC], underlying
2 VELOCITY ENERGY INC; Scott Randall, [1,800,000 TORA TECHNOLOGIES], underlying
3 MAKEUP.COM LTD; Gary Rasmussen, [110,000,000 LITFUNDING CORP], underlying
4 GLOBAL ENTERTAINMENT HOLDINGS INC; Tareq Adel Rishq, [35,000,000 NORPAC
5 TECH], underlying CELLYNX GROUP INC; Joseph R Rodriguez, [18,600,000
6 INTERNATIONAL FOOD PRODUCTS GROUP, INC], underlying NEWPORT DIGITAL
7 TECHNOLOGIES INC; Peter Schulhof, [5,000,000 DELBROOK CORP], underlying
8 ARGENTEX MINING CORP; Sam Sen Soumitra, [16,000,000 PETROGEN CORP],
9 underlying PLURIS ENERGY GROUP, INC; Joel Shapiro, [7,700,000 KNIGHTSBRIDGE
10 FINE WINES], underlying 360 GLOBAL WINE CO; John Simmonds, [258,711,668
11 TRACKPOWER], underlying GATE TO WIRE SOLUTIONS INC; Paul Soltoff, [2,500,000
12 RELATIONSERVE MEDIA INC], underlying SENTEC INC; Sacha Spindler, [44,000,000
13 PETROGEN CORP], underlying PLURIS ENERGY GROUP INC; Sherry Spurdock, [
14 5,700,000 SONTERRA RESOURCES], underlying VELOCITY ENERGY; Wayne Sutterfield, [
15 3,100,000 SECURE DIVERSIFIED INVESTMENTS], underlying GALAXY GAMING;
16 Howard Thomson, [12,000,000 WORLDBID], underlying ROYALITE PETROLEUM CO;
17 John Thornton, [3,000,000 NORPAC TECHNOLOGIES], underlying CELLYNX GROUP; Jan
18 Wallace, [690,000 SECURE DIVERSIFIED INVESTMENTS], underlying GALAXY
19 GAMING; Marc Walther, [434,000,000 SOUTHBOROUGH VENTURES], underlying
20 AMERICHIP INTERNATIONAL; Carrie Weiler, [20,000,000 TRACKPOWER], underlying
21 GATE TO WIRE SOLUTIONS; Stanley Weiner, [2,000,000 LITFUNDING CORP], underlying
22 GLOBAL ENTERTAINMENT HOLDINGS INC; Curt White., [13,000,000 GENESIS

1 URANIUM CORP], underlying VAULT TECHNOLOGIES

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CLAIMS FOR RELIEF

COUNT I

**Violation of the False Claims Act 31 U.S.C. § 3729 [REDACTED]
Section 1031 of title 18, United States Code re: Major fraud against the United States, as
Amended by FERA §§**

COUNT II

**Violation of the False Claims Act 31 U.S.C. § 3729 [REDACTED]
Section 1005 of title 18, United States Code re: False Statements, Entries and/or Records
for Financial Institutions, as Amended by FERA §§ 2(a), 2(b)**

COUNT III

**Violations of the False Claims Act 31 U.S.C. § 3729 [REDACTED]
Section 1014 of title 18, United States Code re: False Statements to any Federal home loan
bank, the Federal Deposit Insurance Corporation and in Mortgage Applications, as
Amended by FERA § 2(c) to Include False Statements by Mortgage Brokers and Agents of
Mortgage Lending Businesses**

262. Paragraphs 1-~~2~~ are realleged and incorporated by reference as is fully set forth herein.

263. As set forth above, defendants, by and through various officers, agents, and employees: (A) knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval; (B) knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim; (C) conspires to commit a violation of subparagraph (A), (B), (D), (E), (F), or (G); (D) has possession, custody, or control of property or money used, or to be used, by the Government and knowingly delivers, or causes to be delivered, less than all of that money or property; (E) is authorized to make or deliver a document certifying receipt of property used, or to be used, by the Government and, intending to defraud the Government, makes or delivers the receipt without completely knowing that the information on the receipt is true; (F) knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the Government, or a member of the Armed Forces, who lawfully may not sell or pledge property; or (G) knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the Government, is liable to the United States Government for a civil penalty of not less than \$5,000 and not more than \$10,000, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note; Public Law 104-410), plus 3 times the amount of damages which the Government sustains because of the act of that person.

COUNT IV

1 **Violations of Section 1348 of title 18, United States Code re: Securities Fraud,**
2 **as Amended by FERA § 2(e) to Include**
3 **[Fraudulent Scheme to Defraud Involving Commodities, Futures and Options]**
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9 **COUNT V**

10 **Violations of Section 1344 of title 18, United States Code**
11 **as Amended by FERA §§2(a), 2(b)**
12 **[18 U.S.C. §§20, 27] to**
13 **[Bank Fraud/Scheme to Defraud/Private Mortgage Companies]**
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19 **COUNT VI**

20 **Violations of Section 10(b) of the Exchange Act**
21 **and Rule 10b-5 Thereunder**
22 **[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]**
23 **[Scheme to Defraud]**
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COUNT VII
Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 Thereunder
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]
[Misrepresentations/Omissions]

COUNT VIII
Aiding and Abetting Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 Thereunder
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]
[Scheme to Defraud]

COUNT IX
Aiding and Abetting Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 Thereunder
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]
[Scheme to Defraud]

COUNT X
Violations of Section 1956 of the Racketeering

1 [1956 Laundering of monetary instruments]

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COUNT XII

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Violations of Section 1957 of the Racketeering

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[1957 Engaging in monetary transactions in property derived from specified unlawful activity]

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RELIEF REQUESTED

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WHEREFORE, Relator **MARK PHILLIPS**, on behalf of himself and the United States Government, prays: (i) that this Court enter a judgment against Defendant in an amount equal to three times the amount of damages the United States has sustained as a result of Defendant's violations of the False Claims Act; (ii) that this Court enter a judgment against Defendant for a civil penalty of \$10,000 for each of Defendant's violations of the False Claims Act; (iii) that Relator **MARK PHILLIPS** recover all costs of this action, with interest, including the cost to the United States Government for its expenses related to this action; (iv) that Relator **MARK PHILLIPS** be awarded all reasonable attorneys' fees in bringing this action; (v) that in the event the United States Government proceeds with this action,

1 Relator MARK PHILLIPS be awarded an amount for bringing this action of at least 15%
2 but not more than 25% of the proceeds of the action; (vi) that in the event the United States
3 Government does not proceed with this action, Relator MARK PHILLIPS be awarded an
4 amount for bringing this action of at least 25% but not more than 30% of the proceeds of the
5 action; (vii) that Relator MARK PHILLIPS be awarded prejudgment interest; (viii) that a trial
6 by jury be held on all issues so triable; and (ix) that Relator MARK PHILLIPS and the United
7 States of America receive all relief to which either or both may be entitled at law or in equity.

8 Relator MARK PHILLIPS be awarded all relief for retaliation action including
9 reinstatement with the same seniority status that employee, contractor, or agent would have had
10 but for the discrimination, two (2) times the amount of back pay, interest on the back pay, and
11 compensation for any special damages sustained as a result of the discrimination, including
12 litigation costs and reasonable attorneys' fees.

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Signing for Mark Phillips ^{POA}  11-13-10