TELEPHONIC DEPOSITION OF KYLEEN CANE, taken at 3273 East Warm Springs, Las Vegas, Nevada, 89120, on Monday, December 18, 2006, at 4:00 p.m., before Elizabeth A. Shea, Certified Court Reporter, in and for the State of Nevada.

Appearances:

For the Plaintiff, David Kagel:

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For the Defendant, Jan Wallace:

BRYAN R. CLARK, ESQ.
Cane Clark, LLP
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I N D E X

WITNESS: KYLEEN E. CANE, ESQ.

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LAS VEGAS, NEVADA; MONDAY, DECEMBER 18, 2006

52965

4:00 P.M.

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MR. GUTMAN: Could you mark pages 1 through 9 collectively as Exhibit No. 1.

(Whereupon Plaintiff's Exhibit No. 1 was marked for identification.)

Whereupon,

KYLEEN CANE,

was called as a witness, and having been first duly sworn to testify to the truth, the whole truth, and nothing but the truth, was examined and testified as follows:exam

EXAMINATION

MR. GUTMAN: Good afternoon Ms. Cane and Mr. Clark.

MR. CLARK: Good afternoon.

THE WITNESS: Hello.

MR. GUTMAN: Let me just say for the record, we are here for the deposition subpoena that was issued to Kyleen Cane. We're starting a little bit later in the day, but it is December 18th, 2006. I would also like to note for the record that counsel for Jan Wallace, by way of letter dated December 16, 2006, has indicated that she would not be appearing either telephonically or in person

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in connection with this deposition subpoena and, in fact, this examination pursuant to the federal rules of civil procedure.

BY MR. GUTMAN:
Q. With that said, Ms. Cane, let me just start with asking you if you are a licensed attorney in Nevada?
A. I am.
Q. Are you licensed in any other states?
A. I'm licensed in California, Hawaii, and Washington State, in addition to Nevada.
Q. Fantastic. Since when were you licensed in Nevada?
A. 1996.
Q. And how about those other states, California?
A. Gee, you're going to really get to my age, aren't you. California was 1979.
Q. Right.
A. Hawaii was 1978.
Q. Okay.
A. And Washington State was 1996.
Q. Great. The current name of your law firm where you practice is?
A. Cane Clark, LLP.
Q. Are you affiliated with any other law firms?
A. No, I'm not.

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Q. What year was the firm of Cane Clark, LLP established?
A. Well, the actual firm, probably 2000 and --
Q. I'm sorry, did you complete your answer?
A. No, I didn't. I'm actually trying to remember

if it was 2003 or 2004.

It was September of 2003, I think, that it originally happened.

Q. And what was the name of the firm in which you were practicing prior to that date?

A. Cane O'Neil Taylor.

Q. And for how long were you practicing with that firm?

A. Since 1997.

Q. That's fine.

A. In various forms.

Q. Where did you attend law school?

A. The University of Southern California.

Q. And that's in Los Angeles, correct?

A. That's correct.

Q. What year did you graduate?

A. 1978.

Q. Have you practiced law continuously since that date?

A. It depends on what you mean by practice law.

Q. Well, let me clarify. That's a good point.

Have you been employed for, let's say, more than 50 percent of your employment in any occupation, other than as a lawyer, anytime since 1978?

A. Yes.

Q. And what capacity were you employed, other than as a lawyer?

A. I was a law professor, and I had my own -- well, I was part of a public company. I was the President/CEO of a public company.
Q. Where were you a law professor?
A. University of Hawaii and at Western State University College of Law and at Whittier College of Law at various times during the past 30 years.
Q. Anytime during the past ten years, were you working full time as a law professor?
A. Yes. On the last ten years?
Q. Right.
A. No.
Q. Okay. And anytime within the last ten years were you working full-time as an officer of a public corporation?
A. Yes.
Q. What company was that, what corporation was that?

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A. Legal Access Technology.
Q. During what time period were you working at Legal Access?
A. I believe it was the year 2000, 2001, something like that, through 2003, 2004, for those three years.
Q. Do you specialize in any one particular area of the law or any particular areas of the law?
A. I'm security's counsel. I practice securities law, Federal Securities mostly.

Q. During the time that you worked as a law professor, which subject matters did you teach?
A. I taught securities. I taught, for a period of time, real property, and I taught -- most transactional subjects, taxation for a period of time, corporations. That's all.
Q. Okay. Have you ever been deposed before?
A. Yes, I have.
Q. On how many different occasions?
A. Two or three.
Q. When was the last time, if you recall?
A. It was during an SCC investigation of a particular company.
Q. How many years ago was that?
A. About two, three.
Q. Do you remember the name of the company?

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A. I think it was Axion Foods.
Q. Can you spell that, please?
A. A-x-i-o-n Foods, F-o-o-d-s.
Q. Was the SCC the plaintiff in that particular lawsuit?
A. I don't believe there was a lawsuit. I think it was an informal investigation where they asked for my testimony regarding a transaction.
Q. Were there any instances or situations that you can recall were you gave deposition testimony such as the procedure that we're employing today?

A. I gave deposition testimony in my divorce.
Q. Okay. Have you ever testified in a courtroom before?
A. Yes.
Q. On how many different occasions?
A. One.
Q. When was that?
A. 1990.
Q. And what type of matter was that?
A. That was a divorce.
Q. I gotcha.
In the course of your experience as a lawyer, have you ever taken a deposition previously?
A. Yes.

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Q. On how many different occasions?
A. Oh, I'd have to guess, but I think probably six or seven, maybe more.
Q. Okay. So you are somewhat familiar with this process of having an attorney ask questions, and you responding as what we know commonly as a deposition, would that be correct?
A. I wouldn't call myself anywhere near an expert, but I have some experience. The last depositions I would have taken would have been in 1980, and that would have been as a junior associate. So it was 1979, 1980.
Q. All right. Well, let me just go over a few of the ground rules, and I'll keep them very brief.

You are an attorney. You understand that you have been placed under oath, and you understand further that in connection with that oath that you have sworn to tell the truth, and what that means, if you knowingly misrepresent your testimony, you could be charged with some crime like perjury.

Do you understand that oath?

A. Yes.

Q. You'll have an opportunity at the conclusion of the deposition to review the transcript and make any changes or corrections to the portion of your testimony that you believe to have been recorded inaccurately or if

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you believe that your testimony was not the best testimony that you could give. I should caution you, however, that in the event that you make any changes or corrections to any substantive portion of your testimony, that it could be embarrassing or perhaps even damaging.

Do you understand that particular admonition?

A. Yes.

Q. You're doing an excellent job, and I appreciate it. Only one person can speak at a time, and that is so our court reporter, Ms. Shea, can taking down every word that is being said. We only ask that you respond intelligible, audible, and English responses, so that we will have a clear understanding of what response you intended by whatever response that you give to my questions. So I think we're doing a great job there.

Also, I'd like to point out that if at anytime you don't understand one of my questions, please ask me to restate it, and I'd be happy to restate it. Because if you do respond to one of my questions, we will come to the conclusion that you understood it at the time that I asked it.

Will you agree to do that?

A. Yes.

Q. Is there any reason -- I know that you had a dental appointment earlier today. Is there any reason

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that you feel that you cannot give your best testimony here today?

A. No.

Q. Are you under the influence of any mind-altering chemicals that would influence your ability to recall certain events or your comprehension of the questions or your responses?

A. No.

Q. Thank you. Did you review any documents in preparation for today's deposition?

A. The documents you sent.

Q. And that would be what we've marked as Exhibit 1, pages 1 through 9?

A. Yes.

Q. Okay. Other than those documents, those 9 pages, in the last 30 days, have you reviewed any documents that pertain to either Davi Skin, MW Medical,

Inc., Mr. Medley or Ms. Wallace?
A. Just the documents, the letters going back and forth between you and Mr. Rocktell(phonetic) that were sent to me.
Q. Okay.
A. And then the list of questions that were in your letter.
Q. Very good. Now, have you or your law firm, to

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your knowledge, ever represented Jan Wallace individually?
A. No.
Q. So I would be correct then, you never had any written retainer agreement between any law firm that you'd been associated with and Ms. Jan Wallace. Would that be correct?
A. Yeah, not that I'm aware of.
Q. Okay. Have you individually or any law firm that you've been associated with represented Mr. Parrish Medley in his individual capacity?
A. No.
Q. So then similar to my question with Ms. Wallace, it would be correct that you would not have a written retainer agreement between you or your law firm that you're affiliated with and Mr. Medley?
A. Not that I'm aware of.
Q. Okay. Have you or any law firm that you've been affiliated with ever represented MW Medical, Inc.?
A. Yes.

Q. And was that pursuant to a written retainer agreement?

A. I don't recall.

Q. How would you determine whether or not there was a written retainer agreement for you or your law firm's representation of MW Medical, Inc.?

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A. I'd have to look in our files.

Q. And those are maintained on the premises where your office is currently located?

A. Some. Some of the older files are put in storage.

Q. Do you recall approximately when the first time you or your firm began to represent MW Medical, Inc.?

A. Oh, it would be somewhere in the late '90s, '97, '98, in that time frame.

Q. And that would have been during the time period that you were with the firm of Cane O'Niel & Taylor?

A. In some form, yeah. I'm not sure what it was called at that time, but it was the same partners.

Q. Okay. Did you or your firm ever represent Davi Skin, Inc., in some capacity?

A. That was the name of the -- of MW Medical when it changed its name.

Q. All right. Do you recall whether or not you had a written retainer agreement with Davi Skin, Inc., whether it was before or after the name changed to Davi Skin, Inc.?

A. It would be the same answer as to MW Medical. It's the same corporation, it's just a name change.
Q. Do you presently represent Ms. Jan Wallace in any capacity?

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A. No.
Q. Do you presently represent Mr. Parrish Medley in any capacity?
A. No.
Q. So to the extent that you ever provided any legal advice to either Jan Wallace or Parrish Medley, it would have strictly been in their capacity as officers of either MW Medical, Inc., or Davi Skin, Inc.?
A. Not necessarily, no.
Q. Well, did you ever provide any legal advice -- well, let me withdraw that.
Do you believe that an attorney/client relationship was ever formed between you and Jan Wallace in her individual capacity?
A. No.
Q. Do you believe an attorney/client relationship was ever formed between you and Parrish Medley in his individually capacity?
A. No.
Q. So then in response to my question about whether or not you ever represented -- or actually, I misspoke. I believe I asked you if you ever provided any legal advice or services to either Jan Wallace or Parrish Medley in

their capacity, other than as officers of either
MW Medical, Inc., or Davi Skin, Inc., I think you said

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something, not necessarily; is that correct?
A. No. The answer is no to that.
Q. Okay. So did you ever provide any legal services for Jan Wallace in any capacity, other than as an officer of MW Medical, Inc., or Davi Skin, Inc.?
MR. CLARK: I think what we're getting hung up on here, Alan, is you're asking her if she provided legal services to Jan Wallace, and her testimony, as I understand it, is she has not. So the capacity or not, the legal services were provided to MW Medical, later known as Davi Skin, Inc., and never to Ms. Wallace.
BY MR. GUTMAN:
Q. Ms. Cane, would you adopt that as a correct interpretation of your position?
A. Yes.
Q. And would the same be true for Mr. Parrish Medley, you never provided legal services directly to Parrish Medley, as only in -- only to the companies to which he had an affiliation with?
A. Yeah, only to his companies, but -- yeah, that's correct. Only to Davi Skin, Inc. That's correct.
Q. Now, with respect to Jan Wallace, have you ever represented any other companies in which she was an officer?
A. Yes.

Q. What are the other company -- or the name of the other company or companies that you provided services to in which Jan Wallace was an officer?

A. Dynamic Associates, Inc., Secured Diversified Investments. I can't remember the exact name, but Secured Diversified Investments, SDI.

Q. Any others?

A. I think one more, Western Investments, something or other, Partners.

Q. Do you currently represent any of those entities in which Jan Wallace was or is an officer?

A. Currently represent Secured Diversified Investment.

Q. And do you know whether or not Ms. Wallace is still an officer of that company?

A. I believe she still is.

Q. Have you represented any other companies in which Parrish Medley is an officer?

A. He may have been an officer at one time of a company we represented, and I'm not certain of this, it's called MV Fund or related --

Q. MV Fund?

A. MV Funding Corp.

Q. Funding Corp?

A. Yeah. I don't know if he was ever an officer there. I can't recall at this time, but there may have been a time when he was an officer.

Q. Okay. Directing your attention to what I characterize as Parrish Medley's purchase of Jan Wallace's debt and equity in MW Medical. Did you represent any of the parties to the transactions involved in that series of events?

A. Corporation. I'm not sure -- I'm not sure what you're directing me to. That's why.

Q. Sure. I understand that from certain documents that I've reviewed that Parrish Medley was a participant in a series of events that led to the purchase of Jan Wallace's debt and equity in MW Medical.

Does that sound familiar to you?

A. Yeah.

Q. Were you representing any individual or entity in connection with that transactions?

A. Yeah, MW Medical.

Q. And none of the individuals, am I correct?

A. That's correct.

Q. Was there what I would refer to as a closing, where the transaction was finalized are completed?

A. Yes, there was.

Q. And do you recall who was present at the closing?

A. Jan Wallace; Parrish Medley; myself; Sue Johnson, my paralegal -- or maybe she wasn't. I'm sorry. I'm not really certain exactly.

Q. But you do recall Jan Wallace and Parrish Medley being present, do you not?

A. Yes, I do.

Q. And where did the closing take place?

A. At my office.

Q. Do you recall when it occurred?

A. It occurred sometime in June of 2004, June of 2004.

Q. Do you recall how long it lasted, the closing -- or the meeting at which the closing took place?

A. No. Maybe 30 minutes, fairly quick.

Q. Do you recall any discussion that occurred between Parrish Medley and Jan Wallace during the closing?

A. Nothing in particular. Possibly there was a discussion about a purse that Jan was buying.

Q. Why do you recall that in particular?

A. The purse was of some ungodly figure, like, $20,000 or something, and Parrish was -- as I recall, was actually knowledgeable in that particular brand or purse, and the fact that he knew about it and she knew about it, and it was to expensive, and she was trying to get it, and he was going to assist her in obtaining it. That was what

struck me as odd.

Q. Okay. Other than the discussion regarding this

particular purse, do recall any other discussion taking place between Jan Wallace and Parrish Medley at the meeting at your office that we've identified in June, 2004?
A. Nothing in particular, no.
Q. Do you recall any discussion of a Promissory Note taking place during that June, 2004 meeting at your office?
A. No.
Q. Do you recall there ever being a discussion regarding any Promissory Notes between Jan Wallace and Parrish Medley?
A. A discussion between them on a Promissory Note, is that what you're saying?
Q. Right. I'm sorry, did you answer?
A. No. I was trying to understand the question.
Q. And do you understand the question?
A. I don't think so.
Q. All right. Let me see if I can restate it so the record is clear.
Did you ever witness, either in person or telephonically, any conversation between Jan Wallace and Parrish Medley concerning a Promissory Note?

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A. Not that I can recall.
Q. Did you ever learn of any agreement between Jan Wallace and Parrish Medley concerning any Promissory Notes?

MR. CLARK: Objection, as to lack of foundation to the extent that you're knowledge is based on any communication between MW Medical or any of its then representatives.

Do not answer the question.

BY MR. GUTMAN:

Q. Are you able to respond to the question?

A. I don't think I am.

Q. And is the reason that you cannot respond to it, based upon the assertion of the attorney/client privilege that Mr. Clark just advised you of?

MR. CLARK: Hang on just a moment.

Let me clarify my objection for the record.

MR. GUTMAN: Please.

MR. CLARK: To the extent that you can answer the question, without answering the question in drawing on communications, confidential communications between an officer or director of MW Medical, Inc., that were communicated to you confidentially for the purpose of seeking or obtaining legal assistance, you may answer the question. Otherwise, we will object on the basis that it

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calls for a privileged communication, and we will not answer it.

MR. GUTMAN: Understandable.

MR. CLARK: All right.

BY MR. GUTMAN:

Q. Now, based upon that objection, Ms. Cane, are you able to respond to the question?

A. Yes. I do believe I had some conversations, but I can't recall exactly when and where.

Q. Do you recall who the conversation or conversations were with?

A. Well, prior to the closing, I can only respond with regard to conversations I had with, you know, Parrish, who a non-officer at that time, and I believe there were conversations regarding the Promissory Note with him.

Q. Okay. And what do you recall having been discussed about those Promissory Notes?

A. Nothing in particular. There was a Promissory Note owed to Jan, and that was in the transaction, but that's, you know, that's all I can -- I don't have any specific recollection of any particular conversation.

Q. Well, do you recall there being any discussion as to any assignment of any Promissory Note?

A. No.

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Q. Were you aware that any Promissory Note was assigned at anytime?

A. No.

Q. So as you sit here today, are you aware of any oral agreements that were entered into --

A. I should clarify that. I did receive documentation in March, showing the assignment -- March of this year, March or April of this year, showing the

assignment of the Promissory Note to a Mr. Kagel.
Q. Okay.
A. I did receive that.
Q. All right. We'll get to those documents that I sent over later that have been marked as Exhibit 1.
Did anyone ever advise you that there was an oral agreement between Parrish Medley and Jan Wallace concerning any Promissory Notes?
MR. CLARK: Again, to the extent that you can answer the question, without reference to a privileged communication, you may do so.
THE WITNESS: I cannot answer that.
BY MR. GUTMAN:
Q. Based upon the privilege?
A. Yes.
Q. Were you present at any other meetings between Jan Wallace and Parrish Medley, other than the one meeting

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that we referred to in June of 2004?
A. There might have been one or two meetings prior to that meeting.
Q. Any meetings subsequent to that June, 2004 meeting where the closing took place?
A. No.
Q. Did you participate in any telephone calls in which Jan Wallace and Parrish Medley were also on the same telephone call?
A. Not that I recall.

Q. Did you happen to be with Jan Wallace sometime subsequent to June of 2004 at which time she was about to meet with Parrish Medley in Newport Beach, California?
A. No.
Q. Did you ever meet with Jan Wallace in Newport Beach, California?
A. No -- oh, I take that back, I'm sorry. Yes, I did.
Q. Do you know when that was?
A. That was -- I'm guessing, I can't recall -- about a year, year and a half ago.
Q. And was there any discussion at that time about any Promissory Note that had been issued by the company to Jan Wallace?
A. No. We were in a meeting for SDI. It was a

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corporate directors' meeting, board of directors.
Q. So then would it be correct that you never spoke to Jan Wallace at anytime concerning any Promissory Notes from Davi Skin, Inc.; is that correct?
MR. CLARK: To the extent that the question is calling for -- or is deemed to include communications that occurred at the time when Ms. Wallace was an officer and director of MW Medical, do not answer.
MR. GUTMAN: All right. Let me break the question down differently and back up a moment.
BY MR. GUTMAN:
Q. Do you know at what point in time in the history

of Davi Skin or the history of MW Medical, Inc., that Jan Wallace ceased to be an officer of either MW Medical, Inc., or Davi Skin, Inc.?

A. That would have been in June of 2004.

Q. So effective with the closing and the transaction in which MW Medical was -- I'm not sure of the proper terminology, but --

A. There was a reverse acquisition.

Q. The reverse acquisition to Davi Skin, Inc., Jan Wallace had no longer been an officer of Davi Skin, Inc., since that time; is that correct?

A. Well, there would have been a period of time following that, and a filing of a 14-F that we did with

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the SCC, that she would remained as an officer, and then she would have ceased. I don't know what that time period is, but it would have been somewhere close to the end of June or the beginning of July, 2004.

Q. Okay. Since -- let's just say, the beginning of July, 2004, have you ever had a discussion with Jan Wallace concerning any Promissory Notes issued by MW Medical, Inc., or Davi Skin, Inc.?

A. Yes.

Q. On how many different occasions?

A. I don't recall, two or three.

Q. Do you recall the substance of what was stated during any of those conversations?

A. Probably with regard to getting extensions on the note.

Q. You say "probably," are you guessing or you have some recollection of that?

A. I have very little recollection of that. A lot of that was handled outside of me.

Q. I'm sorry, I didn't hear the end of your answer.

A. I didn't handle most of that, so I might have made a call to her and asked, regarding an extension.

Q. When you say you didn't handle it, do you know who did?

A. Well, Parrish and/or maybe somebody from my

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office maybe made a follow-up call to her to see if she could assign an extension on the note -- on the note, I should say.

Q. Okay. Do you know why there was any discussion as to Jan Wallace signing an extension?

A. Yeah, because she was the holder of the note, and it retired her to get -- to sign an extension for the company.

Q. Other than the subject of an extension on a Promissory Note or on some Promissory Notes, do you recall having any other discussion with Jan Wallace since July of 2004 in which the subject of a Promissory Note was discussed?

A. No, I don't recall any others.

Q. During the time that Parrish Medley was an officer of Davi Skin, Inc., do you know if he made any

attempts to attract investors for Davi Skin?
MR. CLARK: Let me ask you to lay a little foundation there. If you are asking for the content of any communications Parrish made to Ms. Cane during the period of time in which he was an officer or director of MW Medical/Davi Skin, Inc., we're going to have a problem. Would you mind breaking that out for us?
MR. GUTMAN: Well, let me ask you this then:
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BY MR. GUTMAN:
Q. During the time period that Parrish Medley was an officer of Davi Skin, Inc., to the extent that he attempted to attract investors for Davi Skin, Inc., would you have learned of his efforts solely by virtue of your relationship as counsel to Davi Skin, Inc.?
A. During the time he was the president?
Q. Yes.
A. Yeah, that's the only -- how else would I have learned of that?
Q. I'm not sure. I'm just trying to establish that that would have been the way you would have learned of it.
A. Yeah, it's the only way I would have learned of it.
Q. Did you ever tell Jan Wallace to execute a blank assignment of the Promissory Note?
MR. CLARK: Again, to the extent that we're talking about a period of time in which Ms. Wallace was an

officer/director of Davi Skin, and the information came to you by way of a communication between you and Ms. Wallace, intended to be confidential for the purpose of retaining or seeking legal advice, do not answer the question.

BY MR. GUTMAN:

Q. Are you able to respond to that?

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A. No.

Q. And is the reason that you can't respond to that is that you would have learned that during the course of a confidential communication?

A. Correct.

Q. All right. If you folks could take Exhibit 1, the 9 pages that we've previously marked as Exhibit 1.

Do you have that handy?

A. Yes.

Q. All right. Referring to page 1 of Exhibit 1, a Promissory Note that appears to be in the principle amount of $248,325.

A. Uh-huh.

Q. Do you recognize this particular document?

A. Not in particular, but, yeah.

Q. Do you know if you drafted this document?

A. I can't -- I can't say with any certainly, but --

MR. CLARK: Don't speculate.

BY MR. GUTMAN:

Q. Does the form appear to be the form of Promissory Note that you had -- the type that you had prepared in the past?

A. Yes.

Q. All right. Going to the -- oh, one last

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question on this. The signature on page 1 of Exhibit 1, it appears to be Grace Sim, do you recognize that name?

A. Yes, I do.

Q. Do you know who Ms. Sim is?

A. She was the former treasurer and CFO of MW Medical.

Q. Do you know if Ms. Sim is affiliated with any of the other companies you identified as Ms. Wallace being affiliated with?

A. She was affiliated with Dynamic Associates for a time, but not with any of the others.

Q. Do you know where Ms. Sim resides?

A. I do not know where she resides at this time.

Q. Did you ever know where she resided?

A. Generally, Arizona.

Q. When was the last time you spoke to Ms. Sim?

A. Three years ago, four years ago, maybe. I don't recall specifically.

Q. Okay. The second page of Exhibit 1 states, "notice of partial cancellation of Promissory Note."

Do you recognize this document?

A. Not in particular, no.

Q. Based upon the privilege?
A. Yes.
Q. Did Jan Wallace ever tell you anything in connection with any loan extension document that she furnished, either the one on page 4 or page 5 of Exhibit 1?
MR. CLARK: After she was an officer or director?
MR. GUTMAN: Correct.
MR. CLARK: You may answer.
THE WITNESS: Regarding the loan extension, no.
BY MR. GUTMAN:
Q. Subsequent to July of 2004, did Jan Wallace ever tell you anything about the Promissory Note that she had from Davi Skin?
A. Not that I recall.
Q. All right. Directing your attention to page 6 of Exhibit 1. It's a document entitled Assignment of Promissory Notes.
Do you see it?
A. Uh-huh.
Q. Is that a yes?
A. Yes.

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Q. Have you ever seen this document before?
A. Not that I can recall.
Q. Do you know who prepared this document?
A. Not that I can recall, no.

Q. In the second line of the text, it refers to a attached Promissory Notes, notes being plural, issued by MW Medical, Inc.
Do you see the line that I'm referring to?
A. Yes.
Q. Do you know which Promissory Notes are being referenced? Are you aware of any Promissory Notes?
A. Are you talking plural?
Q. Correct.
A. I'm only aware at any point in time that Jan had one Promissory Note, if that's what you're saying.
Q. Yeah. Okay. Did you ever learn from Jan Wallace at any point after July of 2004 that she had signed an assignment of any Promissory Notes?
A. Say that again.
Q. Did you ever learn from Jan Wallace at anytime after July, 2004 that she had signed an assignment of any Promissory Notes to Parrish Medley?
A. From Jan Wallace?
Q. Right.
A. Did I ever learn from Jan Wallace that there

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was --
Q. Right.
A. Not that I can recall, no.
Q. At anytime after July, 2004, up through today, did the word assignment ever get mentioned in any conversation that you had with Jan Wallace in connection

with a Promissory Note?
A. Just the general term "assignment"?
Q. Yeah. Yes, I should say.
A. I can't recall.
Q. All right. So then it would be correct for me to state that you have no recollection of ever discussing an assignment of a Promissory Note with Jan Wallace at anytime since July of 2004 through today. Would that be correct?
A. Yes.
Q. Is that a yes?
A. Yes.
Q. Okay. Turning to page 7 of Exhibit 1.
A. Uh-huh.
Q. Again, it's another assignment of Promissory Notes; however, in the second line it refers to "attached Promissory Note," singular, you'll notice, "issued by Davi Skin, Inc., fka, MW Medical, Inc.," and then this assignment is to the individuals identified in Schedule A

attached hereto in the amounts specified.
Do you see the portion that I just referred to on page 7 of Exhibit 1?
A. Yes.
Q. Have you ever seen this document before, this page before?
A. No, not that I can recall.
Q. So then it would be correct that, it's the best

you can recall, you did not draft this document?
A. I can't recall.
Q. Okay. Let's direct your attention to the next page, it's page 8 of Exhibit 1.
A. Yes.
Q. Just from my perspective, it appears to be the identical document as page 7 of Exhibit 1. It's another assignment of Promissory Notes; however, the date -- there's a type written April 6, 2006 on the dated line, which did not exist on page 7 of Exhibit 1.
A. Uh-huh.
Q. And I invite you to compare the two of them, to see that I'm characterizing it accurately, but do see the document that we've marked as page 8 of Exhibit 1?
Do you have that in front of you?
A. Yes.
Q. Have you ever seen this document at anytime

♀

prior to today?
A. Yeah. I saw this attached to some documents in about April of 2006. I seen it attached to some documents related to a demand that was made by Mr. Kagel to the company for payment on the Promissory Note.
Q. Did you ever have a discussion with Jan Wallace regarding this document?
A. No, not that I can recall.
MR. GUTMAN: Okay. I don't have any further questions. At this time, we'll reserve the right with

respect to any questions in which the objection was asserted, and we had a stipulation prior to today that we would create the record. I should say the stipulation was between myself and Mr. Clark, as counsel, that in the event that the privilege was asserted to any question, and in response not received, that we would evaluate whether or not we thought it necessary to obtain on order to require the witness to respond to any questions, and that I would make such a motion, would not seek sanction.

I do appreciate, Mr. Clark, your cooperation in getting this testimony, and certainly Ms. Cane, I appreciate your time. I would propose the following stipulation with respect to the maintenance of the transcript itself, unless you have anything else to add, Mr. Clark.

♀

MR. CLARK: I don't. I don't have any questions for the witness.

MR. GUTMAN: Then I propose this stipulation with respect to the maintenance of the transcript, that the court reporter can be relieved of her duties under the federal rules of civil procedure regarding the maintenance of the original transcript, that the original transcript can be provided to the witness to read, review, and sign under penalty of perjury.

That in the event if there are any changes or corrections to any portions of the transcript, that counsel for the deponent will notify me, let's say, within

20 days of their receipt of the transcript of any such changes, and that assuming that there are no changes or even with the changes, that the deponent will sign the original transcript and will forward it to my attention for custody, and that I shall make it available at the time of trial or in any other matter in this litigation in which the original transcript is required.

In the event that the original is not received by me or is not signed or for any reason whatsoever is lost or unavailable, a certified copy can be used in lieu thereof. Is that okay with you?

MR. CLARK: We agree.

MR. GUTMAN: And I would ask the court if she

♀

could arrange to have a forwarding envelope provided to Mr. Clark, so that it could be sent directly to me, once Ms. Cane and Mr. Clark have completed their review.

Original, Mini, Ascii.

MR. CLARK: No copy at this time, and send it to this office for reading and signing.

(Whereupon the deposition was concluded at 4:50 p.m.)

52965

CERTIFICATE OF DEPONENT

PAGE LINE CHANGE

* * * * *

I, KYLEEN CLARK, ESQ., deponent herein, do hereby certify and declare under penalty of perjury the within and foregoing transcription to be my deposition in said action; that I have read, corrected and do hereby affix my signature to said deposition.

____
KYLEEN CLARK, ESQ.
Deponent

Subscribed and sworn to before me this

___________day of __________________________, __________.

____
NOTARY PUBLIC

♀

REPORTER'S CERTIFICATE

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

I, Elizabeth A. Shea, a duly commissioned Notary Public, Clark County, State of Nevada, do hereby certify: That I reported the deposition of KYLEEN E. CANE, ESQ., commencing on Monday, December 18, 2006, at 4:00 p.m.

That prior to being deposed, the witness was duly sworn by me to testify to the truth. That I thereafter transcribed my said shorthand notes into typewriting and that the typewritten transcript is a complete, true, and accurate transcription of my said shorthand notes, and a request was made to review the transcript.

I further certify that I am not a relative or employee of counsel of any of the parties, nor a relative

0001

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
- - -

PARRISH MEDLEY,)
)
Plaintiff,)
)
vs.) CV 06-3370 R (SSx)
)
JAN WALLACE, an individual,)
and DOES 1 through 20,)
inclusive,)
)
Defendants.)
________________________________)
)
and related counter-claim.)
________________________________)

DEPOSITION OF:
JAN M. WALLACE
WEDNESDAY, DECEMBER 20, 2006
10:51 A.M.

Reported by: VANCE L. JARVIS
RPR, CSR No. 9014

0002

Deposition of JAN M. WALLACE, taken on behalf of the PLAINTIFF AND COUNTER-DEFENDANT, at 9401 Wilshire Boulevard, Suite 575, Beverly Hills, California, on Wednesday, December 20, 2006, at 10:51 a.m., before VANCE JARVIS, CSR No. 9014.

APPEARANCES:

FOR THE PLAINTIFF AND COUNTER-DEFENDANT:
LAW OFFICES OF ALAN S. GUTMAN
BY: ALAN S. GUTMAN, ESQ.
9401 Wilshire Boulevard
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FOR THE DEFENDANT AND COUNTER-CLAIMANT:
CLAIRE C. AMBROSIO, Attorney at Law
5455 Wilshire Boulevard
Suite 1706
Los Angeles, California 90036
(323) 938-2878

ALSO PRESENT:
STEPHEN SMITH, Videographer

0003

I N D E X

WITNESS EXAMINATION PAGE

JAN M. WALLACE (By Mr. Gutman) 5

QUESTION DEPONENT INSTRUCTED NOT TO ANSWER:

PAGE	LINE
264	2

NO.	PAGE	DESCRIPTION
Exhibit 2	76	Stock purchase and note assignment agreement
Exhibit 3	111	Promissory note
Exhibit 4	122	Notice of partial cancellation of promissory note
Exhibit 5	131	Promissory note
Exhibit 6	139	Loan extension
Exhibit 7	151	Loan extension
Exhibit 8	153	Assignment of promissory note
Exhibit 9	156	Assignment of promissory notes
Exhibit 10	168	Assignment of promissory notes
Exhibit 11	213	Amended counterclaim
Exhibit 12	242	Three-page document
Exhibit 13	252	Four-page document

0004

BEVERLY HILLS, CALIFORNIA; WEDNESDAY, DECEMBER 20, 2006
10:51 A.M.

VIDEO OPERATOR: Here begins volume one, videotape No. 1 in the deposition of Jan Wallace in the matter of Medley versus Wallace in United States District Court, Central District of California. Case number is CV 06-3370 R (SSx).

Today's date is December 20, 2006. The time on the video monitor is 10:51.

Video operator today is Stephen Smith a notary public contracted by Merrill Legal Solutions at 20750 Ventura Boulevard, Suite 205, Woodland Hills, California 91364.

This video deposition is taking place at the Law Offices of Alan S. Gutman and was noticed by Alan Gutman.

Counsel please voice identify yourselves and state whom you represent.

MR. GUTMAN: My name is Alan Gutman. I'm representing Mr. David Kagel and Mr. Parrish Medley.

MS. AMBROSIO: My name is Claire Ambrosio and I'm representing Jan Wallace.

VIDEO OPERATOR: Would all others present please state their name for the record.

0005

MR. MEDLEY: Parrish Medley.

VIDEO OPERATOR: The court reporter today is Vance Jarvis of Merrill Legal Solutions.

Would the reporter please swear in the witness.

JAN M. WALLACE,
having been first duly sworn, was
examined and testified as follows:

VIDEO OPERATOR: Please begin.

EXAMINATION

BY MR. GUTMAN:

Q. Would you please state your full name for the record.
A. Jan Mary Wallace.
Q. Ms. Wallace, I have a check for you in the amount of $260 which was the amount that we stipulated between myself and your counsel to reimburse you for travel expenses here to Los Angeles. Do appreciate you coming in even though you were 45 minutes late this morning. I understand you flew in this morning; is that correct?
0006
A. Yes, I did.
Q. Okay. Have you ever had your deposition taken before?
A. Yes.
Q. On how many different occasions?
A. Oh, gosh. I would say half a dozen times.
Q. When was the last time?
A. About a month and a half ago.
Q. In connection with what type of case?
A. It's a public company that I'm CEO of against former management.
Q. What is the name of that company?
A. SDI, Secured Diversified Investments.
Q. Where is that lawsuit pending?
A. Orange County.
Q. Who is the attorney representing SDI in that case?
A. Claire Ambrosio.
Q. What is the name of the other party in that lawsuit that you said former management?
A. I believe it's three names. Actually it may be four names. Clifford Strand. And I think it was set aside for Alliance Title. I'm not sure.
Q. Do you know the name of the attorney that's representing the defendants in that matter?
0007
A. Robert Coviello.
Q. Could you spell the last name?
A. No.
Q. Is it with a C or a K?
A. A C.
Q. Do you know the name of the firm?
A. No.
Q. Their offices are in what city?
A. I believe it's San Juan Capistrano.
Q. Was your deposition completed in that case? Did you finish your deposition in that case?
A. Yes.
Q. Okay. The time immediately prior to that deposition, how long ago was that?
A. About a month.
Q. A month prior to that? And what type of action was that?
A. David Leeper.
Q. Last name is spelled how?
A. Leeper, L-e-e-p-e-r.
Q. Mr. Leeper is one of the parties in that lawsuit?
A. Yes.
Q. Are you one of the parties in that lawsuit also?

0008
A. Yes.
Q. Which party are you in that lawsuit?
A. I am the, I believe the plaintiff.
Q. Where is that lawsuit pending?
A. State of Arizona in Phoenix.
Q. What type of lawsuit is that?
A. Mr. Leeper took some money.
Q. Do you recall the name of the attorney that took your deposition in that case?
A. Chad was his first name. His last name was very long and started with an S.
Q. Are you the plaintiff, the named plaintiff in that lawsuit?
A. Ah, yes. Myself and a Mr. Patrick McNevin.
Q. Mc --
A. M-c-N-e-v-i-n.
Q. Prior to that deposition when was the time prior to -- how long before that deposition in the Leeper case were you last deposed?
A. Maybe 1999.
Q. Do you recall the name of the case in which you gave a deposition back in 1999?
A. It was Jan Wallace plaintiff against Mr. Daniel Ben Mayer.
Q. Ben Mayer?
0009
A. Ben Mayer.
Q. Is that two words, B-e-n and then M-a-y-o?
A. No. Ben, two words, M-a-y-e-r. Ben Mayer.
Q. Got you.
And where was that lawsuit?
A. In Arizona.
Q. What type of a case was that?
A. He was a contractor that I gave $200,000 to and came back and he went with the money.
Q. Prior to that particular deposition do you recall any other cases in which you gave a deposition?
A. I'm searching. I'm trying to think. No, I can't -- no, I can't think of it right now.
Q. Okay. Have you ever been known by any other names?
A. In my whole life?
Q. Yes.
A. Yes, my maiden name.
Q. Which was?
A. Jan Mary Jardiné.
Q. Could you spell the last name?
A. J-a-r-d-i-n-é.
Q. Up until what date were you known by that name?
0010
A. 1977.
Q. Are you still married?
A. No.
Q. When did you marriage end?
A. 1977.
Q. Just the one marriage?
A. Just one.
Q. What's your date of birth?
A. 2nd of July 1955.
Q. Are you a U.S. citizen?

A. No.
Q. Under what legal basis are you in this country?
A. I work under a visa and I'm making my application for an investment visa.
Q. For how long have you resided in the United States?
A. 19 -- well, I was coming and going for six months. So I would probably say since about '97.
Q. Have you resided in the State of Arizona that entire time?
A. Yes.
Q. Have you resided in any other states other than Arizona in the past 20 years?
A. No.
0011
Q. Even though you are very familiar with the whole process in the deposition I'm going to go over a few of the ground rules so we have it clear on the record.
You have been placed under oath by court reporter. That is the same oath that would be administered to you if you were to testify in a courtroom. What you need to understand about that oath is if you knowingly misrepresent your testimony you could be charged with a crime of perjury.
Do you understand the oath?
A. Yes.
Q. You are doing a wonderful job in responding only in English audible and intelligent words and it's very important as our court reporter indicated that we speak slowly in a way that he can take down all of the testimony that is being said.
I would ask that you wait until I complete my question before you begin yours and I'll try to show you the same courtesy.
It's also important that if you want to refer to certain sounds or give examples that you do so with proper English words so that when the court reporter does transcribe it, and you will have the opportunity to review that in a booklet form, you
0012
will be able to understand the words that we are using as opposed to giving sort of the types of communication that you and I would use in everyday normal communication, "uh-huh," "uh-uh" or shaking the head which would not easily be transcribable to a way where we would be able to understand it.
You will have an opportunity once the court reporter has completed his transcript to review your testimony, make any changes or corrections to the testimony that you provided here today. I should caution you however that in the event you make any changes or corrections to any substantive portions it could prove to be personally embarrassing or damaging to the claims that you are asserting or the defenses that you are asserting in this case.
When I say a substantive change, saying yes here on the record today and changing that to a no or claiming that you don't know anything about a particular subject and then later on claiming that you know all kinds of information about that same specific subject.

So do you understand that admonition?
A. Yes.
Q. Also, if for any reason, whether it's
because I'm not clear or I don't ask my questions in
0013
an artful or very intelligible manner, if you don't
understand one of my questions will you agree to
tell me that you don't understand it?
A. Yes.
Q. Because if you do respond to my questions
we are going to conclude that you understood it at
the time that I asked it.
Is that okay with you?
A. Yes.
Q. Is there any reason either medical or under
any sort of emotional pressure today that you do not
feel or believe that you could give your best
testimony in connection with this case?
A. No.
Q. Did you review any documents in preparation
for your deposition here today?
A. No.
Q. When is the last time -- would you like
some water?
A. Please. Thank you.
Q. Here, let me help you.
When is the last time you reviewed any
documents in connection with the claims that are
being asserted in this case?
A. Probably when I received the lawsuit.
0014
Q. When you say received the lawsuit you are
referring to the complaint that was filed by whom?
A. By Mr. Medley.
Q. Are you aware -- let me just make sure you
are. I'm representing Mr. David Kagel also.
Do you understand that?
A. Yes, I was told that.
Q. And are you aware that Mr. Kagel also filed
a lawsuit?
A. Yes.
Q. Were you aware that you filed a
counterclaim in this case?
A. Yes.
Q. Have you seen that counterclaim?
A. Yes.
Q. And that was at some time after you
received one or both of the complaints that are
material to this lawsuit.
Would that be correct?
A. Yes.
Q. Now, I take it from your prior responses
that you were born in Canada; is that correct?
A. I'm confused.
Q. If you are confused let me restate the
question.
0015
Where were you born?
A. Georgetown British Guiana, South America.
Q. Here we go, what country are you a citizen?
A. Canada.
Q. At what point did you move to Canada?
A. I was a young child. I'm not sure I know.

Q. I'm sorry. Could you speak up.
A. I was a young child. I don't recall.
Q. Other than South America in British Guiana, Canada and the United States have you ever resided in any other countries?
A. No.
Q. Would it be accurate to state that you did all of your what we would call secondary education in Canada up through high school?
A. Yes.
Q. Did you graduate from high school?
A. Yes.
Q. Where?
A. I'm trying to think now. God, that's a long time ago.
I went to Loretta Abbey and then I graduated from Erindale High.
Q. Could you spell that?
A. E-r-i-n-d-a-l-e.
0016
Q. And that's in what city?
A. Mississauga, Ontario Canada.
Q. You better spell that.
A. M-i-s-s-i-s-s-a-u-g-a.
Q. And what year would that have been?
A. You are really testing my memory. Well, '70 something.
Q. Okay. We will leave it at that.
Did you attend any other academic institutions after high school?
A. Yes, I did.
Q. Whereabouts?
A. I went to Queens University in Kingston, Ontario Canada and Carleton University in Ottawa Canada.
Q. Did you obtain a degree from either institution?
A. No, I did not.
Q. What did you study at Queens University?
A. Political science and a minor in economics.
Q. How long did you study at Queens University?
A. I believe Queens two years. Carleton one year.
Q. Did you study the same courses of subject
0017
at Carelton University as you described for Queens University?
A. Yes.
Q. Have you now told me all of the academic institutions that you've attended since high school?
A. I think so.
Q. This two-year and one-year period that you described for Queens University and Carelton University respectively, were they immediately following your graduation from high school?
A. No.
Q. How much time off or can you tell us what years you went to those particular institutions?
A. In the '80s. I can't remember the year.
Q. When did you first come to the United States to reside for any period of time?
A. I think '90 -- oh, I'm sorry. Boston. I'm

trying to think. I was in Boston for a short time.
Q. How long were you in Boston for?
A. About a month and a half.
Q. What year was that?
A. 1991 I believe.
Q. After that one and a half month period did you return to Canada?
A. Yes.
0018
Q. And when did you next reside in the United States?
A. Well, I would have to say Arizona I suppose.
Q. Starting in what year?
A. It would have been about '94 but that was short-term.
Q. When you say short-term can you quantify that?
A. Five months. Maybe four months. Six months. Something like that.
Q. Okay. After that short-term in Arizona in or about 1994 when did you next reside in the United States?
A. I think in Arizona I started residing there in about '96.
Q. And have you lived in Arizona continuously since 1996?
A. Yes.
Q. All right. Have you lived in Canada at all since 1996?
A. I still have a home there.
Q. Where is your home in Canada?
A. It's on -- oh, my God. This is going to be -- it's in Ottawa. I think it's Hunt Club Road.
0019
I'm sorry. They changed the road names recently and they built a development.
Q. How long have you owned that house in Canada?
A. I think a couple years.
Q. Can you quantify a couple?
A. One or two.
Q. Have you ever resided at that house in Ottawa?
A. Well, I have things there.
Q. By having things there does that constitute in your mind residing there?
A. Yeah, if I go there that's where I go.
Q. When was the last time you were there for more than one week?
A. May.
Q. How long did you spend there in May?
May of this year I assume?
A. Yes.
Q. 2006.
How long did you spend there in May?
A. About three weeks.
Q. Does anybody else reside at that property on Hunt Club Road in Ottawa?
A. Yes.
0020
Q. Who?
A. My daughter's grandparents.

Q. So that would be your former husband's parents?
A. Yes.
Q. What are their names?
A. Violet and Irve Cutler.
Q. With a C, C-u-t-l-e-r?
A. Yes.
Q. Have they resided in the house on Hunt Club Road since you acquired it?
A. Yes.
Q. Does your daughter reside there as well?
A. No. My daughter lives in Arizona.
Q. What's your daughter's name?
A. Chloe.
Q. C-h-l-o-e?
A. Yes.
Q. Same last name as you, Wallace?
A. No.
Q. What's her last name?
A. Her name would be Cutler.
Q. How old is Chloe?
A. Going to be 15 January 24th.
Q. Any other children other than Chloe?

0021

A. Yes.
Q. Name?
A. Mandy Moll, M-o-l-l.
Q. How old is Mandy?
A. She just turned 26 December 10th.
Q. Where does she reside?
A. In my home.
Q. In Arizona?
A. Yes.
Q. Not in Canada?
A. Correct.
Q. Any other children?
A. Yes.
Q. Name?
A. My son Michael James Wallace III and he will be 28 on March 6th.
Q. And where does he reside?
A. In Canada.
Q. Whereabouts in Canada?
A. Toronto.
Q. You've now told me the names of all your children?
A. Yes.
Q. I want to start from high school and get your employment history if I might but before I ask

0022

that I want to identify, are you currently employed?
A. Yes.
Q. In what capacity?
A. I'm the CEO of Secured Diversified Investments.
Q. For how long have you been employed in that capacity?
A. Year and a half.
Q. At the current time are you employed by any other companies or organizations or self-employed in any capacity?
A. I'm self-employed.
Q. In what capacity? I should say what type

of work are you doing in your capacity as
self-employed?
A. I'm a consultant. People hire me when they want to know how to run a public company.
Q. This consulting business, does it have a name?
A. Wallace Black.
Q. I'm sorry?
A. Wallace Black.
Q. What type of entity is that?
A. An LLC.
Q. That's organized where?
0023
A. Arizona.
Q. Do you have offices? I should say does Wallace Black LLC have an office?
A. No, not a separate office.
Q. Maybe I wasn't very clear in my question.
Does Wallace Black rent any space or own any space where it has an office?
A. No.
Q. Okay. Do you -- the work that you do with Wallace Black, do you do that out of your house or some other office?
A. Out of my home.
Q. I assume, and maybe if I'm wrong you can correct me, is Black referring to some individual?
A. Yes.
Q. Who might that individual be?
A. Kelly Black.
Q. How long has Wallace Black been in existence?
A. Two years.
Q. Have you worked with Ms. Black -- is Kelly a woman?
A. Yes.
Q. Okay. Ms. Black, have you worked with her more than two years or just for this two-year
0024
period --
A. Since about 2001.
Q. And where does Ms. Black reside?
A. In Arizona.
Q. What city?
A. Gilbert. I think it's Gilbert. It's on the line of Gilbert and Mesa.
Q. And what type of background does Kelly Black have?
A. Kelly Black has done banking, stock promotion work, PR work. That's it.
Q. Does Kelly Black work for Wallace Black LLC full time?
A. No.
Q. Do you know approximately how many hours a week or how you would come up with an appropriate apportionment of how much time she spends working with Wallace Black?
A. We work about equal proportion.
Q. Obviously I wasn't clear in my question. How much -- let me back up.
How much of your time do you spend working with Wallace Black as opposed to your other professional engagements?

A. I would say probably 12 percent. 10,
0025
12 percent maybe.
Q. How did you come up with that 10 to 12 percent range?
A. Well, we do a lot of our work in the evening. We catch up after the day. So there is just so many hours in the day.
Q. So what do you consider the 10 to 12 percent of the day?
A. I would tell you any time after 6:00 and before 1:00 in the morning.
Q. Okay. So would it be fair to say you don't spend any of your time say during normal working hours Monday through Friday 9:00 to 6:00 p.m. working for Wallace Black LLC?
A. Except for phone calls.
Q. Does Kelly Black have other employment other than as a consultant or as a member of Wallace Black LLC?
A. Yes. She has a company called Premier.
Q. Just Premier?
A. Yes.
Q. What kind of business is Premier?
A. They do PR.
Q. They have offices?
A. I believe so.
0026
Q. Do you know where?
A. I believe it's her home.
Q. And that would again be in Gilbert or Mesa?
A. Yes.
Q. Just to finish up, you mine if I call Secured Diversified Investments, if I refer to that as SDI?
A. No, that's perfectly fine.
Q. How many employees does SDI have?
A. Actually two employees now and a consultant.
Q. And I neglected to ask this in connection with Wallace Black. How many employees does Wallace Black have, if any?
A. It has no employees.
Q. Does SDI have an office?
A. Yes.
Q. Where?
A. 12202 North Scottsdale Road, Phoenix, Arizona 85254.
Q. What is the business of SDI?
A. Real estate transactions.
Q. You say transactions. Management? Brokerage?
A. A little bit of everything.
0027
Q. So a little bit of everything. Why don't you identify what you mean by everything.
A. We have some office and shopping center space. We have investment properties. We have a subsidiary that's in the mortgage business. That's it.
Q. Just so I can be clear, when you say we have office and shopping center space, is SDI the owner of certain commercial real estate?

A. Yes.
Q. How much commercial real estate does SDI own?
A. There is an office building in Newport.
Q. Newport Beach, California?
A. Newport Beach, California on Campus.
Q. The name of the street? I'm sorry.
A. Campus.
Q. Campus.
A. There is a shopping center.
Q. Where is that?
A. In Orange County.
Q. What city?
A. You are tricking me. Orange County. The shopping center is called Katella. I don't know the exact --
0028
Q. With a K?
A. Yes.
Q. Sounds like Irvine or Anaheim?
A. Sounds like Irvine.
Q. Okay. And that's the extent of the commercial real estate portfolio owned or managed -- let me just break it down.
-- owned by SDI?
A. No.
Q. How many other properties are owned by SDI?
A. There is a percent ownership in Arizona on Lincoln that is a commercial building.
Q. Okay.
A. And there is a percent ownership of the Cactus Scottsdale property which is a redevelopment property.
Q. When you say percent ownership, does SDI have the controlling ownership in either the Lincoln property or the Cactus Scottsdale property?
A. It doesn't have percentage ownership in Campus, Lincoln or the Cactus property. They have a position. Not the major position.
Q. SDI is a publicly held corporation?
A. Yes.
Q. Are the holdings set forth in any public
0029
disclosures that you are aware of?
A. Every one of them.
Q. Okay. So I can refer to those?
A. Yes.
Q. I may have some more questions about SDI. I don't want to belabor through them right now.
Let's start what I originally announced the subject would be. I want to go through your employment history. So starting with high school why don't you tell us what employment you've had for any period of time that you can recall.
A. Wow, high school. I am an old woman. High school. Huron Park Recreation Center. I was a cashier.
Q. For how long did you do that?
A. Two years.
The Sword and Shield shop in Mississauga. Also a part-time job in high school.
Oh, A&W. I was a car hostess.
Q. This is after high school or during high

school?
     A. This is during and after and -- I always
worked.
     Q. Okay.
     A. Let's see. A&W. That was a good one.
0030
         I worked at Dollar Bills in Kingston,
Ontario. It was a restaurant.
     Q. How long did you work there?
     A. A year.
     Q. Okay. Next employment that you can recall?
     A. Let's see. What else did I do? Oh.
Dalmys clothing store.
     Q. Could you spell that name?
     A. D-a-l-m-y-s.
     Q. How long did you work there?
     A. I think a year, year and a half.
     Q. And that's also in Canada?
     A. Yes.
     Q. Okay.
     A. I'm thinking.
         Oh, what was that called? Penningtons. I
worked at Penningtons.
     Q. What type of an establishment is
Penningtons?
     A. It's a clothing store.
     Q. For how long did you work there?
     A. Oh, I don't know. Six months, seven
months. These were all school jobs.
     Q. Okay. During high school or during
college?
0031
     A. A little bit of both.
         Let me see. I guess right after that I
guess it would be Pitney Bowes.
     Q. When did you start working at Pitney Bowes
or for Pitney Bowes?
     A. Pitney Bowes took me out of university so
now I have to think about what year that was. '83,
'84. Something like that.
     Q. Okay. And for how long did you remain at
Pitney Bowes?
     A. Two years.
     Q. What was your job title while you were at
Pitney Bowes?
     A. At the beginning or the end?
     Q. At the beginning, I'm sorry?
     A. At the beginning or at the end? I'm not
sure how to answer that.
     Q. Oh, I understand.
         Let's start at the beginning and then if
you had a promotion or some sort of lateral change
why don't you just describe what the title was, what
various titles you had at Pitney Bowes.
     A. They hired me -- there were not a lot of
females in the corporation and they tested me and
hired me to join their management program in their
0032
training center in Atlanta, Georgia.
     Q. How long did you remain at the management
program in the training center in Atlanta, Georgia
of Pitney Bowes?
     A. Three weeks.

Q. And at the conclusion of the three weeks did you have some other job title or job description?
A. They then made me a sales representative under a new team that they were introducing.
Q. How long did you have the position as a sales rep.?
A. Not long. Six months, seven months.
Q. After that did you continue to work for --
A. I became --
Q. -- Pitney Bowes?
A. Yes. Yes, I did.
Q. In what capacity?
A. I then became manager.
Q. Manager of what?
A. My own sales team.
Q. Based out of where?
A. Pitney Bowes.
Q. What city?
A. Mississauga. No. No, that's impossible.
0033
I had already left there. Ottawa.
Q. And was that the position that you stayed in until you left Pitney Bowes?
A. They actually moved me up to senior manager.
Q. How long did you remain as a senior manager?
A. About four or five months. Four or five months.
Q. And was that the position when your employment at Pitney Bowes ended?
A. Yes.
Q. What did you do after Pitney Bowes?
A. I opened my own company.
Q. What was the name of that?
A. Mailhouse Plus, Ltd.
Q. Nailhouse, N-a-i --
A. Mail.
Q. Mailhouse?
A. Mailhouse.
Q. M-i?
A. M-a-i-l-h-o-u-s-e.
Q. Ltd.?
A. Mailhouse Plus, Ltd.
Q. Mailhouse Plus, Ltd. Pardon me.
0034
What kind of business was Mailhouse Plus, Ltd.?
A. Same business as Pitney Bowes.
Q. How would you describe that?
A. It was a sales organization that sold competitive equipment to Pitney Bowes in the mail indicia business.
Q. And you spelling indicia how?
A. Indicia is that little red stamp on your envelopes, i-n-d-i-c-i-a.
Q. When did you open the business Mailhouse Plus, Ltd.?
A. 1998. Someplace around there.
Q. 1998?
A. Around there, yes.
Q. I'm a little confused. Between -- let me

just see if I can clarify.
     According to my notes you went to work for Pitney Bowes in 1983 or 1984 for two years; is that correct?
A. Oh, I'm sorry. You are right. 1998 is not right. It would be 1988.
Q. Okay.
A. You are right. That's a big jump.
Q. Did you have any employment in between
0035
working for Pitney Bowes and opening Mailhouse Plus, Ltd.?
A. No.
Q. Were you the sole owner of Mailhouse Plus, Ltd.?
A. Yes.
Q. How many employees did you have at Mailhouse Plus, Ltd. at its peak?
A. Eight.
Q. Where was Mailhouse Plus, Ltd. located?
A. Ottawa, Canada.
Q. For how long did you operate or -- let me put it this way: How long was Mailhouse Plus, Ltd. in business?
A. I'm confused.
Q. Let me restate the question.
     How long did you remain affiliated with Mailhouse Plus, Ltd.?
A. Almost five years.
Q. Is it still in business?
A. It was sold and merged.
Q. Do you know the name of the company that it merged with?
A. Absolutely.
Q. What is that?
0036
A. Ascom-Hasler.
Q. You better spell that for us.
A. A-s-c-o-m-H-a-s-l-e-r.
Q. Is that a public company?
A. Yes, it is.
Q. Was Mailhouse Plus, Ltd. a public company?
A. No.
Q. Was Ascom-Hasler your first connection or affiliation with ownership of a public company?
A. No.
Q. What would that have been?
A. Pitney Bowes.
Q. Under a stock ownership plan --
A. Yes.
Q. -- as an employee?
A. Yes.
Q. How long did -- withdraw that.
     Have you now told me about all of your employment up through Mailhouse Plus, Ltd. that you can recall?
A. That I can recall here today, yes.
Q. Fine.
     Did you work for Ascom-Hasler?
A. I had a consulting contract with them.
Q. For how long?
0037
A. Short. Three months, four months.

Something like that.
Q. Is Ascom-Hasler still in business?
A. Yes.
Q. You say it like I should know it.
A. Ascom is a huge corporation, world known.
Q. Except for in my head.
It's based out of where?
A. Bern Switzerland.
Q. After your three months on your consulting contract was up with Ascom-Hasler did you continue to do any work with Ascom-Hasler?
A. No.
Q. When was Mailhouse Plus Ltd. sold to Ascom-Hasler?
A. 1993.
Q. You were living in Arizona at the time?
A. No.
Q. Still in Canada?
A. Yes.
Q. What did you next do for employment?
A. Active Systems.
Q. What kind of business is that?
A. SGML software.
Q. Something in software. I didn't hear.
0038
A. SGML software development.
Q. What does that stand for?
A. SGML is a software language. It stands for SGML.
Q. Okay. Again you've touched upon something that I'm not aware of.
What type of software is it?
A. Are you familiar with Oracle?
Q. I've heard of the company Oracle.
A. Right.
Q. But I don't know their type of software.
A. This was a software that used language.
Q. What was your connection with the company?
A. I was senior vice president.
Q. And what does Active Systems do in connection with this SGML Software?
A. It is a software company that was merged.
Q. With who?
A. Another software company and I can't think of the name right now.
Q. Did Active Systems sell any product?
A. Yes.
Q. What did it sell?
A. Software.
Q. Did it provide services or it just sold bundled software?
0039
A. No, it bundled software and it sold the services so that you can access help. Had a call center.
Q. How long were you at Active Systems?
A. A year.
Q. Were you a senior vice president during that entire time?
A. Yes.
Q. What was the one-year period roughly as best as you could recall? When did it begin and end, what year?

A. Near the end of '93, maybe '94. Someplace around there.
Q. Have you had any affiliation with Active Systems since '93 or '94?
A. No.
Q. Your position as senior vice president at Active Systems, were you working in an office somewhere or --
A. Yes.
Q. And where was that office located?
A. Holland Avenue in Ottawa Canada.
Q. Is Active Systems still in business?
A. Not under that name.
0040
Q. Do you know what name it's currently in business under?
A. No. It merged and I don't recall the software company that bought it.
Q. I got you.
After Active Systems do you recall the name of the next company that you worked with or for?
A. This is a tad confusing for me to answer.
Q. Can you explain why?
A. Well, I was working with a venture capitalist in Boston and I was involved with many companies all in the public realm either taking them public, raising investment capital, IPOs. There were several of them.
Q. What was the name of the venture capitalist?
A. Stanley Young.
Q. Stanley?
A. Young.
Q. Y-o-u-n-g?
A. Yes.
Q. For how long did you work with Mr. Young?
First of all I should say is it an individual or the name of a company? Sounds like an individual.
0041
A. It's an individual.
Q. Okay. How long did you work with Mr. Young?
A. Oh, Stanley and I worked off and on for gosh -- what year am I now? 19 -- probably right up until about '97.
Q. During this period of time between say 1994 and 1997 did you work with anyone else or receive any salary from anybody other than through your work with Stanley Young?
A. Okay. I'm a little -- I'm sorry. I'm confused again.
Q. Let me see if I could clarify.
A. Okay.
Q. Were you an employee of Stanley Young?
A. No.
Q. Did you have any regular employment between 1994 and 1997?
A. Yes.
Q. With whom?
A. A company by the name of Claire Technologies.
Q. Is it C-l-a-i-r-e?

A. Yes.
Q. Where is Claire Technology located?
0042
A. It doesn't exist anymore.
Q. Where was it located?
A. In Arizona.
Q. What city?
A. Scottsdale.
Q. And what was your position with Claire Technology?
A. Chief operating officer.
Q. During what period of time?
A. Until it was sold. That would be -- what year am I at? I'm all over the map. This is too -- this is a lot to recall.
MS. AMBROSIO: 2006.
MR. GUTMAN: Rapidly approaching it hopefully sooner than you can imagine.
THE WITNESS: I was there I think like seven or eight months.
BY MR. GUTMAN:
Q. What type of business was Claire Technology in?
A. Commercial HVAC systems.
Q. When you say HVAC you are referring to heating, ventilation and air-conditioning systems is the --
A. And purification.
0043
Q. And purification?
A. Yes.
Q. You said Claire Technology was sold. When was that sold?
A. I don't recall that but I recall the company that bought it.
Q. What was that?
A. Hyperflow. Was it -- no. I'm sorry. No, no, no, no. It was sold -- I'm sorry. The assets were pulled from the company and sold to a company called Hyperflow. Claire Technologies the public shell was transferred to Mr. Billy Means and his partners in Louisiana.
Q. Means is M-e-a-n-s?
A. Yes.
Q. In Mississippi?
A. In Louisiana.
Q. I'm sorry.
Were you involved in that transfer?
A. Yes.
Q. In what capacity?
A. I was either COO or CEO. I cannot recall.
Q. Do you know what the company is currently called?
A. No.
0044
Q. Do you know what it was called after the transfer?
A. No.
Q. Mr. Billy Means of Louisiana, do you know what city in Louisiana?
A. Shreveport. It just came to me. Shreveport.
Q. You recall approximately what year this

public shell was transferred to Billy Means, the Claire Technology company?
A. By the time all the transactions were done I think it ran into '96, '97. I'm not sure. Took a long time to do the transaction.
Q. Okay. Have you had other transactions with Billy Means?
A. Yes.
Q. How many?
A. Genesis Health Management.
Q. What does that name refer to? Another transaction or that's the name --
A. That's a name of a company.
Q. What did you do with Genesis Health Management?
A. Genesis Health Management was a subsidiary of Dynamic Associates a public company.
0045
Q. Okay. And what did you do in connection with Genesis Health Management?
A. I was a director on the board and I represented the parent company Dynamic Associates.
Q. When you say represented the parent company, what capacity?
A. I was the CEO of the parent and I sat on the board of the subsidiary.
Q. Is this a company that was sold to Billy Means?
A. No.
Q. How does Billy Means factor into the equation --
A. Billy Means was president of Genesis Health Management.
Q. I got you.
For how long were you the CEO of Dynamic Associates?
A. Two or three years.
Q. When did that, your tenure as CEO of Dynamic end?
A. When we sold it.
Q. When was that?
A. '98.
Q. You say "we." Who else was involved in
0046
that sale?
A. Well, it's a public company so there would be board of directors and other officers.
Q. Who was it sold to?
A. The subsidiaries were broken out. Dynamic the entity was transferred in a reverse merger to a company called Tele, Tele -- I can't recall. Tele something.
And the Genesis Health Management was sold to a healthcare company in Texas called Perspectives. Perspectives.
And MW Medical a development company and -- oh, God, what was the other name? P&H Industries merged and became a public company called MW Medical.
Q. Can you just clarify how MW Medical a development company, how that ties back to Dynamic Associates, if at all?
A. Dynamic Associates had -- I'm sorry. So I

contract because this is really as you can see and you have a piece of paper, I'm trying to follow the flow and your last question I believe was my association with Billy Means and a company, any other company. Genesis Health Management Billy Means was the president. It was a subsidiary of
0047
Dynamic. There was an MMC Medical which was a subsidiary of Dynamic and there was P&H Industries which was a subsidiary of Dynamics. So it had three subsidiaries.
Genesis Health Management a subsidiary was sold to Perspectives in Texas a healthcare company.
The P&H Industries and MMC Medical merged together, filed a filing with the securities and exchange and became its own public entity with the name being MW Medical.
Q. And that would be the same MW Medical that ultimately became the Davi Skin Company?
A. That would be the same.
Q. Okay. When did that merger occur with P&H Industries? Is it MW Medical a development company or MMC? You said --
A. MMC was the research and development arm of what became MW Medical.
Q. So MMC and P&H merged?
A. Correct.
Q. Fine.
When did that merger take place between MMC and P&H?
A. Between '98 and '99.
Q. When did your association with Dynamic
0048
Associates begin?
A. After Claire Technologies, '9 -- I don't know where we are anymore. '96. Maybe '96.
Q. What business was Dynamic Associates in?
A. Dynamic Associates was actually a holding company that held the three subsidiaries of which I have described.
Q. So Dynamic Associates didn't generate any revenues; is that correct?
A. No, not of its own.
Q. Sorry?
A. No, not of its own.
Q. Not of its own.
Any of the subsidiaries generate any revenues?
A. Yes.
Q. Let's go through them one by one.
Genesis Health Management, what was the business of that subsidiary?
A. Genesis Health Management owned 32 hospital geriatric psychiatric units in seven states and generated almost a million dollars a month.
Q. You said per month?
A. Yes.
Q. MMC generate any revenues?
0049
A. MMC was a research and development company. So it spent money.
Q. So the answer to my question would be no, it did not generate any revenues; is that correct?

A. No, it did not generate any revenues.

Q. Thank you.

P&H Industries generate revenues?

A. Yes.

Q. What was its business?

A. It sold high reliability components in the microwave industry to the Army, the Navy, NASA I believe, Freiden/Alcatel. Many corporations.

MR. GUTMAN: Can you repeat that answer for me. I didn't get it down.

(The following record was read:

It sold high reliability components in the microwave industry to the Army, the Navy, NASA I believe, Freiden/Alcatel. Many corporations.)

MR. GUTMAN: Thank you.

Q. At the time of the merger with P&H and MMC was P&H still an operating business?

A. Yes.

Q. So after the merger was completed between MMC and P&H did P&H continue or did the new company

0050

MW Medical continue to sell these components for the microwave industry?

A. Yes.

Q. Did that stop at some point in time?

A. Yes, when it was sold.

Q. When was that?

You talking about when it was sold to become Davi Skin?

A. No. P&H Industries -- I'm sorry. I thought you asked me about P&H Industries.

Q. My question -- let me make sure that you are clear and I apologize if you are getting confused by my questions. I'm not attempting to confuse you. It's a little bit confusing for me because I haven't heard a lot of these names or I should say any of these names.

MMC and P&H merged?

A. Yes.

Q. At the time of the merger P&H was in the business of selling components in the microwave industry?

A. Yes.

Q. After the merger between MMC and P&H the new company that was formed as a result of that merger was called MW Medical?

0051

A. Yes.

Q. Did MW Medical continue to sell the components in the microwave industry that P&H previously had sold?

A. Yes.

Q. Until when?

A. Until we sold it.

Q. And what's the "it" that we sold?

A. P&H Industries.

Q. Okay. So MW Medical sold P&H Industries?

A. Yes.

Q. When?

A. We might be in the twos now. I think -- oh, my goodness. Either end of '99, beginning 2000. This is all in the public realm so you could look it

up.
Q. All right. But the best of your recollection is somewhere in '99, 2000?
A. Somewhere around there, yes.
Q. After the P&H business was sold from MW Medical what source of revenue did MW Medical have, if any?
A. We raised capital and MMC the microwave company started to distribute sales of its microwave product.
0052
Q. Again I'm confused. MMC I thought was the research and development arm; is that correct?
A. Yes.
Q. So what products was MMC selling after P&H was sold?
A. MMC was the research and development arm of MW Medical. MMC was responsible for building the equipment that MW Medical sold under its name.
Q. So what equipment was MMC building?
A. The E2000 I believe was the model name, the first one.
Q. What is the E2000?
A. It's a microwave technology device that has patents in the crose (phonetic) subcutaneous tissue.
Q. Patents and then the word after that?
A. Patents and methodology in subcutaneous tissue.
Q. Methodology. Thank you.
Who owns those patents today?
A. I do.
Q. How did you obtain those?
A. I funded the company in the form of promissory notes and loans and I held the UCCs.
Q. And you have what?
A. The UCCs.
0053
Q. The security instruments?
A. Yes.
Q. And what point in time did you personally obtain title to any of the patents or other intellectual property that were the property at one point of MW Medical?
A. When was the year the market started to crash? Was that end of --
Q. Whenever I get into it.
A. Good answer.
'99 we started to feel the buzz, the market started hitting around the summer. By about December 2000 everybody was dying. Probably -- I started funding when the market fell. By about January of 2000 everybody was dead. About three hundred and something companies filed bankruptcy. I started funding the company someplace in around 2000, first quarter of 2000 I believe. Someplace around there.
Q. My question though pertained to not when you started funding but when you acquired the patents and other intellectual property that had been the property of MW Medical.
A. I'm sorry. I thought that was the same sort of question because when I started funding the
0054

promissory notes, the loan agreements and the UCCs were all handed to me.

Q. Okay. Did you foreclose or notify the company that it was in default of its obligations in connection with those promissory notes?

A. I didn't have to do that. We had to file a chapter 11. I was debtor in possession and the federal bankruptcy court decided how things went out.

Q. So you acquired the patent for the E2000 through the bankruptcy proceeding?

A. Through my position as being the major creditor.

Q. As a secured creditor?

A. Yes.

MR. GUTMAN: Okay. We have been going a little over an hour. Why don't we take a five-minute break and with your permission we will go another hour and then take a lunch break. How's that sound?

MS. AMBROSIO: That sounds fine.

MR. GUTMAN: Thank you.

THE WITNESS: Could I just ask how long.

VIDEO OPERATOR: Going off the record. The time is 11:57.

(Recess.)

VIDEO OPERATOR: Okay. We are back on the record. The time is 12:07.

BY MR. GUTMAN:

Q. Ms. Wallace, when we left off we were talking about MMC, that company.

After the chapter 11 bankruptcy did MW Medical, Inc. have any source of income?

A. During the bankruptcy?

Q. Following its --

A. No. It ceased operations.

Q. Well, did it ever emerge from its chapter 11 proceeding?

A. Did it emerge?

Q. Let me clarify. Did there exist an MW Medical, Inc. any time after --

A. Yes.

Q. -- the bankruptcy had been filed?

A. Yes.

Q. What was the source of revenue for MW Medical, Inc. after bankruptcy?

A. Nothing other than me.

Q. What do you mean other than you?

A. Well, every penny that had anything to do with it keep going or whatever, I had to pay the

taxes. I still as a matter of fact am liable for the taxes. It was my personal money.

Q. Well, what was the business of MW Medical, Inc. after the bankruptcy?

A. It ceased. It just was a registered public company where I paid all the fees and it was reorganized and restructured and we spun off MW Asia. We did distribution license agreements.

Q. Now, prior to the bankruptcy you indicated that you had loaned the company some money that were secured by promissory notes and UCCs in connection

with its patents and intellectual property.
A. Uh-huh.
Q. How much did you loan to the company MW Medical prior to its bankruptcy?
A. Over a million dollars.
Q. And what form did those loans occur?
A. Whenever the company needed money I infused capital.
Q. Through cash contributions?
A. Yes.
Q. And it was all out of your own pocket?
A. Yes.
Q. As opposed to deferring salaries or things of that nature?
0057
A. No, deferring salaries was over and above.
Q. Have you been able to sell those patents that you acquired through the bankruptcy court --
A. I haven't tried to sell them.
Q. Up through the present have we now identified every employment that you had with any company since you first started working?
A. As I recall sitting here I think I've done a pretty good job which I can't believe I've done.
Q. But as you sit here right now you can't recall any other public companies or any other private employers or any self-employment that you've had that we haven't talked about already today on the record; is that correct?
A. The question is confusing.
Q. Well, let me see if I can break it down for you.
Is there any employer that you've had any time since high school that you have not identified on the record here today?
A. Not that I recall.
Q. Are there any businesses in which you have been affiliated as an officer, a director or as a consultant that you have not identified on the record here today?
0058
A. I can't think -- I'm trying to but I can't think -- there might have been but I can't think of any I can give you the name of.
Q. Well, let's say over the last six years give or take, since 2000 have you been affiliated with any companies other than SDI, MW Medical and Wallace Strand, LLC?
A. I'm sorry. I don't recognize Wallace Strand.
Q. I'm sorry. Wallace Black. I'm looking at the wrong page. Wallace Black, LLC. Let me repeat the question.
Since 2000 have you been affiliated with any companies or any employers other than MW Medical, Inc. or SDI or Wallace Black, LLC?
A. Maybe it would help you if I explain that in my capacity in being sort of a venture capitalist I am called all the time by lots of companies who I give free advice to sometimes or consult for some other form of compensation and I do that on a regular basis. If you threw the word consultancy in there I am telling you I could not recall them all.

Q. Okay. How many companies that are public companies have you been an officer of?
A. Well, let's see. Officer. That would
0059
count director also?
Q. Well, we will break it down.
How many companies you are an officer of. How many companies you are a director of.
A. Claire, officer, director.
Dynamics, officer, director. Director chairman of the subsidiary. Director chairman of the subsidiary. Director chairman of that subsidiary.
Officer for MW Medical. Chairman for MW Medical. Director for MW Medical.
I'm trying to think if I sat on Active System. I was an officer.
I may have sat on some of Stanley's boards on some of his companies. I really don't recall. A few.
Q. To the best of your recollection have you now identified every public company in which you held a position as an officer?
A. Yes, as I sit here today that's I believe all I can recall.
Q. Are you currently an officer of any publicly traded corporation today?
A. SDI, Secured Diversified Investments.
Q. That's the only one?
0060
A. Yes.
Q. How many times have you been involved in a sale of a public company?
A. It's got to be five. Four or five. Something on -- but when you say a public company are you also talking about their subsidiaries? I'm a little confused.
Q. Well --
A. Maybe I'm confusing you.
Q. No, it's okay.
In the course of your career if I understood correctly the one company that engendered several subsidiaries would be Dynamics, Dynamic Associates; is that correct?
A. Yes.
Q. So when you are having some question about whether or not you should include subsidiaries you would be referring to the Dynamic Associates situation; correct?
A. And MW. MW has a subsidiary also.
Q. What was MW's subsidiary?
A. MMC.
Q. Okay. Was MMC sold off at some point in time?
A. MMC ceased research and development when
0061
the company ceased. They were both in the bankruptcy.
Q. With a separate case number that is?
A. That is correct.
Q. MMC separately filed for bankruptcy protection?
A. Absolutely.

Q. But MMC did not emerge from the bankruptcy?
A. No. It only did research and development. It had nothing to emerge to.
Q. So MMC then would not have been sold --
A. No.
Q. -- after the bankruptcy.
Was that converted to a seven, a chapter 7 do you know?
A. No.
Q. It was just dissolved?
A. It was just dissolved.
Q. So back to my question. We were talking about the sale of companies that were public that you had been involved in and I believe your answer was four or five and I just wanted to identify those.
So can you identify the four or five companies that you were involved in that were sold?
0062
A. As an officer?
Q. As an officer.
A. Thank you.
Well, I guess Claire Technologies, Active Systems, Dynamic, P&H Industries, Genesis Health Management, MW Medical. As an officer those.
Q. Other than SDI is there any publicly traded corporation in which you have been an officer that hasn't been sold?
A. Sold and merged, are they the same?
Q. What were you thinking as far as merged?
A. Well, MMC and P&H merged.
Q. Okay. Any others?
A. Some of them the companies were not sold. The assets were sold. Some of the companies were dissolved. If they had certain tax implications to them that would take the lead.
I guess my answer would be it's just not as simple to say that they were sold.
Q. Okay. Let's go through them one by one.
Claire Technology, you were an officer of Claire Technology; right?
A. Yes.
Q. It was sold; right?
A. Claire Technologies sold the assets to
0063
Hyperflow.
Q. What happened to the shell?
A. The public entity was sold off to Mr. Billy Means.
Q. Okay. Active Systems, that company was sold; correct?
A. The company was sold. I believe there was a -- I'm trying to remember. There was a tax implication and they had to create an -- I can't remember the whole thing of it and I can't remember if the assets were merged in or if they merged the two companies and a sole survivor came. I don't remember at all. Something like that.
Q. Dynamic Associates, that was sold?
A. Dynamic Associates sold its subsidiary Genesis Health Management to Perspective. That one was sold, the subsidiary was sold.
Q. What happened to the shell of Dynamic

Associates?
     A. Oh, the actual shell. I'm sorry. I thought we were on Genesis Health Management.
     Q. Sure.
     A. Dynamic Associates the entity was done in a reverse merger to Tele, Tele something.
     Q. Uh-huh. Okay. Then of course MW Medical
0064
that was sold off to what became Davi Skin, Inc.; correct?
     A. I'm going to try to be helpful. The word sold would not be --
     Q. How would you characterize it?
     A. You do a reverse merger transaction.
     Q. Okay. How many reverse mergers have you been involved with with companies in which you were an officer?
     A. Claire, Dynamic, and MW Medical.
     Q. Is that it?
     A. I think so. I'm not sure but I think so.
     Q. How many reverse mergers have you been involved in as a consultant?
     A. Oh, as a consultant is that where people pick up the phone and they ask me how to do it?
     Q. Well, how would you describe your work as a consultant?
     A. Sometimes as a consultant I'll just give away free advice.
     Q. Are there other situations where you are consulted and you are paid a fee?
     A. Or equity. Sometimes yes.
     Q. Okay. How many times have you been involved as a consultant in a reverse merger where
0065
you've received some equity in a deal?
     A. There was one called Aero-Axial, something like that.
     Q. Can you spell that?
     A. A-e-r-o-A-x-i-a-l. Aero-Axial.
     Q. And what did you do in connection with that particular reverse merger?
     A. They phoned up and wanted to know how they would go around or go about doing a reverse or a merger and a reverse.
     Q. And you were compensated in connection with your consulting work on that deal?
     A. Yes. They were to give me equity.
     Q. How much equity did you receive in the company?
     A. I think it was something like 200,000 warrants or something.
     Q. Any other situations where you consulted with anybody in connection with a reverse merger in which you received some equity for your consulting services?
     A. There was a coffee company, what were they called, here in California. It was a coffee company. They had this idea where they -- you could go in like a Starbucks and drink coffee and hook up
0066
to the net or web something. And same thing, they called and wanted to know what I thought about this and that and so on and so forth and I said well, why

am I doing this for free and they said well, we will give you something. They are the other ones that I can think of right off --
Q. But you don't recall the name?
A. No. It was a coffee company for sure with a web base. Maybe you will see it finally opening in California. Let's hope so.
Q. How many shares of stock or other security?
A. Those were warrants also and I think it was like 100,000 warrants or something.
Q. Any other situations in which you acted as a consultant in exchange for equity in connection with any reverse mergers?
A. I can't think of any.
Q. This one that you described for Aero-Axial, when did that occur?
A. 2004 maybe.
Q. Do you still hold those warrants?
A. I don't think so.
Q. What did you do -- how did you dispose of those warrants?
A. I either sold them, called them in or
0067
swapped them out. Something. I did something. Just don't remember what I did with those, Aero-Axial.
Q. The situation where you acted as a consultant in connection with this coffee company, when did that occur?
A. About the same time.
Q. 2004?
A. Yeah, 2004, yeah.
Q. And what did you do with the warrants you received in connection with that consulting engagement?
A. They still hold them.
Q. You still have them?
A. No. They still have them.
Q. So have you now told me about all the situations in which you consulted regarding a reverse merger?
A. As I sit here today that's what I can recall.
Q. And I should have clarified. In which you consulted in exchange for some equity.
Have you -- have you now told me about all the situations in which you consulted for exchange for equity in a company for providing consulting
0068
services in connection with a reverse merger?
A. I think so.
Q. All right. Have you provided consulting services in connection with a reverse merger to any public corporations other than for equity as in for any other form of compensation or for no compensation?
A. No compensation?
Q. Or some compensation.
Well, you indicated sometimes -- I wrote down give away free advice sometimes. So I'm trying to determine did you consult with somebody, some company regarding a reverse merger either where you were paid in cash, through some other form of

compensation or consideration or you were not paid or compensated at all other than the Aero-Axial and the coffee company whose name you could not recall? All other consulting engagements in connection with a reverse merger.
     A. There were a few where I got nothing. Those would be -- oh, my God. That's a long list. Efoora, a blood technology. Neuro Navigational, a veinal structure technology.
     Q. You better slow down for both my sake and the court reporter.
0069
     A. I'm sorry.
     Q. Efoora would be E-p-h-o-r-a?
     A. No. E-f-o-o-r-a, Efoora.
     Q. Okay.
     A. Cord blood.
     Q. That's C-o-r-d?
     A. Yes.
          Oh, God. Who else didn't do it? Oh, there was the one with the 411 technology. What were they called? P3411. Something like that was the name of that company.
          The ones that had a new washable solution for contact lenses. What were they called? They were trying to compete with Bausch & Lomb. Just met -- oh, the one with the saphenous vein, removal of the saphenous vein. It was eventually sold to Medtronic, that one, hmm.
          Oh, gosh. There is a lot of them. I'm lucky these are rolling off my tongue right now. There's a few. People call me all the time.
     Q. And the examples that you just gave us, Efoora, Cord Blood, P3411, something having to do with contact lens solution, and this saphenous vein ones, these are the situations where you provided consulting services and were not compensated at all?
0070
     A. Correct.
     Q. Are there any other companies in which you provided consulting services in connection with a reverse merger in which you received any type of compensation other than the Aero-Axial and the coffee company?
     A. I'm sure there have been. I just can't think of them right now.
     Q. Okay. Can you tell us what type of services you provided in connection with Aero-Axial, the consulting services that you actually provided?
     A. Aero-Axial wanted -- they had done a reverse merger. The CEO was not very well versed in the public realm. They had problems with news announcements. They didn't know how to distribute options so that it wouldn't affect Black Shoals which is a criteria in the public company, accounting criteria. Things like that. They just -- basically a lot of people don't know what they are doing when they get in the public market. So it was broad spectrum.
     Q. How long -- how much time did you spend in connection with Aero-Axial in providing consulting services to them?
     A. Telephone conversations, some conference

0071

calls, one meeting. I don't know. Here and there. Mostly phone.

Q. More than ten hours?

A. A little bit more. Not much.

Q. You comfortable estimating between what, 10 and 20 hours?

A. Sure.

Q. Well, look --

A. See for me to answer the way that you would like me to I'm trying hard to recall all of this but it is a lot of stuff and people will pick up the phone -- as a matter of fact, just like an attorney, once people know who you are and what you do all of a sudden you are the go-to person. So in the middle of something that they've decided to do they will call. So if I was to add up in my day over months of time how much that was you could pick a number but it would be a best guess.

Q. Okay. A couple things there I just want to clarify. Sometimes I'll ask you to estimate and what I'm looking for is your best recollection which we are entitled to. I don't want you to guess or speculate.

The difference would be if I asked you how much time you spent waiting for your plane this

0072

morning you would have an estimate even though you are probably not keeping track of the specific time.

A. Right.

Q. But if I asked you to tell me how much time I waited for a plane last weekend you would have no idea. That would be a guess or speculation. So what we say as far as what we do, that based upon your own perception you could make an estimate; that is, something that you saw, heard, felt, in some other way you could make an estimate. But if it's not something that you observed or heard or have some other basis for having some knowledge then you can't speculate as to what that would be.

Same as you could estimate the size of this table. You may be terrible at feet and inches or at meters or whatever form of reference that you use. But if I asked you to say how big the dining room table is in my house you would be guessing.

A. Right.

Q. Okay.

A. Thank you very much for that explanation because with that explanation I would tell you then I don't recall.

Q. That's fine and I rather have you --

A. Thank you.

0073

Q. -- just say you don't recall as opposed to just throwing something out there --

A. Okay.

Q. -- and I say 10 to 20 hours and you say sure.

A. Okay.

Q. We are not looking for that.

A. Okay. Thank you.

Q. I'm not trying to pin you down like that but I would like to ask you some other further questions.

A. Sure.

Q. Was there any written agreement in connection with your services on Aero-Axial?

A. I would think there was. Well, for warrants you have to have some kind of written agreement even if it's the warrants.

Q. Right.

A. So I would have to say I would think so.

Q. Do you recall if you had any agreement in connection with your consulting services that set forth a description of what services would be provided?

A. I don't recall.

Q. Have you ever had any sort of agreement

0074

that you provided in connection with consulting services for public companies that were doing a reverse merger?

A. I'm sorry. Could you say that again.

Q. Let me restate it.

Have you ever entered into a written agreement that set forth the terms or the scope of what services you would be providing as a consultant in connection with a reverse merger?

A. No.

Q. Your consulting company now that is referred to as Wallace Black LLC, do you provide any consulting services in connection with reverse mergers?

A. At times, yes.

Q. Do you have written agreements that you enter into with the parties that you are providing consulting services for?

A. If I had one I could think of I would say we would have a contract. I just can't think of any right now in a reverse merger.

Q. Okay. Do you normally have written agreements in connection with the individuals or entities that you provide consulting services for?

A. Yes, most of the time but not all the time.

0075

Q. And what is the scope of the consulting services that you provide to your clients at Wallace Black?

A. They usually hire me and choose to bring me in for three months at a time. I don't like to do longer than six months so my contracts are usually based between three months and six months. I basically come in, take a look at the company, I write a report, tell them what I've observed, what I think they should do and then they hand it to the board of directors and the board of directors decides what they want to do.

Q. Have you ever written a report in the scope of your, the course of your consulting services regarding a reverse merger?

A. No.

Q. Have you now told me about every company in which you've been involved in a reverse merger? And when I say involved I'm trying to use that in the broadest possible way imaginable.

A. To the best of my recollection.

Q. Okay. I'd like to mark for purposes of identification as Exhibit No. 2 -- and the reason I'm starting with two is I did identify an Exhibit 1 in Kyleen Cane's deposition.

0076

MS. AMBROSIO: Oh, okay.

MR. GUTMAN: This is a five-page -- six-page document. Bears the Bates Nos. K --

THE WITNESS: Uh-huh.

MR. GUTMAN: -- /M 75 through 80.

(Deposition Exhibit 2 was marked for identification by the court reporter.)

BY MR. GUTMAN:

Q. Ms. Wallace, the first page title appears to be "STOCK PURCHASE AND NOTE ASSIGNMENT AGREEMENT BETWEEN MS. JAN WALLACE/MS. GRACE SIM AND MW MEDICAL, INC. AND PARRISH MEDLEY OR HIS DESIGNATES." Further down on the first page says March 15, 2004.

Just with respect to this first page and if I show you the first page have you seen this document before?

A. I've seen a document like this before.

Q. Okay. That's fine.

Turn to the last page of Exhibit No. 2. It's Bates numbered -- and when I say the name Bates it's referring to the number in the lower right-hand corner.

A. Yes.

Q. Bates No. 80, do you recognize your signature on this page?

0077

A. Yes, I do.

Q. Does that appear to be your signature?

A. Yes.

Q. Do you have any reason to believe that you did not sign this document?

A. Not this one. The original.

Q. The original.

Let me put it to you another way: Do you have any reason to believe that this is not a true and accurate photocopy of a document that you signed?

A. I believe that to be my signature on a representative copy of this that you presented to me.

Q. Thank you.

Were you present when anybody else signed this document? And we are looking at page six of the document Bates No. K/M 80.

A. Say the question again.

Q. Were you present when this document which we've marked as Exhibit No. 2 was signed by anybody other than yourself?

A. I would not absolutely recall but I would think so.

Q. All right. But you don't have a specific

0078

recollection of being present when it was signed by any of the other two parties that are identified on the last page of Exhibit 2; correct?

A. Not specifically.

Q. Thank you.

You see the name directly beneath yours on

the last page of Exhibit 2, Grace Sim, S-i-m?
A. Yes.
Q. Do you recognize that name?
A. Yes.
Q. Who is Ms. Sim in connection with this company that we are talking about, MW Medical, Inc.?
A. Grace Sim was the CFO.
Q. CFO of MW Medical, Inc.?
A. Yes.
Q. When is the last time you spoke to Grace Sim?
A. Yesterday.
Q. Where does she reside?
A. In Arizona.
Q. Did you talk to her about this case?
A. No.
Q. Have you ever spoken to Ms. Sim about this case?
A. I don't recall.

0079

Q. Prior to yesterday when was the last time you spoke to Ms. Sim?
A. Two days before that.
Q. And prior to that when was the last time that you spoke to Ms. Sim?
A. Maybe last Monday.
Q. And what was the purpose of your conversations with Ms. Sim over the course of the last week and a half or so?
A. Multiple things.
Q. Are you involved in any business transactions with Ms. Sim at the current time?
A. Yes.
Q. How so?
A. She is the controller of Secured Lending a subsidiary of Secured Diversified Investments.
Q. For how long has Ms. Sim been the controller of Secured Lending?
A. Three months. Maybe four months.
Q. How many employees does Secured Lending have?
A. Two.
Q. Does secured lending have offices?
A. Yes.
Q. Where are those offices?

0080

A. 12202 North Scottsdale Road, Phoenix, Arizona 85254.
Q. That address sounds vaguely familiar. Is that the same address for SDI?
A. Yes.
Q. Are the number of employees at Secured Lending the same two employees that are also working for SDI?
A. No.
Q. So there is two separate employees at Secured Lending distinct from the number of employees at SDI?
A. Yes.
Q. So how many employees work at the office that is located at 12202 North Scottsdale Road that work for either SDI or any subsidiary of SDI?
A. Three.

Q. Who are those three employees?
A. Jan Wallace, Grace Sim, Jeannie Denoia.
Q. Jeannie the last name?
A. Denoia.
Q. You better spell that for us.
A. Okay. I believe it's capital D-e-n-o-i-a, I believe.
Q. What does Ms. Denoia do?
0081
A. She is an underwriter.
Q. For what?
A. Secured Lending.
Q. And what type of secured lending does the company, the subsidiary Secured Lending do?
A. It's a mortgage company. I'm sorry. I mentioned it right at the beginning.
Q. Please, no need to apologize. It is I who should be apologizing for somewhat less than stellar recall.
A. You are doing great.
Q. Do you know where Grace Sim was working prior to her employment at Secured Lending?
A. She wasn't.
Q. Are both Grace Sim and Jeannie Denoia full-time employees at Secured Lending?
A. I don't think Grace is full time. Jeannie is.
Q. How long has Jeannie been working for Secured Lending?
A. Five months.
Q. Referring again to the last page of Exhibit No. 2 Bates No. 80, were you present when Grace Sim signed this document?
A. Again, specifically I don't recall but I
0082
would think so.
Q. On what basis or what facts lead you to believe that you would think that you weren't present when she signed it?
A. Well, I'm looking at the document and if we sign offline there would be multiple pages where there is a signature on this page and then the next page would be attached and her signature would be on it. That's when you sign off site. If everybody is in the room or in close proximity; for instance, I could run from this place down the street, then we'd all sign it on the same page.
Q. Is that the only basis that leads you to believe that everybody signed it in the presence of one another?
A. I think so.
Q. All right. So it's strictly based upon the fact that all the signatures appear on one page as opposed to having counter signatures or separate signature pages with each individual's signature on them; is that correct?
A. I would say it's reasonable.
Q. Okay. But no other basis for your belief that you were present when Grace Sim signed it?
A. The only other thing is I would believe
0083
looking at the document that this was filed publicly and if it is filed publicly then the protocol is to

have all signatures on the same page; however, they sometimes will FedEx it around so that all the signatures stay on the same page but they may not be in the same room at the same time.
Q. Okay. So you don't have any recollection one way or another how it was done in connection with Exhibit No. 2; is that correct?
A. Correct.
Q. All right. With respect to Grace Sim's signature on this page, it's the last page of Exhibit No. 2, do you recognize her signature?
A. Yes.
Q. Does that appear to be a true signature of Grace Sim?
A. Looks very much like her signature.
Q. Any reason to believe that's not her signature or a photocopy of her signature I should say?
A. Given that lots of people reproduce things I guess the best I could say is I recognize that signature. Looks a lot like Grace's signature.
Q. Fine.
I was notified by the videographer that we are about to run out of tape so maybe this is a convenient time to go offline as you used the expression.

0084

VIDEO OPERATOR: This marks the end of tape No. 1 in the deposition of Jan Wallace. We are going off the record. The time is 12:48.
(At the hour of 12:48 p.m. the luncheon recess was taken, proceedings to resume at 1:50 p.m.)
(At the hour of 2:01 p.m. the following proceedings were had at the same place with the same persons present.)
VIDEO OPERATOR: All right. We are back on the record. The time is 2:01.
MR. GUTMAN: Thank you.
Q. Good afternoon, Ms. Wallace. We are looking at Exhibit No. 2. I'd like to direct your attention to the second page of Exhibit No. 2 which is Bates marked with the number 76.
You have that in front of you?
A. Yes.
Q. All right. The first thing I want to ask you about is on this particular document, stock purchase and note assignment agreement, do you recall who prepared this document?

0085

A. No.
Q. Did you participate in any negotiation of any of the terms in this document?
A. I may have. I don't recall.
Q. Was Kyleen Cane representing you in connection with this transaction?
A. Yes.
Q. Was she representing MW Medical, Inc. in connection with the transaction?
A. I believe so.
Q. Was she representing Ms. Grace Sim in connection with this transaction?
A. Yes.

Q. Has Kyleen Cane represented you in connection with any other transactions?
A. Dynamic Associates.
Q. What specifically did Kyleen Cane do in connection with Dynamic Associates?
A. She was the SEC attorney for the company.
Q. The date of March 15, 2004 appears in the first paragraph on the second page of Exhibit No. 2. Is that the date that you recall that this agreement was signed?
A. That's what it says. I don't recall if that's the date it was when it was signed but that's

0086

what it says.
Q. Do you have any recollection of when it was signed?
A. Probably sometime around then.
Q. When you say sometime around then, do you have some estimate as to how many days, weeks, months that it might --
A. Less than 30 days.
Q. And what is that based on?
A. Recollection.
Q. I asked you earlier if you reviewed any documents in connection with this case in preparation for your deposition. Have you -- my recollection was you answered in the negative.
Do you have a diary, a calendar, some sort of record of your activities during the year 2004?
A. I may have one. Did I have one, I'm not sure. I may have had one. I may have one but I don't have one that I can access.
Q. Access right now you mean?
A. Yeah, or ever. I don't know -- 2004 is a while ago. I don't know if I keep them all.
Q. Okay. If you had -- withdraw that.
What is the form in which your calendar that you had during 2004 took?

0087

A. Handwritten notes.
Q. And where are those handwritten notes stored or maintained?
A. Could be anywhere.
Q. Okay. Were they in the form of a calendar, a booklet form or --
A. Oh, I'm sorry.
Yes, it would be a little Cartier daytimer thing, whatever.
Q. Did you keep track of all the appointments that you had during the year 2004 in that Cartier daytimer?
A. I don't think I could say every one but I relatively kept my appointments.
Q. Did you also keep any sort of computerized calendar that would indicate what type of appointments or other events of some significance that --
A. No.
Q. No?
A. No.
Q. If you were to look for this Cartier daytimer from 2004 where would you look for it?
A. Boxes I would think if I stored it in a

box.
0088
Q. In your home?
A. No, not necessarily.
Q. Where else would you look?
A. Maybe in a storeroom.
Q. Where would the storeroom be located?
A. I think it's on a road called Indian Bend. I think.
Q. And that's in what city?
A. Arizona.
Q. What city?
A. Scottsdale.
Q. This is a storage facility that you rent?
A. Uh-huh.
Q. Is that a "yes"?
A. Yes. I'm sorry. Yes.
Q. That's okay.
And the storage unit or facility that you are renting is that -- what type of -- what company or what's the name of the facility?
A. Storage something. Storage -- it starts with Storage.
Q. Is this the type of a place where you pay a monthly fee to store --
A. Yes.
Q. -- personal things?
0089
A. Yes.
Q. Is that in your name or is it in the name of one of the companies you have been affiliated with?
A. I'm not sure.
Q. How long have you maintained this storage facility?
A. Maybe two years. Maybe two and a half years. Might have been another one too before this one. At one point things moved and I -- I don't handle it.
Q. Who handles it?
A. Anybody I hire.
Q. Well, who have you hired in the last three years to handle storage of documents?
A. I don't recall that. It could be any moving company.
Q. You mean a moving company?
A. Yes.
Q. Is there -- I'm sorry. You finished your answer?
A. I just call people, tell them I need to move something from someplace to another place and they take care of it.
Q. There is not any individual who handles any
0090
of your personal paperwork or things like that?
A. No.
Q. Such as a secretary or personal assistant?
A. No. No.
Q. Other than this Cartier daytimer would you have any other document that might identify certain events or meetings that you had during the calendar year 2004?
A. Every now and then I carry around a little

art book. I'm a frustrated artist so I carry around a little blank art book and I draw in it and sometimes I make notes in it.
Q. If you needed to determine what you were doing on March 15, 2004 what records would you look at in order to determine what you were doing or where you were on that particular date?
A. 2004? Other than the Cartier book I can't think of anything.
Q. Okay. Directing your attention to paragraph A at the top of the second page of Exhibit 2,
"Whereas, Wallace and Sim own approximately" -- and then the number appears to be crossed out and corrected, the correct number being "77,350,000

0091

shares of the Company and hold a combined secured debt obligation of the Company of approximately $856,432."
Do you see that line I just read?
A. Yes.
Q. Did I read it accurately?
A. Yes, if you want to make the 78 that looks to me -- I don't know if that's a correction but --
Q. Is that your initial or initials JW?
A. Yes.
Q. Do you have some understanding of why you initialed on the page directly above the number, the 78,350 -- that's 78,350,000?
A. If there was a correction I'm sure that we would have initialed but some people like to initial certain places on documents, like a corner or if there is a number that's significant to them. So I really couldn't tell you. Maybe it's because of the number change.
Q. Okay. Does there appear to be a number change?
A. There seems to be a scribble here. I don't see the seven. Did you say seven, 77?
Q. To me it looks like the eight was crossed out and there is a seven immediately above the three

0092

but I may be wrong.
A. Doesn't it look like a loop to you? Am I crazy or does it --
Q. Okay.
A. Doesn't that look like a loop?
Q. It doesn't to me but I'm not concerned --
A. Okay.
Q. -- about my testimony here.
A. Okay. I see two initials. I see some scribble. I see 78,350,000.
Q. All right. Other than that though with respect to the number of shares I read that sentence correctly --
A. Yes.
Q. -- would you agree?
I want to ask you what is this combined secured debt obligation of the company of approximately $856,432? What is the source or basis for that number?
A. That number is probably comprised of cash

over a period of time.
Q. Are there any documents that evidence how that amount was determined?
A. I'm sure there is.
Q. What is your understanding as to what
0093
documents would identify that amount?
A. Probably loan agreements, promissory notes, UCCs.
Q. Where would I locate those documents?
A. Public filings.
Q. These are all debts that were incurred since the company emerged from bankruptcy; is that correct?
A. Prior. The loans started prior.
Q. The amount of $856,432, that's not just from the amounts incurred subsequent to the bankruptcy?
A. Those are amounts subsequent and then there are amounts that are not on here that were during and after the bankruptcy because I was debtor in possession.
Q. As you sit here today do you have any recollection of how the amount of $856,432 was calculated?
A. Um, I am sure that I would have to rely on the CFO and the public accounting done by the auditors of the company that that is what they calculated to be cash loans I made to the company.
Q. The CFO was Grace Sim?
A. Correct.
0094
Q. Did MW Medical, Inc. ever have another CFO other than Grace Sim?
A. Yes.
Q. Who was that?
A. Dean Drummond.
Q. D-e-a-n D-r-u-m-m-o-n-d?
A. Correct.
Q. Do you know where Mr. Drummond resides?
A. I believe somewhere on the East Coast.
Q. Have you ever worked with Mr. Drummond in connection with any other companies?
A. None I can recall.
Q. Is Mr. Drummond a CPA?
A. I believe he is.
Q. When you say East Coast do you know in what state he's currently residing?
A. No.
Q. Do you know where he was residing at the time that he's CFO of MW Medical, Inc.?
A. Arizona.
Q. When did Grace Sim become the CFO?
A. I think right from the beginning.
Q. Maybe I wasn't clear.
When did Grace Sim become the CFO of MW Medical, Inc.?
0095
A. Right from the beginning.
Q. Oh. When was Dean Drummond the CFO then?
A. Dean Drummond replaced Grace Sim about a year and a half into the company.
Q. Was Grace Sim the CFO as of March 15, 2004?

A. Yes.
Q. What are you referring to when you say at the beginning Grace Sim was the CFO at the beginning?
A. Of MW Medical.
Q. And when was that?
A. Again timelines. MW Medical was formed when we put the two together '97, '98. Someplace around there. I think I mentioned it before.
Q. And at some point did Grace Sim stop being the CFO?
A. Yes.
Q. When was that?
A. Sometime about a year and a half into the company. Maybe a year -- someplace around there. '99 maybe.
Q. Did she come back as a CFO at some point in time?
A. Yes, she did.
Q. I understand.

0096

So how long was Dean Drummond the CFO then?
A. I believe maybe ten months.
Q. And then Grace Sim returned as the CFO?
A. Yes. Dean went to the East Coast.
Q. Did the amount of $856,432 include all the debt that was owed to you by the company?
A. No.
Q. What else was not included?
A. Unpaid salaries. I had a lease right on the equipment. If we leased it out to anybody else the company was to pay me the lease rights on it.
Q. Anything else?
A. Again, any costs that were incurred during the bankruptcy were all mine and those all were added as security debts.
Q. Were those included in the $856,432?
A. I don't believe so.
Q. Are those amounts reflected in any documents?
A. Bankruptcy documents.
Q. Other than in bankruptcy documents are the amounts that were owed to you by the company reflected in any other documents?
A. Promissory notes, loan agreements and UCCs filed in the public records of MW Medical.

0097

Q. What promissory notes are you aware of that were in existence as of March 15, 2004?
A. A lot.
Q. Can you identify any of them?
A. Well, again as the company needed money I would put money in the company and then they would draw the appropriate documents and they would give me the appropriate documents.
So over time there was probably five or six. At one point it got to be so consistent there was a cumulative number.
Q. I'm talking about number over and above or separate and apart from the $856,432.
You understand that?
A. Yes.
Q. So how many notes were there that reflected

amounts that were owed to you by the company other than the $856,432 amount?
A. Back wages. And in the documentation in bankruptcy there was an accounting done by the U.S. tax department that said exactly what I had to pay and that was over and above.
Q. All right. So you believe that there were two separate notes issued by the company?
A. I'm sorry. I don't want to confuse you.
0098
This -- you asked me if 856 as of this date and I'm trying to tell you that that I believe is the cash that was accumulated in multiple promissory notes that were given to me as I put the money into the company. It is not all of the money that I was owed. The money that I was owed that is not representative there are things like back wages, fees I had to pay through bankruptcy as debtor in possession and notes on leases of the equipment that the company had to lease from me because I had its patent rights and those are all public whether in MW Medical or in the bankruptcy documents.
Q. Okay. My question was a little bit different.
I was asking you what promissory notes were in existence as of March 15, 2004 that referred to amounts that were owed by the company to you other than the $856,432 that's reflected in Exhibit 2.
A. And I'm trying to answer. I believe they are all in filings. Do I recall which ones they are and where they would be, everything that I had to do had to go in the public filings. So if you find promissory notes in those public filings that reflect those things or mention those things that's where they are.
0099
Q. Other than -- withdraw that.
How many promissory notes were in existence as of March 15, 2004 that you believed were not included as part of the stock purchase and note assignment agreement that is signed here that we marked as Exhibit No. 2?
A. As Exhibit No. 2, line A, there are promissory notes in existence that would be in the public filings that absolutely state the monies over and above the 856,000.
MR. GUTMAN: Move to strike as nonresponsive.
Q. If you could just follow my question.
A. I'm trying to, truly.
Q. We will start with the number of notes.
How many notes were in existence that you did not believe were included in Exhibit No. 2?
A. I would bet another one, two or three.
Q. Do you know the amounts of any of those notes?
A. As I sit here and try to recall I don't know the individual amounts. Again I am absolutely sure they are in the records though.
Q. When is the last time that you looked at Exhibit No. 2?
0100
A. Oh, God. Years.

Q. Okay. Do you believe -- withdraw that.
How many different notes were issued for your back wages by the company?
A. Either one or two.
Q. How much did you understand you were owed in back wages by the company as of March 15, 2004?
A. I don't recall the exact amount.
Q. You have any approximate amount?
A. Anywhere between three and five.
Q. 300,000 and 500,000?
A. Yes.
Q. And what's that recollection based upon?
A. What I recall.
Q. Do you have some understanding as to how much you were entitled to be compensated for in annual compensation?
A. I can't remember if it was $180,000 or $200,000 but it also would be reflected in the records.
Q. Well, I appreciate you referring me to records but let's just point out that no records have been produced by your attorney in connection with any of these matters that I'm asking you about. So --
0101
A. The public filings. I'm sorry. You mean the public filing?
Q. You are saying they are in public filings.
A. Right.
Q. I don't know whether or not they are indeed and I'm not sure that they actually are.
A. Okay.
Q. But I'm asking for your understanding at this point in time. So reference to public filings is not going to advance our cause in this little --
A. Okay.
Q. -- question and answer.
The issue that I'm concerned about is are you able to determine from Exhibit No. 2 which amounts were not included in this agreement that is clearly titled stock purchase and note assignment agreement, which notes were not included in the assignment pursuant to Exhibit No. 2?
A. I'm sorry. I don't want to be difficult but I think I pointed it out in the first round of questions and I told you it would be back wages, leases that the company owed because I had the ownership rights of the equipment, and any other liabilities I had to incur through the bankruptcy and they are not on here.
0102
Q. Do you know if they are disclosed anywhere in Exhibit No. 2?
A. No.
Q. You don't know or they are not disclosed?
A. They are not disclosed.
Q. Thank you.
Directing your attention to paragraph B at the top of the page of Exhibit 2,
"Whereas, the Purchaser desires to purchase both Wallace and Sim's debt and equity positions in the Company, all according to the terms and conditions of

this Agreement."
What are the debt and equity positions that you and Ms. Sim had in the company?
A. The debt would be mine. The equity would be both mine and Ms. Sim.
Q. And is it your testimony under oath here today that the debt did not include any promissory notes for back wages?
A. Absolutely.
Q. And what is that based upon?
A. I hate to say it but the bankruptcy documents has the total calculation of back wages and all fees and any other funds and it is not
0103
$856,000 which this document references.
Q. Okay. Did you read and review Exhibit No. 2 before you signed it?
A. I'm pretty sure I would have.
Q. Did you have an attorney advise you as to any aspect of this transaction before you signed it?
A. I would believe I would do that.
Q. Do you have any recollection of that?
A. I don't recall but I can't imagine I wouldn't have.
Q. Do you recall who that attorney was who advised you in connection with this transaction?
A. More than likely it would be Kyleen Cane. And I may have called the bankruptcy attorney.
Q. At the time that you signed this agreement, Exhibit No. 2, did you understand that your back wages were not included?
A. Yes.
Q. And that's based on what?
A. Exactly the way the transaction is written and my understanding of how the deal was to happen.
Q. So when you signed the document that stated for example --
A. Yes.
Q. -- the purchaser desires to purchase both
0104
Wallace and Sim's debt and equity positions in the company --
A. Yes.
Q. -- it was your understanding that the company's debts to you for back wages and expenses incurred in the bankruptcy and expenses related to some leases for equipment were not included?
A. Yes.
Q. And that's based solely on what?
A. Solely on me recalling some of the important details of the transaction and the records.
Q. And the records you are referring to?
A. Bankruptcy records and the records of MW Medical.
Q. Are there any documents in connection with this transaction that is documented in Exhibit No. 2, any document whatsoever that states that you are entitled to receive your back wages separate and apart from this stock purchase and note assignment agreement?
A. Yes.
Q. Which?

A. The bankruptcy documents and the public filings of MW Medical. I must disclose everything.
0105
Not a few things, everything. And I hate to sound redundant or I'm not cooperating but I am just telling you that is where everything is.
Q. Okay. But those are the only records that you know about?
A. I'm sure if I had some or it was someplace. That's what I know of today.
Q. When was the bankruptcy completed?
A. November of 2002 I believe. November 2002.
Q. In connection with the sale that's reflected in Exhibit No. 2 were there any documents that were signed by anybody indicating that the back wages would not be included in the sale of MW Medical, Inc.?
A. The question is confusing. Say it again.
Q. Why is it confusing?
A. I'm sorry. Say it again.
Q. Sure.
Are there any documents that were signed in connection with the stock purchase and note assignment agreement that's Exhibit No. 2 that show or state or evidence --
A. Uh-huh.
Q. -- that your back wages were not included in the assignment that's reflected in Exhibit No. 2?
0106
A. Yes.
Q. Which?
A. The public records when I have to sign for the certification and the sign off by the auditors will reflect those exact numbers.
Q. Which exact numbers?
A. The numbers that have my wages and any other lease payments or outstanding debts.
Q. Let me direct your attention to paragraph 1.2 about halfway down the page and in particular subparagraph a) and then bullet, the third bullet point and I'll read that sentence aloud.
"All rights to cash advances, non-employment debt, and payroll debt in the amount of approximately $856,432."
Do you see that?
A. Yes.
Q. What does payroll debt refer to?
A. I don't know.
Q. Did you have some understanding at the time you signed it what payroll debt was referring to?
A. I'm sure at the time I understood it.
Q. Did you raise any questions about what was meant by payroll debt with anyone to your
0107
recollection --
A. No.
Q. -- prior to signing this document?
A. I don't recall. I don't know. I don't. But there would be -- other than the overall substance of the document there isn't much in here that would be a big discussion point.
Q. Isn't it a fact, Ms. Wallace, that the

payroll debt refers to your back wages?
     A. No.
     Q. Why do you come to that conclusion?
     A. Because there is separate documentation that is present that anyone could look up. I think the problem might be is people don't know how to find it but it is in there and you could go to those filings, both the public filings and the bankruptcy filings and it will actually score out the numbers. It's as simple as that. It does not include the debt.
          856,000 had a cash transaction of promissory notes. The rest is all stated. It's in black and white. You could look it up on Edgar. And again I'm not trying to be argumentative. I'm trying to answer as best as I can and I keep coming back to the same place.
0108
     Q. Okay. What does the payroll debt that is part of the $856,432 refer to?
     A. I have no idea.
     Q. Okay. The cash advances that are part of the $856,432, what does that refer to?
     A. The bulk of that has to be my money. Straight cash.
     Q. And those are all reflected in the notes?
     A. Absolutely.
     Q. The notes --
     A. I'm sorry.
     Q. The notes that you were issued by the company; correct?
     A. Yes.
     Q. What does non-employment debt refer to?
     A. I don't know.
     Q. Have you now told me about all the debt that you believe existed other than that that's reflected in Exhibit No. 2 at the time that this transaction occurred?
     A. I'm sorry. Again a little confusing. Are you asking --
     Q. Let me restate it.
          Have you now identified all the debt that existed other than that debt that is identified in
0109
Exhibit No. 2? And I believe just so we are clear you were talking about back wages, leases and any liabilities that were incurred through the bankruptcy.
     A. Correct.
     Q. So there are no other debts that you are aware of other than those items?
     A. I don't think so. I'm not sure. I don't recall.
     Q. Okay. Under paragraph 1.2 subparagraph b) talks about the total compensation or I should say consideration paid in connection with the stock purchase and note assignment.
          Do you see that?
     A. Yes.
     Q. If you add up those amounts it talks about $250,000.
          Do you see that?
     A. Yes.

Q. Would you agree that that's the amount that is stated in paragraph b)?
A. Yes.
Q. I should say 1.2, paragraph b).
Did you or did you or Ms. Sim receive the $250,000 provided for under this agreement?
0110
A. Yes.
Q. I want to direct your attention to the fourth page. It's got the Bates No. 78 at the bottom.
A. Yes.
Q. Paragraph 2.1.5 entitled "Full Disclosure" and I'll read it into the record.
"None of the representations and warranties made by Wallace and Sim herein will contain any untrue statement of material fact, or omits any material fact, the omission of which would be misleading."
Do you see that?
A. Yes.
Q. Did I read it correctly?
A. Absolutely.
Q. Do you believe that this is a true statement?
A. Yes, I do.
Q. So it's your understanding that this particular document, Exhibit No. 2, does not omit any material fact that should have been disclosed in connection with this agreement?
A. Yes.
0111
Q. Okay. Now I'll mark for purposes of identification as Exhibit No. 3 a one-page document with the Bates No. K/M 51. Hand a copy to your counsel and place that in front of you, Ms. Wallace.
(Deposition Exhibit 3 was marked for identification by the court reporter.)
THE WITNESS: Thank you. Yes.
BY MR. GUTMAN:
Q. The document is entitled "PROMISSORY NOTE" and in the upper left-hand corner it says "Principal Amount $248,325.00."
Do you see it?
A. Yes.
Q. Do you recognize this document?
A. Yes.
Q. When is the last time you saw a copy of this promissory note?
A. I believe it's in Mr. Kagel's complaint or what do you call it, complaint.
Q. Okay. So sometime after this litigation started?
A. Yes.
Q. Any time since then?
A. No, I don't think so.
Q. At any time since this litigation was
0112
commenced did you review any documents that you have in your possession to determine whether or not you had any additional documents that were responsive to any requests made for documents?

A. Sure. I would -- if there was a request for documents, my attorney asked me to produce what I have, I would go hunting and whatever I found I would give to her.
Q. Did you find any additional promissory notes other than the one that we are looking at?
A. Um, not right now but I am still on the hunt.
Q. Where do you intend to look?
A. Everywhere I can.
Q. Where have you looked so far?
A. All through my house. It's a big house. And in between everything else I do with my children every now and then I take a few hours and maybe think I'll find something.
Q. Where is this house located?
A. In Arizona.
Q. Whereabouts?
A. On Cheney Drive.
Q. What city?
A. Paradise Valley.

0113

Q. Other than the home on Cheney Drive in Paradise City --
A. Paradise Valley.
Q. -- Paradise Valley have you looked in any other places to see if you could find any other documents that are related to the transaction or the issues in this lawsuit?
A. Not right now, no.
Q. Do you intend to look in any other locations other than in your house?
A. I will always intend to look for things as best as I can whenever there is a problem. So, yes, I will keep looking if I think I can think of another place or something.
Q. Did you look in your storage facility?
A. No. Unfortunately, no.
Q. Is there some reason that you did not look in there?
A. Yes.
Q. Why?
A. It's jammed packed and I don't want to. Not right now. I'm busy with the holidays. I'm busy with SDI. Whenever I get a chance to get to it I'm sure I'll look.
Q. Have you asked anybody else to look for any documents either in your house and any office that you've ever occupied or in any storage facility in which you've had documents stored? And when I say have you asked them to look for any documents, in connection with this lawsuit.
A. I think I asked my children to pull some boxes out of the garage and I think I asked my sister to look through a couple boxes but that's about it.
Q. Okay. Directing your attention to Exhibit No. 3, do you know who prepared this promissory note?
A. No.
Q. Is that Grace Sim's signature to the best of your knowledge?

A. Yes.
Q. Do you know when this note was prepared?
A. No, but it has a date on it.
Q. Do you have any reason to believe that that's not an accurate date?
A. I don't know. Do I have any reason? I see what it says. It's quite possible. Do I recall exactly, no, I don't but it has this date on it and maybe that's the date.
Q. And the date we are referring to is the
0115
15th day of March 2003; correct?
A. Well, there is another date.
Q. What's the date you are referring to?
A. The one up above in the first paragraph, due and payable on June 15th of '03.
Q. Okay. I'm talking about the date --
A. Oh, okay.
Q. -- signed this 15th day of March, 2003.
You see that?
A. Yes.
Q. Do you have any reason to believe that this promissory note that we marked as Exhibit No. 3 was not signed on the 15th day of March 2003?
A. I hate those kind of questions because it's so -- I don't absolutely know that that's the date it was signed. I'm looking at it and it says the 15th of March. It more than likely could be the 15th of March or some area around that time. I know some kind of document was done like this but you are asking me absolute. I don't have an absolute.
Q. Well, for example, do you have any reason to believe that this document was prepared sometime in 2004?
A. No, I don't have any reason to think that.
Q. So are you certain that it was prepared in
0116
2003?
A. Probably sometime in 2003.
Q. And what leads you to that conclusion?
A. The amount is a little off from later so --
Q. What is that based on?
A. Well, the 248,000 like I explained before, there was a cumulative effect and in March 2003 at that point which I've also explained before to this day I still get documents from the U.S. tax department for me to pay taxes, back taxes on the two companies MMC and MW Medical.
So this date, this number would probably be sometime around 2003, in that moment of time might be that number.
MS. AMBROSIO: Can we put the heat on in this room?
THE WITNESS: It's a little cold.
MS. AMBROSIO: Because it's freezing in here.
THE WITNESS: You keep the butter in here?
MR. GUTMAN: Why don't we go off the record for a minute.
VIDEO OPERATOR: Going off the record. The time is 2:41.
(Recess.)
0117

VIDEO OPERATOR: Back on the record. The time is 2:41.

BY MR. GUTMAN:

Q. Do you know whether or not the promissory note that we are looking at that's been marked as Exhibit 3 was prepared in 2004 so that it would complete the set of documents to be used in connection with the transaction of the stock purchase and note assignment agreement that we looked at in Exhibit No. 2?

A. No.

Q. It was not or you don't know?

A. Again, in 2004, if you are asking about 2004 at the time of the stock purchase agreement, I'm looking at the amount of money and the best of my recollection like I stated before the number seems to trigger sometime around '03.

Q. Well, I'm not stating that the number may be wrong. What I'm suggesting possibly is whether or not this note, Exhibit 3, was prepared in 2004 but the number was inserted to make it look like --

A. No.

Q. -- it was prepared in 2003.

A. No.

Q. What leads you to that conclusion?

0118

A. I would not -- I would not have documents prepared or things signed, neither will Ms. Sim knowing our history and then fill numbers in later. It just -- that's what would lead me to believe that you don't insert something and then put a number. No. No.

Q. So then every document that you or Ms. Sim signed would have the date that the document was actually signed on it; is that what you are saying?

A. Relatively in a relative time period. Anything that is, you know, within a certain -- listen, something could happen three days down the road or a week or something only because. But it would not be a year. It just would not.

Q. So what do you consider a relative time period when you are referring to the time period in which it's acceptable to sign something that's not on the exact date that's stated?

A. The day after, two days at the most. If somebody is sick we might review it again. Something like that. And if it's important and it's in a filing we would actually change the date.

Q. Okay. So, for example, with Exhibit No. 2 even though it says March 15, 2004 --

A. '03.

0119

Q. I'm referring to Exhibit No. 2 now.

A. Oh, I'm sorry.

Q. The stock purchase and note assignment agreement.

A. Yes.

Q. -- it would be your testimony that that would have been signed within two days of March 15, 2004?

A. Again, I am pretty sure that this is in the public filings and they would insist that the date be the date of the signing.

Q. I'm not asking about public filings or anything like that. I'm asking is it your testimony that you would not have signed that agreement with more than two days deviating from March 15, 2004?
A. That's fair, yes.
Q. Okay. So it's your testimony that the Exhibit 2, the stock purchase and note assignment agreement, that you definitely did not sign that any time after March 17, 2004; is that accurate?
A. Sure, yes.
Q. Thank you.
All right. Going back to Exhibit No. 3, do you know what the purpose of this promissory note being issued was?
0120
A. No, I don't know.
Q. Well, why was the company issuing this promissory note in the amount of $248,325 to you?
A. Again, from time to time for filing, from time to time as requests from auditors there would be an amount of money that has not been reflected in the 856,000 in this number that would keep accumulating. So at this date and at this time that amount of money probably reflects that.
Q. All right. Directing your attention to the third paragraph of Exhibit No. 3.
A. Yes.
Q. I'll read it.
"This Promissory Note is made in settlement of all wages and employment fees owed to payee to date."
Do you see that?
A. Yes.
Q. Did I read it accurately?
A. Yes.
Q. Do you now understand that this particular promissory note was for wages and employment fees?
A. As of this time, yes.
Q. That would be as of March 15, 2003; correct?
0121
A. Right.
Q. Now I'll direct your attention back up to the first full paragraph. At the very end you noted that there was another date other than March 15, 2003. It talks about June 15, 2003.
You see that?
A. Yes.
Q. That's the date that this note, Exhibit No. 3, is due and payable.
You agree with that?
A. Yes.
Q. Why was the date of June 15, 2003 selected on this note as the due date?
A. I have no idea; however, and I will go back again, it was cumulative. If the company or whoever could not pay me that amount of money it kept running and then there would be another note that would have another date that would say it must be paid by this time. It's all my money. I still had control of the company. I just had to keep updating the records as the debt accrued. So that's why you see a date.

MR. GUTMAN: Move to strike everything as nonresponsive after I have no idea.
Q. With respect to any time after June 15,

2003 was there another promissory note issued by the company for wages and employment fees owed to payee to date?
A. I don't know.
Q. Do you recall ever seeing such a note?
A. No, I don't recall.
Q. Did you ever make a demand to the company for payment of the outstanding amounts owed for wages and employment fees?
A. No.
Q. Did you ever declare the company in default for failure to pay any wages or employment fees?
A. I believe it's in the public filings.
Q. All right. My question was not what you believe in public filings. My question was did you make a demand to the company for --
A. No.
Q. -- payment?
Thank you.
I'll mark for purposes of identification as Exhibit No. 4 a one-page document with a Bates No. 52. It's entitled "NOTICE OF PARTIAL CANCELLATION OF PROMISSORY NOTE".
(Deposition Exhibit 4 was marked for identification by the court reporter.)

BY MR. GUTMAN:
Q. Have you ever seen this document before?
A. Yes.
Q. Is this your signature on there?
A. Yes.
Q. Do you know when you signed this particular document?
A. There is a date on there that says June of 2004. Maybe it's around then. But I don't recall exactly.
Q. Well, you said earlier that you wouldn't sign documents that were more than a couple of days off from the stated date.
A. Uh-huh.
Q. You still agree with that?
A. Uh-huh.
Q. Is that a "yes"?
A. Yes.
Q. So do you have any reason to believe that you did not sign this document that we marked as Exhibit No. 4 sometime in June of 2004?
A. This document says June 2004 with no date filled in. If my two-day rule applied that means I have a span of another 28 days. So how can I answer that question?

Q. Where you get 28 days? I thought you would get four days.
A. No, I'm sorry. June with no specific date. If I accept June to have 30 days and I told you maybe in around a two-day time period this doesn't apply at all and you preferenced the question with it because June has 30 days. I signed this document

in blank.
Q. Is that a practice of yours, to sign documents with no dates?
A. If the person who presented to me or the situation presented to me made some sort of sense, yes, I may choose to do that.
Q. What are those situations that would make sense to you where you sign documents without a date on them?
A. Without recalling all of them I certainly recall this one.
Q. What was the situation that led you to sign this document, Exhibit No. 4, without the date filled in?
A. Mr. Medley, representative of Davi Skin in the reverse merger, for a short period of time in the reverse merger I was the president of Davi Skin or Davi or whatever the name was and when I switched
0125
off and Parrish became the officer for the company this document was created so that Parrish Medley can have the rights to use my note to convert it if he so wished to give it to investors so that they would have the right to a tacking period to either gain free trading shares which could be converted to cash or cash. That's exactly what I was told.
Q. Okay. Let's take a look at this note -- at this document. It says,
"NOTICE OF PARTIAL CANCELLATION OF PROMISSORY NOTE."
You agree with that, that's the title?
A. Yes.
Q. It says,
"To: Davi Skin, Inc., f.k.a." I presume that means formally known as "MW Medical, Inc.;" correct?
A. Yes.
Q. Pursuant -- and I'll just read it. It's short. It's one sentence.
"Pursuant to that certain agreement for the sale of stock, the undersigned hereby elects to cancel a portion of the attached Promissory Note dated March 15, 2003 in the amount of $301,719.90, and
0126
agrees to reduce the amount of principal owing on the Note by that amount, leaving a balance owing of $200,000 plus any accrued interest from the date of issuance."
Did I read it correctly?
A. Yes.
Q. Do you know who prepared this particular document, Exhibit No. 4?
A. No.
Q. Do you know when it was prepared?
A. No.
Q. And as we already discussed you are not sure when it was signed; correct?
A. As I sit here today, no, I'm not sure exactly when it was signed.
Q. Do you know if this was signed before or after Exhibit No. 2, the stock purchase and note

assignment agreement?
A. It would be after.
Q. You agree that the first paragraph, the certain -- where it says -- I should say the first line, certain agreement for the sale of stock, that's referring to Exhibit No. 2, is it not, the stock purchase and note assignment agreement dated
0127
March 15, 2004; is that correct?
A. I don't know if that's correct.
Q. Well, do you know of any other agreement for the sale of stock?
A. Not that I could think of right now.
Q. Have you ever seen any other agreement for the sale of stock?
A. Not that I can recall.
Q. Do you have any reason to believe when it's referred to in the first line of Exhibit 4, this notice of partial cancellation of promissory note, where it says pursuant to that certain agreement for the sale of stock that it's not referring to Exhibit No. 2, the stock purchase and note assignment agreement dated March 15, 2004?
A. I don't know. I really -- it could be but I really -- you want absolute answers from me and I really don't know.
Q. Is there some reason that you don't know?
A. Only because it's over two years ago and there is lots of transactional documents that take place when you are doing this. And the attorneys set it all up. So am I absolutely sure there weren't other ones, no, I can't say I don't, whatever.
0128
Q. When you say the attorney set it all up what attorney or attorneys set it all up?
A. I'm sorry. Draft documents. They help in the draft of these documents. So there is lots of documents that you see and you read and it's over two years ago. If I don't recall or know exactly if this pursuant to that certain agreement for the sale of stock refers to your Exhibit No. 2 I can only tell you I don't absolutely recall.
Q. Okay. As you sit here today do you recall ever seeing any other agreement for the sale of stock from MW Medical to Davi Skin, Inc.?
A. You know, I got to say I'm not sure. I don't know.
Q. All right. Let's continue with -- Exhibit 4 we are looking at. That's still on that first line, the undersigned hereby elects to cancel a portion of the attached Promissory Note dated March 15, 2003. And then it says in the amount of $301,719.90.
A. Yes.
Q. Can you take a look back for a moment at Exhibit No. 3. It should be right underneath four in front of you.
A. Sure.
0129
Q. And you see this is a promissory note, Exhibit No. 3, signed this 15th day of March 2003.
Do you see that?

A. Yes. I'm sorry. My neck is stiff. Yes.
Q. In Exhibit No. 4 where it refers to the attached promissory note dated March 15, 2003 in the amount of $301,719.90, is that referring to Exhibit No. 3 or some other note?
A. Again, as I kept putting money in I would have accruals done and when you asked me could there be other promissory notes I said to you there could be. At some point between 2003 and 2004 that number went up whether it be bearing interest or more money that I had put in.
So at this point it could very well be that it's reference from this start point and now it's this amount but I don't know absolutely that I am sure because there were several notes.
MR. GUTMAN: Move to strike as nonresponsive.
Q. I'll make it very simple. You can answer "yes" or "no" or "I can't answer it."
A. Okay.
Q. The reference in Exhibit No. 4 where it says the attached promissory -- the attached
0130
promissory note dated March 15, 2003, is that referring to Exhibit No. 3 or not? "Yes," "no" or "I don't know"?
A. I don't know.
Q. Okay. Do you know of any other promissory notes that were issued by the company to you dated March 15, 2003?
A. I don't know.
Q. Fine.
Do you know the reason why Exhibit No. 4 was created?
A. I'm sure it had something to do with the transaction, the reverse merger.
Q. Do you know why the Exhibit No. 4 was created to address the reduction of the principal amount owing on the promissory note dated March 15, 2003?
A. I would only state that it might be if I read this that in the negotiation they didn't want to pay 301,000 and they wanted me to forgive an amount down to $200,000.
Q. Are you speculating or do you have a specific recollection of that?
A. I am absolutely speculating.
Q. All right. Do you have any recollection
0131
whatsoever as to the reason why you are reducing the amount of a promissory note dated March 15, 2003?
A. Other than somebody might have asked me, no.
Q. I'll mark for purposes of identification as Exhibit No. 5 another promissory note with the Bates No. -- you can keep all those out because we are going to be referring back to each of them from time to time.
(Deposition Exhibit 5 was marked for identification by the court reporter.)
THE WITNESS: Oh, okay.
BY MR. GUTMAN:
Q. As I indicated Bates No. 43 --

You have that?
THE REPORTER: Yes.
MR. GUTMAN: Thank you.
BY MR. GUTMAN:
Q. -- appears to be a promissory note.
Have you ever seen this note before?
A. Yes. Again I think it's attached to something.
Q. The date as printed on here signed this blank day of June 2003, do you see that?
A. Yes.
0132
Q. And then you see where it says Davi Skin, Inc.?
A. Yes.
Q. Do you recognize the signature on this promissory note?
A. Yes.
Q. Whose signature is that?
A. Parrish Medley.
Q. Was Parrish Medley the president of Davi Skin, Inc. as of June of 2003?
A. Impossible.
Q. And why is that?
A. It never existed in 2003.
Q. When did it begin to exist?
A. Davi Skin?
Q. Right.
A. As far as I know 2004.
Q. When in 2004?
A. I'm not sure.
Q. When is the earliest in 2004 that it could have existed?
A. Sometime just prior to March I would think.
Q. Why prior to March?
A. Because if I take a look at this transaction, the sale of the stock, I believe it was
0133
around that time that Davi Skin started to exist because if this is a stock purchase agreement, the stock purchase agreement for the transfer of those shares, this company would have just been existing. Again, it's in the records.
Q. Okay. So do you have some understanding as to why this particular promissory note has a date of June of 2003?
A. The only thing I could think of is a typo.
Q. Okay. Now let's look at the first paragraph of this promissory note.
"FOR VALUE RECEIVED, the undersigned, DAVI SKIN, Inc., a Nevada corporation (or its successor or assigns) promises to pay to the order of Jan Wallace, an individual," and then it goes on to say "TWO HUNDRED THOUSAND and NO CENTS ($200,000.00) in U.S. currency. The entire amount of principal with 10 percent (10%) per anum shall become due and payable on December 31, 2004."
Are you following with me?
A. Yes.
Q. What was your understanding of the basis for this note being issued?

0134
A. That that was the last remaining amount of monies that the company would owe me and was transferred over when Davi Skin was formed.
Q. Why did the company owe you any money as of the time that this promissory note, Exhibit No. 5, was created?
A. Because I put a lot of money into MW Medical and when the reverse merger was done in the transaction I transferred certain assets and certain things, debt was still owed to me and that was transferred.
Q. What did this $200,000 represent?
A. Again, everything that was not in this, back wages, any other costs, these payments that were done on the equipment. Anything at all that did not reflect in the stock purchase agreement was the amount of money left over as a debt burden to the new entity.
Q. Why wasn't that included in the stock purchase and note assignment agreement?
A. Just the way it was negotiated.
Q. Do you have a recollection of participating in that negotiation?
A. I believe somebody said what do you want. I believe I said this is what I want to do this and
0135
then a portion of it was transferred over as debt.
Q. When did you have this conversation with somebody?
A. Oh, gosh. It went back and forth. Mr. Medley was on the telephone sometimes. Sometimes he had other people on the phone. Kyleen could be on the phone. They're just in the negotiations of the reverse.
Q. Do you have any notes or documents that reflect any of the negotiations --
A. No.
Q. -- of the reverse as you describe it?
A. No.
Q. Do you have any documents that reflect that that's the purpose of this $200,000 note, Exhibit No. 5?
A. Only all those that are outlined in all the promissory notes and all the money tracks in the auditor's filings. That is my money. It was a debt left. It was transferred as a debt to Davi outside of the stock purchase agreement.
MR. GUTMAN: Can you read back my last question, please.
(The following record was read:
Do you have any documents that
0136
reflect that that's the purpose of this $200,000 note, Exhibit No. 5?)
BY MR. GUTMAN:
Q. Do you have any documents that reflect the purpose of the $200,000 note was to pay debt that was owed to you by MW Medical, Inc. that was outside the stock purchase and note assignment agreement of Exhibit No. 2, reflected in Exhibit No. 2?
A. Other than promissory notes, documents submitted for the filings and any transactional

documents that were done in the reverse merger which would also be reflected in the public filings of Davi Skin I can't imagine there is more than that.
     Q. Which documents are you referring to when you say other than the promissory notes? Which promissory notes are you referring to?
     A. If we wanted to accept that this is a typo for the date this is a promissory note.
     Q. Okay.
     A. Okay.
     Q. So does -- sorry. Finish your answer.
     A. The amount of 301, whatever it is, that number comes because the public auditors tracked all of the money that was owed to me and recorded it.
     Q. Have you completed your answer?
0137
     A. I think as best as I can.
     Q. Which promissory notes are you claiming refer to the debt that was owed to you by MW Medical as of the time that the stock purchase and note assignment agreement was executed?
     A. The promissory notes would be all of the notes that were handed down from MW Medical through the bankruptcy and filed.
     Q. Which notes other than Exhibit No. 5?
     A. I don't know.
     Q. Are you claiming that you are owed $200,000 by Davi Skin as the result or based upon Exhibit No. 5?
     A. Absolutely.
     Q. Are there any other promissory notes that you believe evidence a debt that's owed to you by Davi Skin?
     A. Except for the public filings and the auditors, no.
     Q. Forget about public filings and auditors.
     A. Right.
     Q. Listen to my question if you would, please.
     A. Yes.
     Q. Are there any other promissory notes that you are claiming evidence an indebtedness by Davi Skin to you?
0138
     A. Any other ones?
     Q. Other than Exhibit No. 5.
     A. I don't know.
     Q. What would you do in order to determine whether there are other promissory notes that reflect an obligation by Davi Skin to you other than Exhibit No. 5?
     A. Other than look?
     Q. Well, Ms. Wallace, you brought a counterclaim in this lawsuit.
     A. Yes.
     Q. What I'm trying to understand is Exhibit No. 5 the note that you are claiming is the basis for your claim against the company?
     A. This is one of the documents.
     Q. Well, is there another promissory note that you are claiming you are owed money by Davi Skin pursuant to this claim that you are owed for back wages and lease rights and other obligations incurred in connection with MW Medical? Is there

another promissory note other than Exhibit 5?
A. There is this promissory note and the only other thing that I can tell you as of today that I can rely on is the public filings and the
0139
certification that the note is owed me.
Q. Okay. But my question is this promissory note that we are looking at, Exhibit 5 --
A. Uh-huh.
Q. -- this is the promissory note that is the basis for your claim against Davi Skin, is it not?
A. Yes.
Q. All right. So there is no other promissory note that you are claiming is the note by which Davi Skin owes you money; correct?
A. As I sit here today I can't think of any others or if I have any others.
Q. Thank you.
Let's mark for purposes of identification as Exhibit No. 6 a one-page document with the Bates No. 54.
(Deposition Exhibit 6 was marked for identification by the court reporter.)
BY MR. GUTMAN:
Q. You know what, before we go to that can I go back to Exhibit No. 5 if you don't mind.
A. Sure.
Q. I guess if you don't mine is kind of rhetorical because I'm going to ask you to go back to it anyway.
0140
I want to direct your attention to the third paragraph,
"The holder of this note and beneficiary of the Security Agreement may, at its option, convert all or any portion of the promissory note to equity" . . . and then the sentence goes on.
But what I want to direct your attention to specifically is beneficiary of the security agreement. Do you know what that refers to?
A. Where are we? I'm sorry.
Q. The third full paragraph on Exhibit 5.
A. Note and beneficiary of the security agreement may, yes.
Q. Who is the beneficiary?
A. The only person I could think of is Jan Wallace.
Q. Okay. What's the security agreement?
A. This paragraph is actually gleaned from all of my promissory notes with MW Medical.
Q. Is that right? Why don't we take a look at Exhibit 3 and put it side by side with Exhibit No. 5.
A. Which one is three?
0141
Q. Exhibit 3 is the $248,325 note.
A. Right.
Q. And you got that now side by side with Exhibit No. 5 and we will take a look at that last paragraph and if you look in Exhibit No. 3 you will see clearly that promissory note in the amount of

$248,325 has no mention of beneficiary of the security agreement.
Do you see that?
A. Are you talking about the same last paragraph?
Q. I'm talking about the last paragraph of Exhibit 3 when compared to Exhibit No. 5. In Exhibit No. 5 it refers to and beneficiary of the security agreement. We just looked at that --
A. Right.
Q. -- that phrase.
A. Right.
Q. You will see in Exhibit No. 3 there is no mention of any beneficiary of the security agreement. That phrase does not appear in that paragraph.
Do you agree with that?
A. Not in this one, no. I agree with that.
Q. And if you look -- and I can tell you that I've looked at it but I want you to feel comfortable with my representation that otherwise that final paragraph appears to be identical in both Exhibit 3 and Exhibit 5 but for the beneficiary of the security agreement language.

0142

A. I agree with that.
Q. Okay. Now, is this the standard form that MW Medical was using in connection with the promissory notes that it was issuing to you?
A. As I recall today without your inclusion of beneficiary I would not be able to say absolute. I don't recall because there was so many notes that I've told you that paragraph may have appeared in other notes. So I don't know.
Q. Is Exhibit No. 3 the standard form of promissory note that MW Medical issued to you in connection with the debts that were owed to you?
A. Oh, no.
Q. So Exhibit No. 3 is not a standard format of promissory note that MW Medical issued to you?
A. That's correct.
Q. All right. Do you know who prepared Exhibit No. 3?
A. Again, I think you asked me and I told you I didn't know who prepared it.

0143

Q. If in the course of -- withdraw that.
How many different people prepared promissory notes on behalf of MW Medical?
A. There was Grace Sim at one point. There was Dean Drummond. Sometimes Dean would ask the secretary who I think at the time had a name called Marilyn or Meredith or something. They may draft it. A few people I suppose. Three. That was three.
Q. Did they use -- those three people, did they use different forms each time one of them prepared a promissory note?
A. I believe if I recall there was three or four or five of them that were done in one format. There were odd ones that were done in between. Like I said, as I kept dumping money they couldn't keep up with drafting of all the notes, all the UCCs, so

on and so forth. So sometimes it might look a little different but overall the substance was just about the same.
Q. If I recall your earlier testimony there were about six or seven promissory notes that were issued to you by MW Medical from the time of the bankruptcy through the time -- until the time of the sale.
0144
Does that sound accurate?
A. I'm sorry. Say it again. Where did you start?
Q. My impression and I may be wrong. I'm not trying to test you as to what your recollection of the record is. I'm just trying to see if I'm accurate that there are about six or seven promissory notes issued to you by the company from the time of the bankruptcy until the sale in March of 2004; is that correct?
A. No, and I'm going to be helpful.
Q. I hope so.
A. It's not correct because you started in the wrong place. The notes started to exist in MW Medical, went from MW Medical into the bankruptcy court and on to Davi Skin. They started in MW Medical.
Q. Okay. Maybe I'm not clarifying. I just wanted to get a general sense of how many notes had been issued in your favor by either MW Medical or Davi Skin. We are looking at two. We have got Exhibit 3 and Exhibit 5.
A. Right.
Q. How many additional promissory notes were there?
0145
A. There could be six, half a dozen. Probably someplace around six. Five to seven, settle at six. Someplace around there.
Q. And do we have actual copies of those promissory notes somewhere?
A. Again, I did a general kind of look see where I thought something might be, haven't found them, may find them; however, I would be very surprised if they are not listed in the public filings.
Q. I understand. Other than listing in the public filings --
A. Right.
Q. -- I want to see the actual promissory notes.
A. Oh, okay.
Yeah, as I sit here today I don't have them in my possession.
Q. So you have not seen any of them in the last say two years?
A. Yeah. I might have seen them before that but it doesn't jar my memory that I saw them.
Q. Okay. So referring back to Exhibit No. 5 with that language beneficiary of the security agreement --
0146
A. Yes.
Q. -- do you have any idea or understanding as

to what that security agreement is referring to?
     A. Well, no. The answer would be no. Would I guess? You don't want to know what I guess. Okay.
     Q. Everybody would like to guess.
         All right. Going back to Exhibit No. 6.
     A. This one?
     Q. Loan extension.
     A. Yes.
     Q. Entitled -- got Bates No. 54 on it.
     A. Yes.
     Q. Do you recognize this document?
     A. Yes.
     Q. Is that your signature on this document?
     A. Yes.
     Q. Do you know to what loan this particular document relates or pertains?
     A. The $200,000 note.
     Q. So that would be Exhibit No. 5; correct?
     A. Okay.
     Q. So in your mind you are absolutely certain that this extension as reflected in Exhibit No. 6 relates to the $200,000 promissory note that we have marked as Exhibit No. 5; correct?
0147
     A. Okay. Just so I can clarify, given the fact that we accept that this date is wrong because otherwise it can't be right, if you say that date is the right date it can't be the promissory note because that company didn't exist.
         So given that oddity and given the fact that I've already stated there might be more notes, if we'd like we can make this loan extension be the same as this.
     Q. We are not negotiating what documents may or may not exist. I'm asking you just to identify this loan extension to the best of your knowledge does this loan extension document relate to Exhibit No. 5?
     A. To the best of --
     Q. "Yes" or "no"?
     A. To the best of my knowledge I guess it's yes.
     Q. Okay. Why did you issue this loan extension?
     A. Because Mr. Medley asked me to.
     Q. When?
     A. Well, if I look at the fax header date probably around April.
     Q. April 13, 2004 is the fax legend date that
0148
you are referring to on the top left-hand portion of Exhibit 6; correct?
     A. Yes.
     Q. Why did Mr. Medley ask you to? Did he explain why he wanted --
     A. Yes.
     Q. -- a loan extension?
     A. Yes.
     Q. What is your recollection of the conversation pertaining to this loan extension document?
     A. He told me something about he had investors, Japanese I think they were, Japanese

investors or something and he was negotiating lots of things and could I do the company a favor and extend the loan until December 31st of 2005.
Q. Did you ask for anything in return?
A. Yes.
Q. What?
A. I asked for 50,000 shares and not from treasury but from Mr. Medley himself.
Q. And did you receive those shares?
A. No, he never gave them to me.
Q. Did he say that he was going to give them to you?
0149
A. Yes. If I recall he actually signed a document saying that.
Q. When is the last time you saw that document?
A. I can't remember the last time. Probably in the same files of all this. But I certainly recall when people make me a promise to pay me something I recall. So I made him sign it.
Q. So you have a signed agreement from Mr. Medley stating that you are going to get 50,000 shares in exchange for signing the loan extension that we marked as Exhibit No. 6 extending the $200,000 loan to December 31, 2005; is that your testimony?
A. My testimony is I remember that Mr. Parrish Medley asked me to extend this note to December 31st of 2005, and as a matter of fact if my memory serves me right I think there is another one with this. In response I said to Mr. Medley after he explained what he wanted to use it for and all the good reasons I said okay. Fine, Parrish, but this ain't free. He said what do you want. I said I want 50,000 shares and I don't want it from treasury and he said he would be not willing to give me 50,000 shares and he negotiated me down to 10,000 shares.
0150
I said fine, Parrish. Send me something in writing and I think he sent me something in writing.
Q. You haven't produced that writing that evidences the agreement to give you 10,000 shares in exchange for this loan extension agreement; is that correct?
A. I haven't produced it. I may find it but you asked me to recall and this triggers my memory.
MR. GUTMAN: Just for the record I'm going to note for the benefit of counsel that if there are going to be subsequent documents produced we are going to come back and examine the witness starting from ground zero because this is absurd that there has been absolutely no effort to uncover and discover all the documents that were required to be produced in response to the requests for production.
MS. AMBROSIO: Counsel, that's not true. She told you she went and -- Counsel, my understanding of what the witness sitting next to me today said is that she looked in the most logical place for these documents.
MR. GUTMAN: I don't think that satisfies the obligation under the federal rules of civil procedure and I think you know that.

Q. But you haven't produced such a document. That's correct; right?
A. No. What I said is I haven't found it. I recall it.
Q. All right. Let's mark for purposes of identification as Exhibit No. 8 a one-page document with the bates No. 74, "ASSIGNMENT OF PROMISSORY NOTE."
(Deposition Exhibit 8 was marked for identification by the court reporter.)
BY MR. GUTMAN:
Q. You recognize this document?
A. Yes.
Q. Whose signature is that on this document, Exhibit No. 8?
A. Grace Sim.

0154

Q. Do you have some understanding as to why Grace Sim was signing an assignment of a promissory note?
A. No.
Q. Do you know which promissory note that Grace Sim might have had an interest in?
A. I would think this probably went with something to do with her. I don't know what it is.
Q. Do you know whether or not MW Medical had issued any promissory notes payable to Grace Sim?
A. I don't know. Could have been. She also was owed back wages.
Q. It also states that along with any other rights she may have as a creditor of said corporation in that first sentence on this assignment Exhibit No. 8.
Do you see that?
A. Yes.
Q. Do you know what any other rights that Grace Sim might have had as a creditor of the corporation of MW Medical, Inc.?
A. No, I don't recall.
Q. Do you have some understanding as to why Grace Sim issued such an assignment?
A. I'm sure again it was something that had to

0155

do with the reverse merger. That's Grace Sim. I really shouldn't be even trying to guess at what and why she did it. I just -- I really don't know.
Q. Well, you were the CEO of MW Medical, were you not?
A. Yes.
Q. And its president; correct?
A. Yes.
Q. And also the principal shareholder; correct?
A. Yes.
Q. Did you have some understanding as to what documents were being signed in connection with the reverse merger?
A. As I stated just before, I said I know that Grace was owed some back salaries also. So it may have had something to do with that. This is really over two years ago.
Q. All right. Do you understand now that based upon this assignment of promissory note that

Grace Sim was waiving all claims that she had for back wages?
A. That's what it says.
Q. Okay. Thank you.
A. Okay.
0156
MR. GUTMAN: Can we take a five-minute break?
VIDEO OPERATOR: Going off the record. The time is 3:28.
(Recess.)
VIDEO OPERATOR: Okay. We are back on the record. The time is 3:39.
MR. GUTMAN: All right. Ms. Wallace, I'm going to mark for purposes of identification as Exhibit No. 9. It's a one-page document with the Bates No. 56 entitled "ASSIGNMENT OF PROMISSORY NOTES" dated March, no date filled in, 2004.
(Deposition Exhibit 9 was marked for identification by the court reporter.)
BY MR. GUTMAN:
Q. Does that appear to be your signature?
A. Yes.
Q. Is that your address on Cheney Road?
A. Cheney Drive, yes.
Q. It's actually known as Cheney Drive; is that what you are saying?
A. That's what I know it as.
Q. All right. Let's read this assignment of promissory notes.
"For Value Received, the undersigned
0157
note holder, hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Notes issued by MW Medical, Inc. along with any other rights she may have as a creditor of said Corporation, to Parrish Medley or his designates."
Do you see that?
A. Yes.
Q. Did you sign it at -- withdraw that.
Did you read this prior to signing it?
A. Yes.
Q. Where it refers to attached promissory notes do you know what notes are being referred to?
A. No.
Q. Do you have some version of this document that has notes, promissory notes attached to it?
A. Me, no.
Q. All right. And it says notes issued by MW Medical, Inc. That's the name of the entity that you were the CEO of; correct?
A. Yes.
Q. And that's the entity that issued promissory notes to you before the back wages, lease rights and any other cash advances that you made;
0158
right?
A. Yes.
Q. Now, you see where it says along with any other rights she may have as a creditor of said corporation?

A. Yes.
Q. And you understood what that meant at the time you signed it, did you not?
A. Yes.
Q. And you understood that it meant that you were waiving all claims to have any monies, to collect any monies against the corporation; didn't you understand that?
A. That's what this says.
Q. Well, did you not intend for this to be valid at the time that you signed it?
A. Yes.
Q. Let me restate that question. A little bit inartful.
At the time that you signed this assignment of promissory note that we marked as Exhibit No. 9 and intended for this to be a correct -- withdraw that.
At the time that you signed Exhibit No. 9 --

0159

A. Yes.
Q. -- you understood that you were waiving all claims to receive any monies from the company either MW Medical, Inc. or Davi Skin; correct?
A. When I signed this blank assignment and I read it I absolutely knew that I was signing a blank assignment. Did not waive my rights for forever.
Q. All right. When you say blank assignment what are you referring to as blank?
A. Well, to me unless you put a date in there it's got no time period to it and it was always my understanding that there was a time period for this assignment.
Q. Where does it say anywhere on this document that there is a time period with this assignment?
A. It doesn't.
Q. So how did you come to the conclusion that there had to be a date on there in order for there to be a time period with this assignment?
A. Mr. Medley.
Q. So what you are saying is that we shouldn't refer just to the assignment itself to determine what this assignment says?
A. Correct.
Q. So we need to refer to a statement you are

0160

attributing to Mr. Medley in order to interpret what the assignment of promissory notes Exhibit No. 9 means; right?
A. Yes.
Q. So what you are saying is Exhibit No. 9 entitled Assignment of Promissory Notes does not mean what it says; is that what you are saying?
A. I guess that's fair.
Q. So what you are saying is that if anybody who looked at this document, Exhibit No. 9, they should know that you did not intend for this assignment to be valid; is that what you are saying?
A. Anyone other than Mr. Medley and myself I would agree with that statement.
Q. So is there a single piece of paper in the world that you've ever seen that states that this

assignment of promissory notes is not valid?
A. If we are discussing the promissory note that is the note of $200,000, if the promissory, if this assignment was not for a moment in time there would be no need to get a loan extension.
MR. GUTMAN: Could I have my question back again.
(The following record was read:
So is there a single piece of paper
0161
in the world that you've ever seen that states that this assignment of promissory notes is not valid?)
BY MR. GUTMAN:
Q. Can you answer that question?
A. I'm sorry. Say it again.
Q. I'll repeat it.
A. Okay.
Q. Is there a single document anywhere that you've ever seen that says the assignment of promissory notes that we've marked as Exhibit No. 9 is not valid?
A. And my answer was if the $200,000 that you are referencing is the promissory note --
Q. Excuse me. Let me interrupt you and move to strike as nonresponsive.
Can you just respond to my question. We'll get done a lot quicker.
A. Mr. Gutman, I really am truly trying to do that.
Q. I appreciate your effort but perhaps we can just focus on this question --
A. Okay.
Q. -- and move along.
A. Maybe if you rephrase it.
0162
Q. Sure.
A. Is there a way you could rephrase it?
Q. Have you seen a document that states that Exhibit No. 9 is not valid?
A. I -- is it possible I could explain why I'm having a problem?
Q. No, it's not. You are going to answer this question, please, so we can move along.
Have you seen a document that says that Exhibit No. 9 is not valid? "Yes" or "no"?
A. If that's the way you are going to put it to me I'm going to have to say yes.
Q. Okay. What is the document that you've seen that states that Exhibit No. 9 is valid? And I don't want an explanation about the extension. I want to see a document that says Exhibit No. 9 assignment of promissory notes is not valid.
A. If you don't want to see the loan extension or you don't want me to explain it then my answer would have to be no, I don't know where the document is because I would have to refer to these documents.
Q. You would refer to what, the loan extension?
A. Yes.
Q. Okay. So the answer to my question is you
0163
don't know of a single document that says that the

assignment of promissory notes that we have marked as Exhibit No. 9 is not valid; is that correct?
A. I don't believe that this document as it is written and as I signed it as of that date makes this thing have no date applicable; therefore, in the way that it is written without a date or without my understanding of corresponding documents this is not -- my understanding is that it's just blank.
Q. When you say just blank you mean it's not valid?
A. To me it's not valid.
Q. Okay. And the reason that you don't believe it's valid is because it doesn't have a date on it?
A. No. Is that it doesn't have a corresponding time reference of that assignment and there was distinctly a time reference to this assignment.
Q. Are there any witnesses that you can identify who can confirm what you are telling us, that the assignment of promissory notes, Exhibit No. 9 is not valid?
A. Is Mr. Medley a witness?
Q. Other than Mr. Medley is there any other

0164

human being past or present, historical or living who can testify that assignment of promissory notes, Exhibit No. 9, is not valid?
A. The only way that I can say that there is somebody else is you would have to go and find out why the books of the company done and reported by the auditors shows that there is a time period on it.
Q. Time period on what? On the assignment of promissory notes?
A. On the assignment of the promissory notes and the note itself. They go hand and hand.
Q. Okay. So in other words as you sit here right now you cannot identify as a single witness who can confirm what you are saying, that the assignment of promissory notes is not valid; is that correct?
A. Except for Mr. Medley I guess not.
Q. All right. And you believe that Mr. Medley would testify in agreement with you that this assignment of promissory notes is not valid?
A. I have no idea what Mr. Medley would say.
Q. Well, maybe stick around and you will find out tomorrow.
A. Okay.

0165

Q. Isn't it a fact, Ms. Wallace, that you understood when you signed this assignment of promissory notes, Exhibit No. 9, that you were waiving any right to any monies from MW Medical, Inc. or Davi Skin?
A. No.
Q. Okay. So this -- when you signed the assignment of promissory notes, Exhibit No. 9, it was not a true statement; is that correct?
A. It is not a statement just left to this piece of paper.
Q. But what you are telling us is you did not

intend what is stated clearly in Exhibit No. 9?
A. I did not intend that this document did not have a corresponding date.
Q. Well, when you say a corresponding date is there a place on Exhibit No. 9 for a corresponding date?
A. Well, there is a date there but it's not filled in.
Q. Well, it says March of 2004 with a blank line for the day.
A. Right.
Q. So are you saying that every time that there is no specific day of the month filled in on a
0166
document that that document is not valid?
A. No, I am not saying that.
Q. Are you saying that there has to be a date on the document before that document becomes effective?
A. With all due respect --
Q. Can you answer my question, please. I don't want an explanation. You will have an opportunity. When you get up on a witness stand in the courtroom your attorney can ask you questions. I'd like you to answer my questions.
A. Mr. Gutman, I am a pleasant person and the only thing that I'm trying to tell you is if you keep asking me the questions rapid fire one after the other and I am trying to tell you exactly what took place and I'm not answering the way you want there is not much I can do.
Q. Ms. Wallace, let me just clarify something.
A. I'm trying to explain it.
Q. This is not your opportunity to explain what you want to explain. This is your opportunity to answer my questions and I put a very simple question before you. Is it your understanding --
A. Yes.
Q. -- that when a document is signed but not
0167
dated the document is not effective. It's a yes or a no.
A. I would say that that is no.
Q. Okay. So a document -- an agreement can still be effective even if there is not a date on it.
Would you agree with that?
A. I guess so. Maybe yes or whatever.
Q. Yet the only reason that you believe that this assignment of promissory notes, Exhibit No. 9, is not effective is because there is no date put in on the date line of this document; isn't that a fact?
A. No. What this doesn't say enough of is that this note and the assignment was to be within the time period that Mr. Medley controlled and it is not on this document and Mr. Medley couldn't put a date on it for numbers of reasons of which he understands. That's what I'm saying.
Q. Well, is there some other document that identifies what those reasons are?
A. No, but if you really want to know what they are they are there.

MR. GUTMAN: Okay. I move to strike everything after the word no.
0168
Q. Have you -- withdraw that.
Did you ask for a document setting forth the terms under which this assignment of promissory notes, Exhibit No. 9, would be effective before you signed it?
A. I couldn't ask for it.
Q. You couldn't or you did not?
A. I couldn't.
Q. Did you?
A. I did not because I could not.
Q. Okay. So did you have any conversation with anyone other than Mr. Medley about this assignment of promissory notes at any time before you signed it?
A. I don't recall. Maybe counsel. I don't know.
Q. Who prepared this assignment of promissory notes, Exhibit No. 9?
A. I don't know.
MR. GUTMAN: Mark for purposes of identification as Exhibit No. 10 a one-page document with the Bates No. 57.
(Deposition Exhibit 10 was marked for identification by the court reporter.)
BY MR. GUTMAN:
0169
Q. Also entitled "ASSIGNMENT OF PROMISSORY NOTES". I'll read it. It's short.
"For Value Received, the undersigned note holder, hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Note issued by Davi Skin, Inc., fka MW Medical, Inc., along with any other rights she may have as a creditor of said Corporation, to the individuals identified in Schedule A attached hereto in the amounts specified."
Did I read it correctly?
A. Yes, you did.
Q. I note that you are comparing Exhibit No. 10 side by side with Exhibit No. 9.
A. Yes.
Q. Is that a fact?
A. Yes. It now makes sense.
Q. That's fine. I'm glad that you have had the opportunity to put things together in your mind.
Do you know when you signed Exhibit No. 10?
A. Ah, no.
Q. Did you sign Exhibit No. 10?
A. Yes.
0170
Q. Do you know who prepared Exhibit No. 10?
A. No.
Q. Do you know when it was prepared?
A. No.
Q. Do you know what note is being referred to in Exhibit No. 10 when it states that there is assignment of promissory -- in the attached Promissory Note issued by Davi Skin, Inc.?

A. Yes.
Q. What is that note that's being identified?
A. The $200,000 note.
Q. Thank you.
I have one last question on Exhibit No. 10.
Is it your opinion that this assignment of promissory notes is not valid because it does not have a date on it?
A. My apologies. Yes. This is the one, not this one. When I looked at them all together these two are the same. Okay? These have to do with the stock purchase agreement. That's why it wasn't making -- I'm sorry. That's why it wasn't making sense to me. This is the one that had a time contingent to it and no, there is no document that shows a time contingent or could there be. This is the one. These two reflect the stock purchase
0171
agreement. Okay? So these two go together with that.
Q. Let's clarify what these two are. You are saying Exhibit 8 and Exhibit 9?
A. Yes.
Q. That one signed by Grace Sim and one signed by you?
A. Yes.
Q. And so what you are doing is waiving any other debt owed to you by the company as of the time of the stock purchase and note assignment; correct?
A. No. This debt, this debt matches the numbers in the stock purchase agreement.
Q. Okay. Let's clarify. Referring to Exhibit No. 9 --
A. Yes.
Q. Would you put that in front of you.
A. Yes.
Q. You have Exhibit No. 9. Let's just focus on Exhibit No. 9.
A. Yes.
Q. That was signed by you?
A. Yes.
Q. It's dated March with no specific date 2004.
0172
You see that?
A. Yes.
Q. And it states that you are assigning,
" . . . hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Notes issued by MW Medical, Inc. . . ."
You agree with that?
A. Yes.
Q. So you did intend to assign all of your interest in any promissory notes issued by MW Medical, Inc.?
A. Only the promissory notes that reflected the 856,000. These two --
Q. All right.
A. -- went with this.
Q. You are saying it's only as to the 856,000; correct?
A. Yes.

Q. All right. Let's read the next few
words --
A. Okay.
Q. -- in Exhibit No. 9.
A. Yes.
Q. ". . . along with any other rights
0173
she may have as a creditor of said
Corporation. . ."
A. Right.
Q. You see that?
A. Yes.
Q. So you do not believe that includes any
other rights that you had for any claims against the
corporation?
A. That's absolutely correct. These two notes
in the stock purchase agreement that was done in
March I had told you for a short period of time had
to become the president of Davi Skin. I forgave any
other rights of that corporation. There was a short
period of time I had to serve in the reverse merger.
These reflect the promissory notes that match the
stock purchase agreement and when we did the reverse
I had to become president of Davi Skin until
Mr. Medley then became. That Davi Skin Grace Sim
and I stepped down as officers. We had to move from
MW Medical to Davi Skin as a CFO and the CEO.
That's when we signed those promissory notes was we
had no rights to the interim corporation Davi Skin.
That's what this refers to. And I'm sorry that it
was so confusing before but when I saw them together
that's when it hit the cord.
0174
Q. You finished your answer?
A. Yes.
Q. So it's your testimony now that even though
the assignment of promissory notes that's
Exhibit No. 9 that's dated March of 2004 that that
does not include the $200,000 note that's dated as
of what, June of 2003?
A. I'm sorry. I'm not really getting --
Q. All right. Let me just restate it so we
are clear on the record.
Exhibit No. 5 is the $200,000 note that you
are claiming Davi Skin owes you; is that right?
A. Let me find them all because -- okay.
Q. Exhibit No. 5 is the note that you are
claiming is the amount that is owed by Davi Skin to
you now; correct?
A. Yes, correct.
Q. And that's dated June of 2003; correct?
A. Yes.
Q. But you believe that date to be incorrect?
A. It would have to be because Davi Skin
didn't exist which means if you accept it as '03
there was no Davi Skin and no Parrish Medley signed
as president.
Q. Are the dates incorrect on any other
0175
documents that you are looking at?
A. No, this is the only one that looks kind of
funny.
Q. And how are you so sure that that's the

only one where the date is not correct?
A. Just again time periods. Now that I'm able to put them together when I look at some of the time periods it's all cleanup stuff.
Q. So when is the correct date for Exhibit No. 5?
A. I would probably tell you it was around June. We closed the deal June 23rd or 24th. Someplace around June in the 20s. This I remember.
Q. Of 2004?
A. Yes, correct.
Q. So you are guessing that that's when the note was issued?
A. Yes.
Q. Was it before or after the closing?
A. No. It had to be in around the same time. It would all have been done sequentially.
Q. Sequentially or simultaneously?
A. That's hard to say. It would have all had to come together one after the other. So sequentially certain documents would be done but
0176
then at the end of the day in order to report all of it would have been all put together.
Q. All right. I've got a note I need to change the -- we need to change the tape. So we need to take a break.
A. Okay.
VIDEO OPERATOR: This marks the end of tape No. 2 in the deposition of Jan Wallace. We are going off the record. The time is 4:02.
(Recess.)
VIDEO OPERATOR: This marks the beginning of tape No. 3 in the deposition of Jan Wallace. We are back on the record. The time is 4:09.
BY MR. GUTMAN:
Q. Ms. Wallace, we were looking at Exhibit No. 5, the promissory note.
Based upon your review of Exhibit No. 9, the assignment of promissory notes along with any other rights she have as a creditor of said corporation, the document, is it your understanding now that Exhibit No. 5 is the only promissory note that remains in existence?
A. I think so. Without me having all the notes I would say I think so, yeah.
Q. Well, do you have any reason to believe
0177
that there are any other promissory notes other than Exhibit No. 5 in which you have any claim for any rights for any compensation from Davi Skin, Inc.?
A. From -- I don't think so.
Q. Okay. Let's go back to Exhibit No. 9 then.
A. Okay.
Q. So is it your testimony that Exhibit No. 9 disposes of any interest that you had in receiving any money from MW Medical, Inc. or its successor Davi Skin, Inc. based upon any promissory notes other than Exhibit 5?
A. It's a long question. No. 9 references the stock purchase agreement. What I gave up in the stock purchase agreement is what references No. 9. It's the same thing with Ms. Grace Sim in Exhibit 8.

Q. But Exhibit No. 9 does not reference the stock purchase agreement. It just states that the attached promissory notes issued by MW Medical, Inc. are all being assigned.
A. Correct.
Q. So is it your understanding that that takes care of all the promissory notes that were referred to in the stock purchase and note assignment agreement?
A. Yes, the 856,000, whatever that was.

0178

Q. Okay. What about Exhibit No. 3? Could we go back to that one. It's the March 15, 2003 promissory note in the amount of $248,325.
A. Uh-huh.
Q. Is this still a valid promissory note in which you are owed money?
A. I think it's part and parcel of the 301.
Q. How is that?
A. I'm sorry. I keep explaining. That's March 2003. It kept accumulating interest and charges so the money number kept going up.
Q. Well, here is what I don't understand.
A. Okay.
Q. Is the promissory note, Exhibit No. 3, has that been canceled or assigned or is it still valid?
A. No. All it is is an interim record. It's just an interim record.
Q. Okay. But here is my question.
A. Right.
Q. Do you believe that you can present Exhibit No. 3 the promissory note for $248,325 plus interest and say hey, Davi Skin, you owe me this amount of money?
A. I believe that this is part of that. This is only the amount in a period of time.

0179

Q. All right. This being a part of that does not enable us to understand what it is you are talking about.
A. I'm sorry. The 248,000 that was recorded as a promissory note is not a note that is the note that was handed to anybody. It's part of the record. This 248,000 is a promissory note of the March 2003. Had somebody wanted to pay me what was owed, forget Davi Skin, anybody wanted to come and buy MW Medical this note would be on the books and if they wanted to pay 248,000 as of that date and time that's the recorded amount that the company owed me at that time. This is not the end amount. Between 2003 to 2004 it kept accumulating.
Q. Can I ask the same question again and I appreciate your explanation of why you believe the amount is not correct but frankly I don't care what the amount is.
A. Okay.
Q. I just want to know was this note retired, was it assigned, was it canceled or are you claiming that it's still valid?
What's your interpretation of the validity of this note?
A. It's valid because it references the same

0180

amount of money.

Q. Okay. Are you claiming --

A. It's valid.

Q. -- that exhibit number --

A. All of it.

Q. Fine.

A. It is valid.

Q. Exhibit No. 3, does Davi Skin owe you money based upon this promissory note?

A. Part of this, yes.

Q. Which part?

A. 248,000 of 301,000 which was reduced to $200,000.

Q. All right. So you are claiming that -- is this a separate $200,000 note? Is Exhibit 3 a separate $200,000 obligation from Exhibit 5 --

A. Okay.

Q. -- or is Exhibit 5 the $200,000 note replacing Exhibit 3 the $248,000 note?

A. Yes, it accumulated.

Q. I asked you a couple of options.

A. It is valid.

Q. Is it --

A. It is valid only because it is the note that started to reference in 2003 the monies that

0181

were owed to me other than the 856,000.

Q. Ms. Wallace, how much does Davi Skin owe you as of today?

A. $200,000 plus accrued interest.

Q. Based on what?

A. Based on $248,000 that accumulated interest until the transfer of the reverse merger to Davi Skin and at that time it was 301,000 and I reduced it as per the agreement with Mr. Medley to accept $200,000 and I forgave the difference between $200,000 and 301,000.

Q. All right. So Exhibit No. 5 in the amount of $200,000 --

A. Is this five? Which one is five?

Q. It's the promissory note in the amount of $200,000.

A. Yes.

Q. Is it your testimony that Exhibit No. 5, the promissory note for $200,000, has replaced Exhibit No. 3, the note for 248,325?

A. Yes.

Q. Okay. So you are only making a claim based upon one promissory note?

A. It's all one. Yes. Yes. Yes.

Q. Ms. Wallace, all due with respect there are

0182

two separate promissory notes and regardless of your interpretation --

A. Okay.

Q. -- of them all being one --

A. Okay.

Q. -- legally you are asserting a claim based upon a promissory note. I'm just trying to determine whether you are making a claim based upon more than one promissory note.

A. This note.

Q. That would be Exhibit No. 5 in the amount

of $200,000?
A. Yes.
Q. So you are not asserting a claim against the company Davi Skin that's predicated or based upon Exhibit No. 3 the promissory note in the amount, the face amount of $248,325; is that correct?
It's not a trick question. I'm really trying to --
A. I'm not looking at you thinking you are trying to trick me. I guess what I can't -- this is the only note left but all the -- the other note, that is part and parcel of this. So if I submitted a claim to Davi of 248,000 it would still be part of

0183

this.
Q. Isn't it a fact that Exhibit No. 9, the assignment of promissory notes that you signed that has a date of March something 2004 in fact disposes or cancels Exhibit No. 3 the $248,325 promissory note?
A. No. No.
Q. Why is that?
A. This disposes of the 856,000 cash. This note as of --
Q. When you are saying 856 you are referring to Exhibits 8 and 9?
A. Exhibits 8 and 9. These refer to the action taken in the stock purchase agreement where the cumulative total of cash was assessed. When we moved from MW Medical into Davi Skin I gave up all the rights based on that stock purchase transaction. The reason that note is there is over and above the stock purchase agreement number. There was still outstanding $248,000 which was still owed to me. It was separate and that note with the accumulated interest to 2004 came to 301,000 of which at the time of the negotiation of the reverse merger Mr. Medley asked for me to accept a discount to the 301 which brought it down to 200 which is reflected

0184

everywhere.
Q. Fine. Let's go back to Exhibit No. 9.
A. Okay.
Q. It refers to the attached promissory notes issued by MW Medical, Inc.
Do you know which promissory notes were attached to this assignment, Exhibit No. 9?
A. All the notes, the six --
Q. Where are those notes?
A. I told you I haven't found them all.
Q. Okay. Thank you.
A. And they may be in the public documents.
Q. The notes from Grace Sim that are reflected in Exhibit No. 8 --
A. Yes.
Q. Well, it says in attached promissory note issued by MW Medical, Inc., Exhibit No. 8.
A. Yes.
Q. Where is that promissory note?
A. I am sure it is the same thing that I've stated to you. The promissory notes, these to the stock purchase agreement, okay, those -- this

applies to the stock purchase agreement. In it
Grace Sim had a note --
Q. Can you just -- you know, we will get done
0185
in a reasonable period of time if you could just
respond to my questions.
A. I'm trying.
Q. You know what, I don't believe you anymore
and if you could just listen to my question and
respond to the question.
A. Okay.
Q. Where is the note?
A. I don't know.
Q. Thank you.
All right. We are going to mark as the
next exhibit in order as Exhibit No. 10 -- oh,
pardon me. It's going to be 11. Actually we have
10 out here already. Let's just talk about 10 for a
minute.
A. It's the last page. I'm putting them in
order.
Q. Very good.
A. Thank you.
Q. With respect to Exhibit No. 10 it refers to
the attached promissory note issued by Davi Skin fka
MW Medical, Inc.
Which note was attached to this assignment
of promissory notes?
A. When I signed this there wasn't anything
0186
attached to it.
Q. When did you sign it?
A. Sometime in 2004.
Q. How do you know that?
A. Because if it was a promissory note issued
by Davi Skin the other note that I keep saying is
wrongfully dated is the only note I could think of
that was issued by Davi Skin.
Q. My question was how do you know when you
signed this document?
A. I can only deduce it from the other papers
you gave me.
Q. Did you sign this at the same time that the
promissory note was issued?
A. I don't know. Sometime around there.
That's it.
Q. Did you -- is it possible that you signed
it later on?
A. Could be. I don't know.
Q. Did you sign this document separately,
separate and apart like as this was the only
document that you signed at one particular time?
A. Yes.
Q. All right. So you signed it after the
promissory note was issued?
0187
A. I would think so.
Q. Do you have any recollection?
A. I would say -- yeah, I would say it was
after the promissory note issued.
Q. That wasn't my question. Do you have any
recollection?
A. No.

Q. Where were you when you signed Exhibit No. 10?
A. I think I was in an office.
Q. You think or you recall?
A. I recall I was in an office.
Q. Was anybody else present?
A. Mr. Medley.
Q. Was anybody else present other than you and Mr. Medley?
A. Not at the time, no.
Q. Where was the office located in which the two of you were present?
A. SEC counsel.
Q. Who might that be?
A. Kyleen Cane.
Q. So it's in Las Vegas?
A. Yes.
Q. Were there any other documents signed
0188
during that time that you and Mr. Medley were in Ms. Cane's office?
A. I think so. I think there were other ones that were being signed.
Q. Was Ms. Cane present when you signed this document, Exhibit No. 10, the assignment of promissory notes?
A. No. She was specifically asked to leave.
Q. By whom?
A. Parrish Medley.
Q. How long were you alone in the room together during the time that this assignment of promissory notes was signed, Exhibit No. 10?
A. Ten minutes.
Q. Was this the first time that you had met Mr. Medley?
A. No. No. No, it wasn't the first time.
Q. So during this ten minute period did you sign any other documents other than Exhibit No. 10, assignment of promissory notes?
A. No.
Q. Tell me everything that you recall discussing during this ten minute period with Parrish Medley during that ten minutes which you signed Exhibit No. 10?
0189
A. Parrish wanted me to sign this assignment of the promissory note because my note had a tacking period on it, No. 1.
Q. I asked you what was said, not what your interpretation is. Can you resign your comments to --
A. That's what was said. We talked about the tacking period on the note. We talked about my rights under that tacking period. And if an assignment was done in the proper fashion then it would be a very valuable note. Parrish asked me to explain it. I explained it absolutely all to him what all of that meant. He turned around and said look, why don't you give me a blank assignment of the note. I said okay. For what. What's in it for me. And he said look, whatever I do I will let you know when I'm going to sign it and that I'm going to assign it to use to make a market because the

tacking period allowed those shares to become free trading and with free trading shares you could go into the market and help create volume on the stock and he was going to give it to investors that can help with the market pricing on the stock. That they could make a market. I said okay. That sounds like a good plan. I get it. What's in it for me.

0190

And he told me I would get dollar for dollar of the 250; that is, no matter what the stock price was I would get 250,000 shares if it's at a dollar. I could only be traded at a dollar. I said where is the -- what do you think. What do you think is going to happen with the company and he said I think this company is going to open up at $3 or $4 or $5. I said okay. If you think that's going to be it I like the company. I liked everything that was going to happen with it. I thought it was a great idea and so I signed it. That's exactly what we talked about.

Q. Was the assignment that we are looking at, Exhibit No. 10, was that already prepared by the time this discussion took place?

A. He gave it to me. I would say it was prepared.

Q. So it's your understanding that Mr. Medley had it prepared?

A. Yes.

Q. And he had it ready during this ten minutes that you were alone in Ms. Cane's office somewhere?

A. I don't know when he would have had it ready. I came late to that meeting. I don't know if he was five minutes, ten minutes. I mean he kept

0191

leaving the table. I don't know if he went someplace and had it written up. I have no idea. All I know --

Q. Other than this one day in which this conversation for ten minutes took place in Ms. Cane's office, did you ever have any other discussion previously with anybody about this assignment of promissory notes?

A. I think there was general discussion of what that final $200,000 note meant. I think there was general discussion.

Q. My question was was there ever -- prior to that ten minute meeting in Ms. Cane's office in which you spoke alone to Mr. Medley was there ever a discussion about this assignment of promissory notes?

A. I think so.

Q. When was that?

A. I think one time I was in the car, he was in the car and somehow it came up. Something about it came up.

Q. What do you recall about what came up about that discussion about this assignment of promissory notes?

A. How the value of this note is not just the

0192

money. The value of the note is beyond that of just the money and that's what we discussed. I don't think he understood it all right away. I think

that's why it came up again. I think he got the gist of it but I don't think he clearly understood it until that day when we sat down for ten minutes and we talked about it again.
Q. Since the time that you signed this assignment of promissory notes, Exhibit No. 10, when is the next time after that that you discussed this assignment of promissory notes?
MS. AMBROSIO: With who?
MR. GUTMAN: With anybody.
THE WITNESS: I can't remember the exact time but Kyleen Cane called me because at that time I didn't really want to speak to Mr. Medley anymore and she said Parrish would like to speak to you and I said so what.
BY MR. GUTMAN:
Q. When was this?
A. Sometime -- it's got to be about maybe early -- I don't know if it was late '04 or early '05. Sometime around there. All I know is she called me and said Parrish wants to talk to me.
Q. Why didn't you want to speak to Parrish at that point in time?

A. Have we got a while?
Q. We talking late 2004, early 2005. Why wouldn't you talk to Parrish Medley at that point in time?
A. Mr. Medley on the day of the signing behaved in a manner that is absolutely inappropriate not only for the CEO of a company, public company, but as a human being that I --
Q. Which signing are you referring to?
A. The closing documents done in June 20s of '04.
Q. Okay.
A. Mr. Medley behaved in such a fashion that I absolutely never wanted to speak to him again.
Q. You care to elaborate? You want to explain what about his behavior that you found so difficult?
A. Fine. At the end of the signing -- I had flown in. I got there a little late. All the papers were on the table. One point we are signing things, we are moving around. I know everybody in the office. He knows people in the office. So there was a little moving around and all that. So that's fine. One point we just about had everything done and then Kyleen was asked to leave. Then Parrish and I had a discussion on the value of this note and I signed the assignment. Around that. I'm pretty sure it was at that time.

I was supposed to fly back that evening on Southwest. I had a ticket for about 8:00, 8:30 I recall. I had to stop at Hermes the boutique in Las Vegas because I had a book and one bag that had arrived, crocodile handbag. They wanted $22,000 for it. Parrish said maybe we should go and have a drink while you wait for your plane. I said I don't have a car. He said I have a rent-a-car. I said okay. He rent to Hermes with me. I looked at the book and bag. I tried to negotiate. They wouldn't. He bought some cologne. I know exactly the cologne he bought. So he bought some cologne and we left. We then went to a restaurant inside the Bellagio, ordered sliders I remember, and had a cocktail to celebrate the whole transaction. We started talking. Parrish Medley -- I'm not a drinker. I can never drink more than one drink. Parrish Medley started having lots of drinks. It got to be around quarter to 8:00. Kyleen Cane called me on the phone to make sure that I was okay to get to the airport and I said you know what, I don't know if I'm going to make it but I will call you. If I don't I will

0195

let you know. She said okay. I'm just checking to make sure you are all right. Anyhow we ended up eating some food. I had a drink. Mr. Medley had several drinks. Then Mr. Medley went to the bar of the same restaurant. He went to the bar and he was trying to pick up the waitress. At this point he had had a lot to drink. We are still laughing and ah-ha, it's funny. He asked me to assist him in helping him to pick up the bartender. The bartender told me she wasn't interested. She had a boyfriend. Blah, blah, blah. Parrish got upset. Parrish said let's get the hell out of here. I said where do you want to go. It is now about 11:30 at night. Where do you want to go.

Q. What time was your flight by the way?

A. 8:30.

Q. So this is all happening after the closing had been completed --

A. Right.

Q. -- at Kyleen Cane's office?

A. Right.

Q. So nothing happened during the closing?

A. No.

Q. It was all after the closing?

A. Right.

0196

Q. Okay.

A. Then Mr. Medley took me to the Crazy Horse, a strip club. At the Crazy Horse --

Q. Are you free to leave at this point in time?

A. Actually, no. I had no car. Mr. Medley actually left me in a very uncomfortable position.

Q. Did you attempt to leave?

A. I did.

Q. Did he prevent you physically from leaving?

A. He kept telling me he was coming out. He left me with the bill.

Q. Did he physically prevent you from leaving at any point in time?

A. When he did come out of the back VIP room he prevented me from leaving because he had my luggage and I couldn't go anywhere without my luggage and I kept telling the girl --

Q. Did you contact local police authorities?

A. Mr. Gutman, at the point of where I'm inside trying to get out of a strip club and the person that's holding my luggage --

Q. Could you just respond to my question?

A. No, I didn't call the police. It wasn't reasonable to call the police.

0197
Q. Were you harmed in any way?
A. Later I was.
Q. When later?
A. When we got out of the Crazy Horse where he left me with the bill a girl came out and told me that Mr. Medley directed her to me to give her money to buy a bump. I said I don't want any dances. She said that's not what a bump is. I said what the hell is a bump and she said it's coke. I said you know what, I'm out of here. You tell Mr. Medley give me the damn keys to the car. I want my luggage. I'm out of here.
So she went back in. Mr. Medley came out of the VIP which he was in for about an hour and a half, came out and I said I want to leave, Parrish, and I want my luggage. He said come on, come on. Relax, relax. We are going to have a party. We are going to go to this girl's place. I said no, I don't want to go anywhere. I want my luggage. I --
Q. Was anybody else present other than --
A. All the dancers. All the dancers. All the dancers.
Q. One person at a time.
Anybody else present who had been involved in the transaction with MW Medical, Inc. other than
0198
you and Mr. Medley?
A. No.
Q. So the two of you had gone out together?
A. Yes.
Q. Okay.
A. Would you like me to finish or no?
Q. You know, I don't know that this story lives up to its billing but go ahead and finish.
A. Okay.
Q. You obviously want to say that he did something that's so outrageous so let's hear it already.
A. Okay. I then went back and I didn't even have a room yet so I contacted the Bellagio --
Q. I thought you were supposed to be flying out that night.
A. That's correct.
Q. Did you make a decision not to fly out that night?
A. When it got past 8:00, yes, I made the decision.
Q. Did you make an attempt to catch your plane on time or did you decide to stay with Mr. Medley at some point in time?
A. Yes. I said that.
0199
Q. Which?
A. I said that we decided to stay at the restaurant and Parrish and I went up to the bar.
Q. Okay. So you decided to stay --
A. Yes.
Q. -- and skip your flight and you were going to get a room for the night?
A. Yes.
Q. Okay.
A. So I hadn't made the arrangements for the

room. I called when we were in the car. I called the Bellagio and booked a room for me. Parrish was supposed to go to Miami at 6:00 in the morning to go and party with some friends in South Beach. I said Parrish, you know what, I need to sleep and I need a room. I don't know what you are doing but I'm getting a room. I went to the Bellagio. I paid for it on my credit card and I got a room. Again I asked Parrish where is my luggage. He said I'll go get the luggage. Just tell me what room you are in. I said all right. Fine. This is the room number but you better get a room.

So Parrish goes to get my luggage. I go up to the room. I'm waiting. I start to undress. I took my jewelry off. I put it inside of my kelly

0200

bag and I started to get ready for bed. There was a bang on the door. Parrish comes in stupefied with two women, one blond and one brunette. He had picked them up in the Bellagio. Came to the door and pushed his way through the door and said we were going to have a little party. I said Parrish, who are these people. I am not having a party. Give me my luggage. And I said I can't believe that I just signed a deal with you. Is this your behavior? He was so wrecked. He took the girls in the bathroom. At this point I started to surmise that these weren't just nice girls because they took their clothes off awfully fast.

Now at this point I got about $200,000 worth of jewelry in a bag half undressed trying to cover up and get Parrish and these two women out of my room. I was so afraid I took the covers off the bed, I rolled up like a cacoon, I laid at the corner of the window of the hotel and tried to forget exactly what was going on. At one point Parrish wanted more coke. The girls complained that he used up their cocaine. He didn't have any more cash. He came and asked me for the cash. They got the cash, left one girl in the room and went downstairs and she came back with more stuff. All I wanted was for

0201

it to be over and him to get out of my room.

Q. Did you call security to ask them to remove Parrish from your room?

A. No, I didn't. And I can tell you this for sure. I was absolutely afraid that those two girls who are getting very upset with him because they wanted $1,000. Parrish had no money on him. I had given them all the money I had plus the money --

Q. Which is how much?

A. About $274 plus the bill I paid at the Crazy Horse.

Q. Was this the first time that you met Mr. Medley?

A. I only met him one other time before.

Q. Where was that?

A. Here in Beverly Hills.

Q. When did that occur in connection -- how much time earlier?

A. A month or two.

Q. And what happened the time that you met with Mr. Medley previously?

A. We met at the Peninsula. I had a dinner date. He said to change the date. We went to Maestro's. We went to Maestro's, had dinner at Maestro's. Talked about the deal. Went back to his

0202

house. He showed me his house. I thought it was a lovely house. He told me who used to own it. We chatted and we left. Actually we went to his house, then went to Maestro's.

Q. Did anything happen of a romantic nature with you and Medley the first time that you met him?

A. No.

Q. Were you upset with Mr. Medley about his behavior in Las Vegas because he wasn't showing you the proper affection that you wanted from him?

A. Oh, my God no. No.

Q. So is it your testimony under oath that nothing of a sexual nature happened between you and Mr. Medley on the first time that you met with him here in Beverly Hills?

A. No.

Q. Okay. So did any physical harm happen to you that night in Las Vegas?

A. At the point of where I was trying to get them out of the room when they pushed the door through with the girls, yes, he pushed the door open and I went against the wall.

Q. Okay. Did you have any medical injuries? Did you seek medical treatment?

A. No.

0203

Q. Did Mr. Medley finally leave?

A. Not until 7:00 in the morning. He missed his plane for Miami and he called and then he had the nerve to tell me to take care of his rent-a-car. I didn't take care of it. I called Sue Johnson at Cane Clark, told her what happened and she took care of the car.

Q. Did Mr. Medley leave?

A. At 7:00 in the morning.

Q. Have you now told me the reason that you were so upset and didn't want to speak to Mr. Medley?

A. Absolutely.

Q. Thank you.

Between -- withdraw that.

When did this conversation occur with Kyleen Cane where the discussion regarding the assignment of the promissory notes, Exhibit No. 10, came up again? You indicated that was sometime after the closing?

A. I just told you. It was around the time that he asked me about the tacking period and the value of the note.

Q. Was it a month later? Six months later?

A. No, no, no. It would be -- after we signed

0204

the documents and he asked Kyleen Cane to leave he asked me about signing this note.

Q. Well, you signed this assignment of promissory note if I understood you correctly the day of the closing in Las Vegas; am I correct?

A. Sometime around there, yes.

Q. So when is the next time that the discussion of the assignment of the promissory notes came up? I had asked you about that before and you said when Kyleen Cane called.
A. Right.
Q. And you said Parrish wanted to talk to you.
A. And he only used her as a go between because I wouldn't speak to him.
Q. So was that a week later, a month later, five minutes later or a year later?
A. Either the end of 2004 or the beginning of 2005 as I previously stated.
Q. And did you eventually talk to Mr. Medley again?
A. Yes.
Q. And did you eventually meet with him again?
A. No, I didn't meet with him first.
Q. Well, when did you eventually meet with him?

0205

A. I met with him in September of '05.
Q. Between the closing sometime in or about June of 2004 and September of 2005 did you see Mr. Medley face to face?
A. No.
Q. When did you meet with Mr. Medley in September of 2005?
A. I met him at the Hilton at the airport.
Q. Which Hilton? Which airport?
A. The L.A. airport. The Hilton across from the L.A. airport.
Q. On Century Boulevard?
A. Yes. I'm not from here so I guess that's where it is.
Q. The airport Hilton in Los Angeles I should say?
A. Yes.
Q. Is that correct?
A. Yes.
Q. Who was present at that meeting?
A. Claire Ambrosio, her mother, Parrish Medley and myself.
Q. How long did that meeting last?
A. Probably half an hour.
Q. Was the assignment of promissory notes

0206

discussed at that meeting?
A. Absolutely.
Q. Tell me everything you recall having been discussed about the assignment of promissory notes.
A. Parrish wanted me to sign an extension from September 30th of '06 to December 31st of '06. I said why would I sign anything for you. You still haven't given me the shares you promised the first time.
He said what do you want. I said you are going to give me money this time. I started at 50,000. We were negotiating around 30,000 and he finally said he would give 10,000.
Q. And this was all in front of your attorney Claire Ambrosio?
A. She was present and so was her mother.
Q. What's her mother's name?

THE WITNESS: What's your mother's name?
MS. AMBROSIO: Angela.
BY MR. GUTMAN:
Q. And did you receive the money at that time?
A. No.
Q. Did you ever receive $10,000?
A. Yes.
Q. When?
0207
A. About two or three weeks later I'm in Newport Beach at the offices of SDI and I walked over to Carl's Jr. and was supposed to meet with Parrish at Carl's Jr. and he pulled out $10,000 in cash.
Q. And did you sign something at that time?
A. That's when he asked me to sign.
Q. What did you sign?
A. I signed a note that gave him a loan extension to December 31st of '06.
Q. Other than the loan extensions that we've already identified as Exhibits 6 and 7?
A. Yes.
Q. Do you have a copy of that loan extension to December 31, 2006?
A. I haven't located it yet.
Q. Have you ever seen a copy of it?
A. Only the day I was there at Carl's Jr.
Q. So how did you receive a copy of it then?
A. I think Mr. Medley actually had two copies and we signed both and I think he walked away with one and I suppose he left me with one.
Q. So you've never seen a copy of that loan extension since the day you signed it in September of 2005; is that correct?
0208
A. I haven't seen it yet, no.
Q. Have you made any efforts to try and locate it?
A. Again, I went to all the places I could think off hand, my garages, the places around my home and I have not made it to the storage unit and there is probably 76 boxes, maybe more in my storage unit.
Q. Did you provide Mr. Medley with a receipt for the $10,000?
A. No.
Q. The $10,000 if I understand correctly was in cash?
A. Yes.
Q. What denominations?
A. I'm sorry, I don't remember.
Q. Well, was it customary for you to receive $10,000 in cash in connection with transactions for the public companies that you had been involved with?
A. It's an excellent question. I would have to say no, it's never happened to me before.
Q. Okay. So what did you do with the cash?
A. I went and put it in the bank.
Q. Which bank?
0209
A. Bank of America.
Q. In what account?

A. One of my accounts.
Q. Personal account?
A. Yeah.
Q. Is that a "yes"?
A. Yes.
Q. And where is your B of A account located? What city?
A. In Scottsdale, Arizona.
Q. So if understand correctly the only reason for the $10,000 paid to you was to extend the $200,000 note from September 30, 2006 to December 31, 2006?
A. Yes.
Q. And this occurred in September of 2005?
A. Yes.
Q. Okay. Was anybody else present when you were paid the $10,000?
A. There were people in the restaurant. No one I know.
Q. Anybody you could identify?
A. I don't think so, no.
Q. Do you recall any of the discussion that occurred when you received the $10,000?
0210
A. I asked him what the heck was going on. He went into some diatribe about what he was trying to do and what's taking so long with the formulation and it's all going to work out and blah, blah, blah. That's what took place. We talked about the company.
Q. How long did that meeting last?
A. Not long. Maybe six to eight minutes.
Q. All right. Going back to Exhibit No. 10, I think you have it right in front of you.
Have you now told me about every discussion that you had with Parrish Medley regarding this particular assignment of promissory notes, Exhibit No. 10?
A. As I recall.
Q. Other than with your attorney Claire Ambrosio have you had any discussions with anybody else regarding this assignment of promissory notes, Exhibit No. 10?
A. To date?
Q. Any time.
A. I think I had a discussion with the -- well, with Claire. Maybe somebody at Davi. I can't recall.
Q. Michael Watchell the attorney for Davi?
0211
A. Maybe. Maybe.
Q. Did you ever meet with Mr. Watchell?
A. Yes, I did.
Q. How many occasions?
A. To date?
Q. Yes.
A. Twice.
Q. When?
A. One recently in the last two weeks and the other one several months ago.
Q. What was the purpose of the meeting in the last two weeks?
A. To discuss business for Davi.

Q. What business for Davi did you discuss?
A. Where they were going. What's happening. Stuff like that. General stuff. Nothing --
Q. Any discussion regarding the promissory note that's at issue in this case with Mr. Watchell?
A. I don't think so.
Q. How long did that meeting last?
A. Maybe half an hour.
Q. Where did that meeting occur?
A. At the law offices.
Q. Mr. Watchtell's office?
A. Yes.
0212
Q. Was anybody else present other than you and Mr. Watchell?
A. My attorney.
Q. Ms. Ambrosio.
Did you discuss any aspect of this lawsuit with Mr. Watchell?
A. I'm sorry. Aspect?
Q. Did you discuss this lawsuit with Mr. Watchell?
A. I don't think I discussed it with him. I think he's aware of it. I don't think I discussed it with him.
Q. Did you make any statement about what was happening in connection with this lawsuit?
A. Not the last meeting but I think one of the first ones, yes.
Q. Well, you said there were two meetings; right?
A. Yes.
Q. So the first meeting was several months ago?
A. Yes.
Q. Where did that meeting occur?
A. Same place.
Q. Was Ms. Ambrosio present at that meeting as
0213
well?
A. Yes.
Q. How long did that meeting last?
A. 40 minutes. Never very long.
Q. And what was discussed at that meeting?
A. I think that they were talking about the auditor's letter.
Q. Okay. I want to mark for purposes of identification as Exhibit No. 11, it's a copy of the amended counterclaim that was filed in this action. Take a moment and look at that if you would.
(Deposition Exhibit 11 was marked for identification by the court reporter.)
BY MR. GUTMAN:
Q. Have you ever seen this document before?
A. Let me keep reading it.
Yes.
Q. Did you see it prior to it being filed?
A. I'm sorry?
Q. Did you see this counterclaim prior to it being filed?
A. I think so. I would guess that I would.
Q. Do you recall whether or not you believed that any statements contained in this counterclaim

were not accurate?

0214

MS. AMBROSIO: Alan, before she answers that -- never mind.

THE WITNESS: It looks pretty well what it is, yeah.

BY MR. GUTMAN:

Q. My question was do you recall coming to the conclusion that any of the statements contained in this amended counterclaim were not accurate?

A. Looking at it the way I do I'd say they are pretty accurate.

Q. Okay. Let's take a look at page three paragraph No. 9.

A. Okay.

Q. You have that in front of you?

A. Yes.

Q. I'll read it so that our court reporter can transcribe it.

"On or about March 15, 2003, MWMD executed a Promissory Note in favor of Wallace for the principal sum of two hundred thousand, U.S. dollars ($200,000.00)" --

A. Uh-huh.

Q. -- "for wages and employment fees owed to Wallace."

0215

Is that a true and correct statement?

A. No.

Q. What's not true about that statement?

A. Well, the March 15, 2003 and the $200,000 amount although it's the same note it wasn't the same amount as of 2003.

MR. GUTMAN: Can I get that answer back please.

(The following record was read:

Well, the March 15, 2003 and the $200,000 amount although it's the same note it wasn't the same amount as of 2003.)

BY MR. GUTMAN:

Q. When you say it was the same note are you saying that if we look at Exhibits 3 and 5 which is the two promissory notes that we marked here today, are you saying that you consider Exhibits 3 and 5 to be the same notes?

A. No. I'm saying the better word is it's the same obligation. It just isn't the same amount of the obligation that was written in 2003.

Q. Okay. Directing your attention to line No. 10 on the same page, as a result, do you see that, where the sentence begins,

0216

"As a result of that transaction other agreements where enter (sic) into where Wallace also a major shareholder in MWMD divested herself of her shareholdings but these other agreements did not include the above Promissory note for wages."

Is that a true statement?

A. Well, it's sort of written badly but the note is the note outside of the stock purchase agreement.

Q. You agree that the promissory note is for wages?

A. The promissory note is for back employment wages, the leasing fees and anything else that I had tabulated through the bankruptcy.

Q. Okay. So when this says that did not include the above promissory note for wages that's not an accurate statement?

A. Well, it is an accurate statement because wages was part of it, back wages.

Q. But you are saying it should also include other things other than wages?

A. It should but we generalized. It's fine.

Q. Well, I just want to make sure that we are

0217

clear the $200,000 obligation --

A. Yeah.

Q. -- that you are claiming that you have a right to --

A. Yes.

Q. -- is that for wages or for wages and other things that you generally categorized together?

A. I categorize the obligation outside of the stock purchase agreement to be what is now the note of $200,000. It may include back wages, lease payments that were owed to me by the company and any other things, interests that accrued.

Q. What documents do you have that evidence what lease payments were owed to you as of the time of the stock purchase and note assignment agreement?

A. The only ones that I can put at my fingertips are the ones in the record and I know you don't want me to say --

Q. What record are you talking about?

A. Public records of MW Medical.

Q. So other than the public records you don't know of any other documents that exist that substantiate this claim for lease payments?

A. Bankruptcy documents.

Q. Again, public records that are filed with

0218

the bankruptcy court?

A. Right. I can't tell you where I can put my hands on them.

Q. Okay. And what type of wages were you collecting for running MW Medical since the time of the bankruptcy?

A. My annual salary kept accruing and it was accrued through the bankruptcy and it came out the other end still as an accrued debt.

Q. What was the annual salary that you were entitled to?

A. I think I mentioned this before. I think it was 180 or 200.

Q. $200,000?

A. I'm not sure.

Q. And that was for running a company that had no employees or had any operations at the time?

A. It had operations. That's why I was putting the money in. I started putting that money in and accruing my wages. Obviously if I'm putting

money into the company I wouldn't turn around and pay it to myself. So I accrued my pay while the company was running.
Q. Forgive me if I misspoke but I understood, and I'll find it in my notes and maybe I can get

0219

some clarification on this, but after the company, after MW Medical, Inc. emerged from bankruptcy at the end of 2002 that it had no, no further operations.
A. Yes, but I'm trying to tell you my salary prior and during the bankruptcy which was ten months, prior to ten months while it was still an operating company that almost million dollars paid for the operations of the company and obviously I didn't pay myself since it was my money funding the company. So I accrued it and that's what entered the bankruptcy. That's it.
Q. So during the time period that the company had no operations were you still claiming that you were entitled to a salary?
A. I believe, and I'm trying to remember, I believe that the bankruptcy court or the bankruptcy, somebody told me something about what I would forgive or not forgive. I can't remember.
Q. Can you answer my question? During the time that the --
A. I'm not sure.
Q. And that would be the response to my question whether or not you were collecting or claiming a right to collect a salary during the time

0220

that MW Medical had no operations? You are saying you are not sure?
A. I'm not sure.
Q. Thank you.
The next paragraph on page three, paragraph No. 11,

> "On or about June 2004, pursuant to Medley as CEO of Davi requested that Wallace execute a blank assignment of the Promissory note the condition that the assignment was to be used to secure investors and investment capital of the company since the Promissory note could also be exchange for the company's shares."

You see that paragraph that I just read?
A. Uh-huh.
Q. Is that a "yes"?
A. Pursuant -- yes.
Q. Is that the meeting during the closing day at Kyleen Cane's office that you were referring to in your testimony maybe a few minutes ago?
A. Yes, I think so.
Q. Other than what you've already testified to were there any other requests made by Mr. Medley in

0221

connection with the blank assignment of the promissory note?
A. Other than the investors? Other than what it says?
Q. Other than what it says and other than what

you testified to a few moments ago.
     A. No.
     Q. You have nothing to add to that?
     A. I don't think so.
     Q. And that day at the closing at Kyleen Cane's office is the only day that you spoke to Mr. Medley about that assignment of the promissory notes, Exhibit No. 10; is that correct?
     A. No. I told you that there was maybe one other time when we were in the cars and he called me.
     Q. Pardon me. You are quite right. I apologize for that.
     A. Okay.
     Q. All right. The next paragraph, starting at the beginning of paragraph 12 it says,

"On or about September 2005, Medley had still not used the assignment to procure investors or investment capital and the Promissory note was coming due,

0222

therefore Medley requested that Wallace execute a loan extension.

     When was that promissory note coming due?
     A. I was just about to say that I think that the language is wrong. It's not coming due. Is that the encroachment of the date of the first year Mr. Medley had used through 2005 and gave it to the auditors. That's why I never received a letter.
     Q. Can you just answer my question. When was the date coming down?
     A. Um, it would have been the December -- no, it would have been -- he knew he didn't have coverage for the December 31, '06 and to make sure it was in '05 that he wanted to get extra time from September to December 31st of '06.
     Q. So as of September 2005 there was a loan extension that you had executed indicating that the loan was extended through September 30, 2006; correct?
     A. As of 2005 I had already given Mr. Medley a loan extension for '05 and one for September 30th of '06.
     Q. Thank you.
     So in point of fact the promissory note was not coming due when we refer to paragraph 12 until

0223

September 30, 2006; is that correct?
     A. No. The coming due is that Mr. Medley had used the '05 and every quarter you are supposed to file and every quarter that he didn't file the other loan extension it was not only coming due, it was going to be a requirement of the auditors to hand it in. So due that he needs to hand those things to the auditors he handed in the '05 one but he failed to hand in September 30th of '06.
     Q. How do you know that?
     A. Because that's the only way I could have gotten the letter from the auditors.
     Q. How do you know that he did not turn the September 30, 2006 extension over to anyone?
     A. Because when I spoke to the auditors the only extension that they had was 2005.

Q. Okay. When did that conversation occur?
A. In March when they contacted me.
Q. March of 2006?
A. March of 2006 when they contacted me. I was totally befuddled. I subsequently had a conversation with them. They told me -- I said why am I getting a letter now.
Q. Ms. Wallace, if you want to get out of here tonight --

0224

A. Sure.
Q. -- you are going to have to stick to the questions that I'm asking.
A. No problem.
The auditors asked me.
Q. Thank you very much.
How many conversations did you have with the auditors?
A. Maybe three or four.
Q. Did the auditors ever tell you that no loan extension through September 30, 2006 had ever been received by them?
A. Correct.
Q. They told you that?
A. They didn't name a date.
Q. Thank you.
The next sentence starting on the end of line 22 on page three,

"At that time Medley stated 'things were moving along' leading Wallace to believe that the Promissory note was still being used to attract investors and investment capital."

When did Mr. Medley state that things were moving along to you?

0225

A. When we were at Carl's Jr.
Q. Any other time?
A. Probably before we went to Carl's Jr. When we were at the hotel he was explaining the business and what was going on in it.
Q. How long did that meeting -- I believe you indicated the meeting at the hotel lasted 30 minutes.
A. Yeah, about half an hour.
Q. Was Ms. Ambrosio and her mother present the entire time of the --
A. The whole time.
Q. Great. Starting on line 25,

"Wallace wanted a good faith payment for such extension . . ."

This is the extension that you referring to earlier to go from September 30, 2006 to December 31, 2006; is that correct?
A. Correct.
Q. Now it says,

" . . . and Medley paid Wallace $10,000 in cash instead by corporate check."

I guess that should be, should have stated instead of by corporate check.

0226

A. Correct.

Q. So was it significant to you that it referred to -- that he paid you in cash instead of by a corporate check?

A. Absolutely.

Q. Did you ask Mr. Medley why he was paying you in cash?

A. I asked him even before he came how he was paying.

Q. Why?

A. Because however he paid would cause me to worry considerably.

Q. Why?

A. Because when you are the CEO of a public company and you pay somebody for a loan extension that was not reported to the auditors or the public filing you've got some serious problems.

Q. Well, why did you believe as of September 2005 that this, the loan extension hadn't been reported to the auditors?

A. No. You are getting the dates confused.

Q. No. You're talking -- no, I'm not getting them confused at all.

You are telling me the first time you spoke with the auditors was in March of 2006; is that the

0227

truth?

A. Yes.

Q. All right. September 2005 had the auditors told you that the loan extension had not been received by them?

A. No.

Q. Did Mr. Medley tell you that he hadn't turned in the loan extension documents to them?

A. No.

Q. Then what is the basis for your claim that Mr. Medley had not turned in the loan extension documents and that was the reason why he had to be concerned about paying, as the CEO paying for an extension of the loan?

A. Please excuse me but what I'm trying to say to you is at the very time that he gave me the $10,000 cash it immediately started to come in my head that Mr. Medley was not acting for the corporation.

Q. But you told me a moment ago that you asked about how he's going to be paying you --

A. I did.

Q. -- and whether by check or by cash before you even met with him.

A. Before I met at Carl's Jr. and after we

0228

left the Hilton I said Parrish, by the way, do you know how you are going to pay me and he said I'll pay you -- I'm going to come and I'll pay you and I said okay. Is it cash or check and he said don't worry about it. I'll pay you. When Parrish showed up at Carl's Jr. and gave me the cash --

Q. Ms. Ambrosio present during this conversation at --

A. At Carl's Jr.?

Q. No, at the conversation at the hotel with the cash or check.

A. No, only the amount.

Q. Where did that conversation take place?
A. Parrish Medley when he was arranging to meet me at Carl's Jr.
Q. When was that?
A. Just before we met at Carl's Jr. Sometime in September or October after the meeting at the Hilton.
Q. I thought you met at the Carl's Jr. in September 2005?
A. September we met -- around September we met either at the Hilton -- we met at the Hilton.
Shortly after the Hilton after he negotiated the money he met with me at Carl's Jr.
0229
It could have been in September. It could have been in October.
Q. How much time elapsed between the Hilton meeting and the Carl's Jr. meeting?
A. A week, maybe ten days. Something like that.
Q. So when did you have the conversation regarding whether the money was going to be paid in cash or check?
A. I think it was the day before he called me to figure out where Carl's Jr. was and so on and so forth.
Q. Why did you ask him during that conversation whether the payment would be in cash or check?
A. Because the way that Parrish paid me would let me know that Parrish is not acting for the company and for himself.
Q. But why did you ask that question before you even met with him to receive the payment?
A. I just wanted to know how he was going to pay because depending on his answer it would let me know in my mind that Parrish Medley was acting for himself and not for the company.
Q. And what benefit would it be to Parrish of
0230
getting a loan extension from September 30th to December 31, 2006 by paying $10,000 to you?
A. If Parrish Medley never turned in the loan extension Parrish Medley could then attempt to use that blank assignment for his own purposes and he was the CEO of the public company. He had a right to disclose.
Q. So why did you -- in September 2005 after you had met with your attorney present with Mr. Medley at the Hilton hotel --
A. Uh-huh.
Q. -- you negotiated at that meeting --
A. Uh-huh.
Q. -- to get $10,000 in exchange for a loan extension; is that correct?
A. Correct.
Q. And you knew that Mr. Medley already had this assignment of promissory notes in his possession; correct?
A. Yes.
Q. You gave it to him that day at the closing in June of 2004; correct?
A. I believe it was around April. Okay.

Correct.
     Q. The assignment of the promissory notes that
0231
you signed --
     A. I'm sorry. You are right.
     Q. -- in June of 2004 --
     A. Okay.
     Q. -- you knew he had that in his possession?
     A. Yes.
     Q. Right?
     A. The assignment. I'm sorry. The assignment.
     Q. Correct.
         So after you had this meeting at the Hilton where you negotiated $10,000 in exchange for a three-month loan extension you agreed to meet with Parrish Medley at the Carl's Jr. in Newport Beach; correct?
     A. Yes.
     Q. And you knew at that meeting that the sole purpose of meeting with Mr. Medley that day was to get $10,000 in exchange for the loan extension; right?
     A. Yes.
     Q. That was the only reason you were meeting with him at Carl's Jr. that day?
     A. Absolutely correct.
     Q. If you understood that he was acting in his
0232
own self-interest by bringing cash instead of a corporate check why did you proceed to sign that loan extension document when you knew that he already had the assignment of the promissory note and could use that to collect on the note himself?
     A. Well, first of all Parrish Medley put the documents in front of me. He opened a brown bag that was by his feet, showed me that he had the money in the bag, made me sign first. So I didn't have the money in my possession. He made me sign it first.
     Q. So why didn't you say after you signed it hey, I think there is something wrong with this. I'm not going through with this deal?
     A. Because it doesn't matter to me what I did with my loan extension. The burden is on Mr. Medley. I don't care.
     Q. Why? You are the one who is claiming that the assignment of the promissory note is no good.
     A. The assignment of the promissory note in blank was to help the company. I agreed to help the company.
     Q. Ms. Wallace, you told me that you knew before the Carl's Jr. meeting that Mr. Medley could misuse the assignment of promissory notes; is that
0233
true?
     A. No. What I said to you was dependent upon how he paid me it would put into my head that maybe Mr. Medley has a purpose for himself and not for one of the company.
     Q. Okay.
     A. That's what he put in my head.
     Q. All right. So did you take any steps after

you collected that $10,000 in cash to alert anybody that you think that there is something wrong with the manner in which Parrish Medley handled this transaction?
A. No, and I don't have to.
Q. Okay. Thank you.
Did you have a discussion at that Carl's Jr. meeting about why the assignment had not been registered?
A. Again, the last meeting -- sorry.
Q. Don't tell me again. Just answer my question or we are going to be here a long time.
Did you have a discussion at Carl's Jr. in which the word assignment was mentioned? How about start there.
A. Yes.
Q. What was discussed regarding the assignment

0234

of the promissory note?
A. Again, the business, what's going on, where is the 10,000 shares that you already promised me. What is going on --
Q. This is in addition to the $10,000 that you obtained from him?
A. Yes.
Q. You wanted the 10,000 shares? I thought that was for the earlier extension.
A. The earlier extensions for the 10,000 shares was for December 31st of 2005 and September 30th of 2006.
Q. Okay.
A. He never paid me that.
Q. So what did you discuss regarding the assignment?
A. We discussed that. I said to him I'm giving you another assignment. What the hell are you doing with the business.
Q. What's this other assignment? I thought you already signed that back in June of 2004?
A. Maybe I'm not hearing right or I think I keep saying this to you. He wanted not only an extension that he had already had in his possession which is 2005, the year-end of 2005, he also had

0235

year-end -- sorry, September 30th of 2006 in his possession. He was supposed to give me 10,000 shares. He never did. To this day he's never given me that. Then he wants now another extension and that extension took him from September 30th of 2006 to December of --
Q. That was the $10,000?
A. And that's 10,000.
Q. We already covered that.
A. Right.
Q. I asked you when did the discussion of signing another assignment come up.
A. I can't remember but --
Q. You want me to have the court reporter read back your testimony?
A. Sure.
Q. You just stated that he wanted you to sign another assignment. Was that correct or not?
A. Yes.

Q. When did he ask you to sign another assignment?
A. Sometime prior to September when I met at the Hilton.
Q. Why did he need another assignment if he already had an assignment signed by you?
0236
A. He didn't have the assignment that took him from September 30, '06 to December of '06.
MS. AMBROSIO: Okay. I think there has been a miscommunication here. I think that the question is a loan extension, not an assignment.
THE WITNESS: Right.
MS. AMBROSIO: I think --
THE WITNESS: You are right.
MS. AMBROSIO: She's heard the wrong words. It's been a long day.
THE WITNESS: The extension, the assignment is the only assignment from day one.
BY MR. GUTMAN:
Q. When I use the word assignment I'm referring to the assignment of promissory notes that we previously mark as Exhibit No. 10. You see it, assignment of promissory notes?
A. Right.
Q. I'm not referring to the document that says loan extension like on Exhibit No. 7.
You see that?
A. Thank you.
Q. Okay. So did you have any discussion regarding an assignment when you met with Mr. Medley at the Carl's Jr.?
0237
A. Only the assignment. The only discussion we had was when are you giving me the list of the names to assign the note.
Q. That's the only thing you discussed at Carl's Jr. regarding the assignment?
A. The assignment. The name of the investor that had to go on that assignment.
Q. All right. Take a look at paragraph 15 on page four would you please.
A. Paragraph 15 on page four.
Q. You see on or about April 6, 2006? Did you have another meeting with Mr. Medley at the Carl's Jr.?
A. Yes.
Q. Is this the very next time that you saw Mr. Medley --
A. Yes.
Q. -- in between September of 2005 and April of 2006?
A. Yes.
Q. Did you have a discussion then with Mr. Medley regarding the assignment not having been registered for almost two years?
A. Yes.
Q. And how did that discussion come up?
0238
A. Mr. Medley now knew that I had the auditor's letter. Mr. Medley directed me what to say in the auditor's letter. I told him I would not do that because it was not the truth. He said let's

meet and talk about it. I said fine, Parrish, but I'm not going to be doing anything that causes me any problems or commit any frauds. We met at Carl's Jr. It was a terribly heated discussion. Parrish Medley left the place saying that he was going back to Beverly Hills and signing over and filling in the date of the assignment.
Q. What did you tell Mr. Medley that you wanted in exchange for the assignment or to do in connection with the auditor's letter?
A. I asked Mr. Medley what the heck are you doing and what are you trying to do with this and he said -- you want me to answer it?
Q. Please.
A. Okay. He said that that assignment was his. I agreed to it a long time ago.
I said you know what, Parrish, you didn't give me the 10,000 shares. You threw $10,000 at me. I'm still waiting to see some kind of financial recovery. I was supposed to have dollar for dollar on this note. Give me my damn money.
0239
Q. So how much did you tell him you wanted?
A. I don't even recall. It was just yelling back and forth.
Q. What did you tell Mr. Medley --
A. I don't recall.
Q. $100,000?
A. I don't recall.
Q. $200,000?
A. I think I certainly said my 250 is my 250.
Q. $250,000?
A. Right. That's what I had estimated the note to now be worth.
Q. So if you felt that you had the legal right to the note and you had the right to collect it from the company why did you even bother to meet with Mr. Medley that day in April of 2006?
A. Because Mr. Medley wouldn't stop bugging me.
Q. So he contacted you after you received the auditor's letter?
A. Yes.
Q. Or you contacted him?
A. Excuse me. He had contacted again Kyleen Cane because I won't speak to him. Kyleen Cane told me again that Parrish Medley is trying to find me
0240
and I said what for now.
Q. So why didn't you just ignore him?
A. That would have been nice.
Q. Well, why don't you explain why.
A. Because every time I have to get on the phone with Parrish Medley I still have a note on that company that he represented to take care of.
Q. Isn't it a fact, Ms. Wallace, that you went to Mr. Medley because you were looking to get some money that you otherwise weren't entitled to?
A. No.
Q. Then why didn't you just ignore him?
A. I just told you why. He had in his knowledge exactly what that note was to be used for. I wanted to know. So either he gave me my money

from 2004 or he explained to me what the new story was.
Q. Why didn't you just present the note to Davi Skin?
A. Because it can't be presented until December 31st of '06. How do you make a demand on a note when it has a loan extension until the deal hasn't even reached?
Q. Why didn't you just send the note back to the auditor without meeting with Mr. Medley first?
0241
A. I just told you why.
Q. Because Mr. Medley wanted to meet with you?
A. Yes.
Q. And no other reason?
A. Absolutely correct.
Q. Thank you.
I want to direct your attention on page five paragraph 20 of the amended counterclaim.
"Since 2004, Medley made false representations to Wallace about the conditional assignment of the Promissory note . . ."
You see that?
A. Uh-huh.
Q. Is that a "yes"?
A. Yes.
Q. What is conditional assignment? What does that mean?
A. Again, the assignment was only so Mr. Medley could use that note. I had to fill in the names of the investors and the market makers. He was supposed to provide me those names so that the note would transfer to those individuals. He kept telling me it would happen shortly. It didn't happen. He had lots of excuses why it didn't
0242
happen.
Q. Is there any document that you've ever seen that refers to market makers or investors in connection with this promissory note that is the subject of this lawsuit?
A. No.
Q. Do you have any witnesses anywhere who can testify about any discussion in which Parrish Medley said that he got that assignment from you of the promissory note solely to try and interest investors or to get, what is it, make a market?
A. Right.
Q. Do you have any witnesses who can testify to that?
A. No, we couldn't.
Q. Okay. All right. Let's move on and identify next in order. Will be Exhibit No. 12.
(Deposition Exhibit 12 was marked for identification by the court reporter.)
MS. AMBROSIO: How many more exhibits do you have?
MR. GUTMAN: I've got four prepared but I don't know that I'm going to need them all.
MS. AMBROSIO: You think you will be done in the next half hour?
0243

MR. GUTMAN: I'm going to try.
MS. AMBROSIO: Okay. Because at 6:00 we are leaving.
MR. GUTMAN: Okay. Never had somebody just like turn to me and say it quite like that.
MS. AMBROSIO: I'm just letting you know.
MR. GUTMAN: I understand that's really --
MS. AMBROSIO: You're from New York. You should get it.
MR. GUTMAN: You know, doesn't really offend me but does sound kind of coarse.
Q. I marked for purposes of identification as Exhibit No. 12 document Bates No. K/M 39 through K/M 41.
Have you seen this document before?
A. Yes.
Q. This is in fact the auditor's letter with a couple of additional handwritten comments that have been inserted on it. At least that's what the first page is.
Do you understand that?
A. Yes.
Q. The auditor's letter is dated March 24, 2006.
Would you agree with that?
0244
A. Yes.
Q. Now, there are certain handwritten portions contained on this first page of Exhibit No. 12 starting about halfway -- in between the third and halfway down, this note is retained by me.
A. Yes.
Q. Is that your handwriting?
A. Yes.
Q. And with the exception of the signature of Josh Levine it looks like under very truly yours --
A. Yes.
Q. -- is every other portion of this page that's handwritten your handwriting?
A. Yes.
Q. When did you write this?
A. Probably around April.
Q. April of 2006; correct?
A. Yes.
Q. Did you write it after the meeting that you had with Mr. Medley at the Carl's Jr. in Newport Beach?
A. Not necessarily.
Q. Well, did you meet with Mr. Medley at the Carl's Jr. in Newport Beach in April of 2006 before or after you wrote your handwritten comments on
0245
Exhibit 12?
A. I think I started to write some of this and then I think I finished it up. I'm just trying to remember what time I started scripting it. I think I wrote lots and threw them in the garbage. I think I stopped some places and I think some of it I started with and then I added more.
Q. Okay. Do you have the ability to determine which parts you wrote before the meeting at Carl's Jr. in Newport Beach in April of 2006?
A. Sure. The part where Mr. Medley had

announced at Carl's Jr. that he was going to sign the note and give it to Mr. Kagel, whoever he is.
     Q. So you learned that from the discussion at Carl's Jr.?
     A. Yes.
     Q. All right. Let's focus on the first page of Exhibit No. 12 Bates numbered 39, that first sentence, this note, first sentence that's in your handwriting.
               "This note is retained by me, as Mr. Parish Medley then CEO of Davi Skin misrepresented the use of this note and did not deliver the compensation to me."
          What is the compensation that you are
0246
referring to?
     A. The 250,000 dollar for dollar that I was supposed to get to assign the note.
     Q. When did you have that agreement to get 250,000 dollar for dollar to assign the note?
     A. As stated before, that all happened when he asked Kyleen Cane to leave the room.
     Q. That's the only time that that was discussed?
     A. Yes.
     Q. Did you ever have any discussion about that $250,000 any time other than in June of 2004 in Kyleen Cane's office prior to writing your handwritten comments on Exhibit 12?
     A. I probably may have mentioned it once before to Parrish in a harsh voice.
     Q. Okay. I want to direct your attention to the third page of Exhibit No. 12.
     A. Uh-huh.
     Q. Bates numbered 41. And the last sentence.
               "I state clearly, in the 2 and half years I have known Parish, I find him to be a liar, a cheat, self-serving and of lower moral character."
          Is that your handwriting?
0247
     A. Yes.
     Q. And did you cause this letter to be sent back to the auditors at least?
     A. I think it says who it's supposed to go to.
     Q. And who is that?
     A. Mr. Spellman and/or present management of Davi.
     Q. Did you send it to anybody else?
     A. It was faxed -- Crystel Makin asked me to fax my response. I faxed it to Crystel Makin and told Crystel Makin to give this document -- that to make sure Mr. Spellman or Carlo Mondavi or somebody in management got the document.
     Q. Anybody else?
     A. That's it.
     Q. How did you transmit this document to them?
     A. She gave me a fax number and I faxed it.
     Q. So you faxed it to two different fax numbers?
     A. No, just one.
     Q. I thought you sent one to Mr. Spellman and one to Crystel Makin?

A. No. I didn't know Davi's fax number. Crystel Makin asked me to please fill out because they were getting close to filing date. She asked

0248

me to please fill out my responses, fax it to her. I told her I'm going to fax it to her. Could she please make sure that Mr. Spellman or Carlo Mondavi or somebody at Davi management gets this letter.

Q. Okay. I want you to tell me now about every single lie that you are aware that Mr. Medley told you in the two and a half years you have known him.

A. Well the one, big one is what he was going to do with the assignment. It never happened.

Q. Which assignment are you talking about?

A. That he was going to use the assignment and give me a list of names of investors or market makers and that's how the assignment was going to be used. It never took place.

Q. Okay.

A. We also -- Parrish Medley called me when he was trying to raise some money and wanted Kelly Black and I to raise some money.

I called him back and told him that I have some people that he could raise some money with. I set up all the appointments in Arizona. He came over to Arizona. I set them all up. He promised -- after we went to two meetings one group was interested in giving him the $3 million. I said

0249

okay, Parrish, if we are going to raise this money you have to sign one of my consulting contracts.

Parrish said yeah, yeah, don't worry about it. I got to go to Vancouver.

I said well, do me a favor. Promise you are going to call these people back. Don't make me look bad.

Parrish Medley never called the people back who kept calling me and then when I put my contract in front of Parrish he said he wasn't giving me nothing and he doesn't need me or Kelly Black to get him any money. So he lied to me.

Q. Okay. Next?

A. The next lie is I guess to me directly I guess --

Q. Any situation in which you know that Parrish Medley lied.

A. Okay. In the public filings when Parrish Medley settled his agreement with Davi Skin he agreed that he would never sue a shareholder of Davi. I am a shareholder of Davi.

Q. Okay. Anything else?

A. There was a company of which I introduced him to in Arizona. Her name was Michelle Stuart. She had a company named Sedona Earth. Parrish was

0250

interested because he said that they weren't finished with the formulations and he needed a product. We outlined the terms. He liked her male product which was called Maneava because he thought it sounded a lot like Mondavi. We entered in. We had oral agreements of how it would take place. I sent over notes to him. I called him on the telephone. He told me he wanted to do the deal with Sedona Earth and with Michelle Stuart.

After about two weeks of him not really responding again very belligerently on the phone he told me he's not interested. He's not doing any of this deal and that was the end of that.

The other time was I went down into San Diego and I met with another investment house, Lana Hungh. I got four different investors to come in to help raise money. All of these Parrish knew about. I told him about expenses. I told him about the time and effort. I told him what it makes us look like and he said don't worry. I'm going to take care of it. We will raise the money, blah, blah, blah. Get the people lined up. I called him, showed him a bill for all of the expenses that we had running up. When is he going to sign the contract and agree and again he told me he didn't

0251

need my money. He went up to Vancouver. He can have somebody Mancuso (phonetic) give him as much money as he wants. I said then why did you waste my time.

Q. Anything else?

A. Not that I can think of right now.

Q. So have you now told us every single instance in which you have some understanding or some basis for accusing Mr. Medley of lying?

A. Other than what he told me about he was going to stick -- what he wanted me to write on the auditor's letter and I told him I wouldn't do it.

Q. I'm sorry. I don't recall --

A. Maybe not that's not a lie. Maybe he just told me what he would do and I wouldn't agree to do it.

Q. Okay. So have you now told us about every situation in which you know of Parrish Medley to be lying?

A. That's what I can recall right now.

Q. Can you identify every single situation in which you know Parrish Medley to be a cheat?

A. Yes. Same kind of deals. I ran up bills of which he said he would pay. Also the money in Las Vegas that night. He promised me that he would

0252

pay it back. He's never paid me back that money either. He's never given me the 10,000 shares.

Q. Anything else?

A. As I sit here that's all I can recall right now.

Q. Other than your description of everything that transpired in Las Vegas on that faithful evening of the close of this transaction, do you have anything to add regarding Parrish Medley being of low moral character?

A. I think that's enough.

Q. Okay. I will mark for purposes of identification as Exhibit No. 13. It is a four-page document Bates Nos. 46 through 49.

(Deposition Exhibit 13 was marked for identification by the court reporter.)

BY MR. GUTMAN:

Q. Ms. Wallace, do you recognize this

document?
A. Yes.
Q. Is this entire document in your handwriting?
A. Yes.
Q. Is that your signature on the fourth page Bates numbered 49?
0253
A. Yes.
Q. The drawing on the fourth page the lower half of what has been copied here, do you recognize that?
A. Yes.
Q. Do you know what it is?
A. No. I told you I have art books and I draw.
Q. Do you know when this was written?
A. Around -- after the same situations I just named to you where we went out and got funders for him and we set up the Michelle Stuart deal and everything.
Q. What point of time was that?
A. You know, right now I can't think of it but it would be -- I can't think of it.
Q. Well, was this after the closing in June of 2004?
A. For sure.
Q. So even after that debacle or that situation that you described in Las Vegas you continued to try and work with Mr. Medley, did you not?
A. I tried to raise money, yes.
Q. Why were you trying to raise money?
0254
A. Because I had a vested interest. If the stock value went up and I had a one for one value I would have done very well under Mr. Medley's efforts.
Q. What was your vested interest, this stock ownership? How did that come about?
A. The loan, the promissory note, if I did the assignment and he assigned it to his investors or market makers in return I would get dollar for dollar the value of my money.
Q. This was based upon an oral agreement that you had?
A. Correct.
Q. And this is the oral agreement that was discussed in Kyleen Cane's office in June of 2004?
A. Correct.
Q. And there is absolutely not a single mention of that oral agreement in this four-page note, is there?
A. No. This is about something else.
Q. Is there a single mention of that oral agreement in any other note that you have ever written to Mr. Medley or to anybody else?
A. Well, I've told my attorney now and I think I -- I think I've yelled at Mr. Medley over
0255
it.
Q. So after June of 2004 you were working in order to try and raise money for Davi Skin; is that

your testimony?
A. Yes.
Q. And this, the first three pages of this letter generally describe the efforts that you are making in order to raise money; is that correct?
A. Yes.
Q. Now, if you look at the fourth page there is a paragraph here that states,
"Parish you owe me the courtesy of a phone call at least to acknowledge the amount of work that is being done for a company that has given me no compensation as yet even though promised."
A. Yes.
Q. You see that?
A. Yes.
Q. What was the compensation that was promised?
A. Parrish Medley in the raising of money -- my standard fee is 10 percent of the capital raised, plus warrants, plus stock options, plus the 10,000 -- plus everything he's ever stated to me.
0256
That's the compensation he's never given to me.
Q. Well, what money did you raise?
A. I didn't raise any. He wouldn't meet with the people to finish the deal.
Q. So you were trying to raise money and the compensation agreement that you thought you had was basically for a finder's fee; correct?
A. Correct.
Q. And finder's fee consisted of 10 percent, plus warrants, plus stock options?
A. Yes.
Q. And that's your standard finder's fee?
A. Yes.
Q. And that's the standard finder's fee that you've had with how many different individuals or companies?
A. Well, going back to Stanley Young. Any time we raise money it's 10 percent with some stock and some warrants. It's in the agreement of Wallace Black.
Q. Did you ever present a copy of your standard finder's fee agreement to Davi Skin or to Mr. Medley?
A. No. We talked about it on the phone. He wouldn't let it go any further. When I insisted
0257
that's when he got belligerent.
Q. Well, you talked about it on the phone. Is that before you did all these things that you are describing in Exhibit 13?
A. When we talked about it on the phone I told Mr. Medley that's what we would charge if we raise the money. He told me to go ahead and set up the meetings. He flew from L.A. to Arizona, attended the meetings. Didn't do the follow up even though he had people that were ready to commit three million. Then he said he was going to Vancouver or something, whoever knows, someplace and he was going to get other money.
Q. Why did you agree to do the work before you

had some sort of written agreement in place?
     A. Because I do that. I just told you how sometimes I do work for people and I get no compensation. Because I had a vested interest in this company both as a shareholder and somebody that had a note it behooved me to try to do the best for the company.
     Q. But you told me that after that closing in Las Vegas this was somebody that you couldn't imagine how you even got into business with him. So here you were continuing to trust him without a
0258
written agreement after June of 2004?
     A. Excuse me. But Mr. Medley's behavior from a moral point of view is absolutely disgusting. I will never forget it.
     Q. But he never paid you back the money that he owed you; right?
     A. Well, then I guess you could call me a nice person that happens to trust people.
     Q. So after June of 2004 you made all these efforts to try and raise money for the company; is that correct?
     A. Yes.
     Q. Are they all pretty much outlined in this handwritten letter, Exhibit 13?
     A. Some of it. It's very general.
     Q. How much time elapsed between June of 2004 and the point in time when you realized that Mr. Medley was not going to sign the compensation agreement with your company?
     A. After the meetings it was probably about two and a half to three weeks that I was trying to get him to hammer it down and both Kelly and I attempted and he was so belligerent we just walked away from it.
     Q. And when was that?
0259
     A. I can't recall.
     Q. Before the end of 2004? Sometime in 2005?
     A. I think either end of 2004 or 2005. Sometime in there. I can't remember.
     Q. Now, do you recall earlier in your testimony you had indicated that there was a point in time where Parrish was trying to call you after the event, the closing day in Las Vegas and you wouldn't even take his call and he had to get Kyleen Cane to call you so that you would even take his call?
     A. It was I believe -- actually I should get him to read back because now I'm trying to recall all this testimony.
     Q. Well, maybe you don't have to recall the testimony but maybe you can just tell us what exactly happened because there was a period of time after the closing in June of 2004 that you didn't speak to Mr. Medley; right?
     A. That's correct.
     Q. And you didn't want to speak to Mr. Medley?
     A. That's correct.
     Q. So how would you quantify that period of time?
     A. I can't remember.

0260
Q. More than a year?
A. Maybe. Maybe just less. Maybe a little bit more. Maybe a year. I can't remember.
Q. So at what point in time are you setting up these meetings with Mr. Medley to meet with potential investors who had come up with this $3 million?
A. I don't recall.
Q. Was this in 2004?
A. I answered already. It could have been late 2004. Sometime in 2005. I don't recall.
Q. Well, when did you have the oral agreement with Mr. Medley that he was going to pay you this 10 percent finder's fee, plus stock options and warrants?
A. Before he flew to Arizona.
Q. But that would be after the deal went --
A. I don't know.
Q. -- down in Las Vegas?
A. It would be distinctly after the closing of the transaction because I could only raise money for Davi Skin once it became Davi Skin.
Q. Okay.
A. So it's distinctly after the closing.
Q. So you have no recollection whatsoever how far after? A month? Six months? A year?
0261
A. As I sit here today I don't recall.
Q. More than a year?
A. I answered I don't recall. It could have been sometime at the end of 2004 or 2005. I don't recall.
Q. Well, I just want to see if I can break down the "it could have been" because what I want to understand is -- your microphone just dropped off.
A. Again? Sorry.
Q. What I want to understand is you had an oral agreement for this dollar for dollar thing from June of 2004.
A. Yep.
Q. Right?
A. Yep.
Q. That never got mentioned any time again between the two of you until some point much later on; correct?
A. As I stated before, I said maybe I had some phone conversations where I might give him a hard time about it. I don't recall. I think that's what I said before.
Q. Let me ask you a question, Ms. Wallace.
A. Sure.
0262
Q. If you had received an agreement from Mr. Medley during your meeting in April of this year, April of 2006 that he would have given you your dollar for dollar consideration as far as the shares in the company on that promissory note, would you have written what he asked you to write to the auditors?
A. No. No, I wouldn't have written what he asked me to write.
Q. Then what was it that you were looking for

from Mr. Medley in April of 2006?

A. If Mr. Medley had given me my two hundred and something thousand dollars I would have told the auditors that Mr. Medley gave me two hundred and something thousand dollars and I don't care who the note belongs to. As far as I'm concerned I guess it belongs to the company.

Q. So the only thing that you were interested in in April of 2006 was 100 percent of the cash that was due on that note?

A. Some kind of compensation. All the cash would have been nice. A portion would have been nice. Anything would have been nice that I got something out of this transaction.

Q. Something out of the transaction. Didn't

0263

you collect $250,000 on a company that had no revenues?

A. Mr. Gutman, I put over a million dollars into that company. When I did the reverse merger I didn't have to forgive it. I forgave most of my money. If you think as I sit here today that because I got $250,000 in the reverse merger that I am happy, no. I would take another $600,000. I would take any amount that made me whole. That's what I did. That's what I expect.

Q. What was the source of funds for that $1 million that you claim you put up into MW Medical?

A. My personal money, cash.

Q. That was money that you earned how?

A. I earn it period.

Q. From what type of business activities?

A. I've been working since I was 27 years old.

Q. Well, what I want to understand is was that money that you earned in connection with the work that you did with --

MS. AMBROSIO: Wait. This has been asked and answered. She went over earlier today all the jobs she had.

MR. GUTMAN: I just want to ask this

0264

question about the source of the monies.

Q. Is it monies -- were these monies that you earned through Claire Technology, Active Systems, Dynamic Associates and MW Medical?

MS. AMBROSIO: I'm going to object.

THE WITNESS: Mr. Gutman --

MS. AMBROSIO: Don't answer it.

THE WITNESS: I won't answer.

MR. GUTMAN: On what basis?

MS. AMBROSIO: It's not relevant.

THE WITNESS: It's my money. I answered that it was my money.

MS. AMBROSIO: No more.

MR. GUTMAN: Ms. Ambrosio, I'm sure you realize under the federal rules that relevance is not an appropriate objection at a deposition.

MS. AMBROSIO: I'm instructing my client not to answer it. You want to bring a motion --

MR. GUTMAN: On the grounds of relevance?

MS. AMBROSIO: On the grounds that it has -- she told you and it's verifiable that she put the money in. This company has been through a bankruptcy. If you would like to look at the bankruptcy files you are more than welcome to.

MR. GUTMAN: No. What I would have liked

0265

to have seen were the documents that were requested and to have the witness make at least a modicum of effort to comply with her obligation --

THE WITNESS: I did.

MR. GUTMAN: -- under the code.

Excuse me, Ms. Wallace. I'm responding to your counsel now and I actually heard your testimony during the course of the day about the efforts that you made and frankly they do not comply with the obligations under the code.

So --

MS. AMBROSIO: Fine.

MR. GUTMAN: -- either we will do a motion to exclude or do a motion to compel you to produce the documents or to at least make some effort to locate them.

At this point in time I'm going to reserve my right to reopen the examination based upon the failure to produce the documents in the course of discovery that I believe the witness had an obligation to search for and at least make some sort of an effort to determine if they did exist and with that, subject to that exception and the questioning which you instructed her not to respond I'll reserve my rights in connection with that too.

0266

I would propose a stipulation if you are willing unless you want to go by the code, stipulation regarding the maintenance of the original transcript.

MS. AMBROSIO: You can do the stipulation on the record. That's fine.

MR. GUTMAN: Thank you.

I'll propose the following stipulation: That the court reporter can be relieved of his duties with respect to the maintenance of the original transcript. You know what, I'm rushing because the --

VIDEO OPERATOR: You are fine.

MR. GUTMAN: All right. Can we go off the record for one minute.

VIDEO OPERATOR: Sure. Going off the record. The time is 6:00.

(Recess.)

VIDEO OPERATOR: Back on the record. The time is 6:03.

MR. GUTMAN: I'll propose the following stipulation:

That the court reporter can be relieved of his obligations under the federal rules of civil procedure with respect to maintenance of the

0267

original transcript.

That the original transcript can be sent to the deponent through her counsel for the deponent to read, review and sign under penalty of perjury and make any changes or corrections that are necessary. In the event that there are any changes or

corrections counsel will notify my office within let's say 20 days of her receipt of the transcript.
And that the original transcript shall be signed under penalty of perjury.
That counsel for the deponent assuming that we have a reciprocal arrangement can maintain custody of the original and present it upon request of any counsel or party in this action at the time of trial or for any other purpose or any other hearing.
In the event the original is not signed under penalty of perjury or otherwise is unavailable for any reason whatsoever a certified copy can be used in lieu thereof for any and all purposes.
You want me to repeat it?
MS. AMBROSIO: No. So stipulated.
VIDEO OPERATOR: This concludes the deposition of Jan Wallace, volume one. Number of tapes used was three. The original videotapes will

be retained by Merrill Legal Solutions at 20750 Ventura Boulevard, Suite 205, Woodland Hills, California 91364.
Going off the record. The time is 6:04.
(Whereupon, at the hour of 6:04 p.m., the proceedings were concluded.)

-oOo-

DECLARATION

I hereby declare I am the deponent in the within matter; that I have read the foregoing deposition and know the contents thereof, and I declare that the same is true of my knowledge except as to the matters which are therein stated upon my information or belief, and as to those matters, I believe it to be true.
I declare under the penalties of perjury of the State of California that the foregoing is true and correct.
Executed on the _____ day of __________________ 2006, at ________________________, California.

BuchalterNemer
A Professional Law Corporation

1000 Wilshire Boulevard, Suite 1500, Los Angeles, California 90017-2457
Telephone (213) 891-0700 / Fax (213) 896-0400

File Number: D1200.0002
Direct Dial Number: (213) 891-5460
Direct Facsimile Number: (213) 630-5760
E-Mail Address: *mwachtell@buchalter.com*

July 10, 2006

VIA FACSIMILE NO. (310) 385-0710
and FIRST CLASS MAIL

Alan S. Gutman, Esq.
Law Offices of Alan S. Gutman
9401 Wilshire Boulevard, Suite 575
Beverly Hills, CA 90212-2918

Re: *Davi Skin, Inc. adv. Parrish Medley*

Dear Mr. Gutman:

It is my understanding that you currently represent Parrish Medley in connection with litigation that he filed against Jan Wallace currently pending in the United States District Court for the Central District of California. I am also advised that at least in connection with certain other matters, Mr. Medley was previously, and may still be currently represented by attorney David Kagel.

Davi Skin, Inc. has claims that it has and will continue to assert against Mr. Medley with respect to his prior service as Chief Executive Officer of Davi Skin, Inc., as well as representations, contractual commitments and obligations made pursuant to and arising out of his Separation Agreement with Davi Skin in March, 2006. Please advise me whether you, or Mr. Kagel, will be representing Mr. Medley in connection with such claims. I have written to Mr. Kagel making such inquiry and have not received a response.

Also enclosed herewith is a copy of a letter recently received from Claire C. Ambrosio, Esq., counsel for Jan Wallace. I also enclose, for your information, a copy of my last letter to Mr. Kagel which outlines some of the issues relating to the claims raised by Ms. Wallace. If we do not hear from you or Mr. Kagel as to who is representing Mr. Medley in connection with claims that are being asserted, or maybe hereafter be asserted by Davi Skin, we will assume that Mr. Medley he has no counsel at this time with respect to those issues and we will communicate with Mr. Medley directly.

I would be pleased to discuss this matter with you at your convenience.

Very truly yours,

BUCHALTER NEMER
A Professional Corporation

By
Michael L. Wachtell

MLW:bjm

cc: Davi Skin, Inc.
David C. Kagel, Esq.

bc: Mr. Joseph Spellman
Mr. Carlo Mondavi
Mr. Josh LeVine
Mr. Ted Lanes
Don Lee, Esq.

bc: Claire C. Ambrosio, Esq.
Donald Lee, Esq. (i/o)

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File Number: D1200.0002
Direct Dial Number: (213) 891-5460
Direct Facsimile Number: (213) 630-5760
E-Mail Address: *mwachtell@buchalter.com*

June 26, 2006

VIA FACSIMILE NO. (310) 553-9693
<u>and FIRST CLASS MAIL</u>

David L. Kagel, Esq.
Law Offices of David L. Kagel
1801 Century Park East
Los Angeles, CA 90067

Re: Davi Skin, Inc. ("Davi Skin" or "Company")

Dear Mr. Kagel:

I last wrote to you on May 31, 2006 and have not received a response. Because of the confusion relating to the various documents that you have provided to Davi Skin, our client wrote to Parrish Medley to seek clarification of both the conflicting documentation discussed in my letters to you and the circumstances under which you received the $248,325.00 promissory note, for which you have made claim for payment.

Enclosed is a copy of a letter dated June 2, 2006 from Parrish Medley to Carlo Mondavi at Davi Skin. You were not shown as having received a copy. I am sending this to you as counsel for Mr. Medley as well as the claimant for payment of the obligation referred to. Obviously, having claimed an attorney client privilege (we believe improperly) Mr. Medley apparently believes you are representing him on this matter as his counsel. Please advise me immediately if that is not the case and if other counsel is involved so that I can communicate directly with that counsel.

Mr. Medley's letter refers to a "$200,000 Note", which is distinctly different than the $248,325.00 Note you purport to hold and Mr. Medley makes no reference whatsoever to your note in his letter. His comments also fail to respond to the numerous items of inconsistency in the documents that you purport to hold as discussed in my letters of May 1, 2006 and Mary 31, 2006.

In the first paragraph on page 2 of his letter, Mr. Medley represents that "The Note was assigned to me in blank by Ms. Wallace and I in turn assigned it to Mr. Kagel in April 2006. The assignment was made for valid consideration received by me and to the best of my knowledge Mr. Kagel is the lawful and rightful holder of the Note." Mr. Medley then goes on to state later in the same paragraph that he has no obligation to disclose the nature of the transaction between the two of you based on an attorney/client privilege. Since Mr. Medley now claims that the Note was assigned to him and he then sold it to you for consideration in April 2006, it is apparent that he had an obligation going back to as early as June, 2004 to file a Form 3 or Form 4 as applicable with the SEC. No such filing was made, nor was their any mention of this assignment in any of the Company's numerous SEC filings which Mr. Medley signed as Chief Executive Officer of Davi Skin, nor was such ownership reflected in the Company's internal audited financial statements which Mr. Medley approved while he was CEO. Hence, his actions are inconsistent with the representations made in his most recent letter. Obviously there is a story as to what actually occurred that has not been disclosed.

You have previously advised us in written communications that you represented Mr. Medley in certain transactions relating to Davi Skin, but not in regards to others and, therefore, your knowledge is limited as to his activities while he was Chief Executive Officer of Davi Skin. Nevertheless, you were his counsel at the time Mr. Medley entered into the Separation Agreement and Release with Davi Skin executed March 26, 2006 and effective as of March 17, 2006 ("Separation Agreement"). In paragraph 1 of the Settlement Agreement, Mr. Medley stated that as of March 17, 2006, "...as of this date, he is not owed any money from the Company other than as provided herein." In paragraph 4 he further agrees that "... he is not entitled to, and will not receive, any payments or benefits of any kind from the Company other than those set forth herein." There is no reference whatsoever in the Separation Agreement to the alleged promissory note obligation that is the subject of our communications. Therefore as of March 17, 2006 either that obligation no longer existed, was unenforceable or was exonerated. Since you were Mr. Medley's attorney at the time you are well aware of these facts and it is unclear under why you purchased the purported obligation and stock rights from Mr. Medley only 10 days after the execution of the Separation Agreement and then made demand on the Company for payment knowing of the infirmities in those documents.

It is abundantly clear from our communications to date and Mr. Medley's recent letter, that there were serious and material misrepresentations made to the Company by Mr. Medley at the time the Separation Agreement was entered into and pursuant to which he was paid significant consideration as part of the separation. Furthermore, it appears that the releases given by the Company to Mr. Medley were based on inaccurate and misleading information and were therefore fraudulently procured. Based on these facts alone as well as other facts that have come to light since Mr. Medley's departure (which he has refused a request from the Company to clarify), the Company has authorized us to demand immediate return of the $80,000 severance payment and reserves its rights to cancel or otherwise seek return of all stock of the Company he currently holds, as well as recovery of damages sustained by the Company. Please advise me immediately whether or not you will be representing Mr. Medley in connection with these issues, or whether we should be communicating with other counsel.

It is my understanding that your claims against Ms. Wallace regarding ownership of the outstanding promissory obligation from Davi Skin are now the subject of a federal lawsuit, and you have now engaged counsel to replace Farhad Novian, who filed the suit originally on your behalf. Please let me know whether we should be communicating with you, or your new counsel in connection with matters that are the subject of your lawsuit against Ms. Wallace and/or Mr. Medley's participation in the transaction being litigated.

As confirmed by Mr. Medley's letter, it is clear that there are a multitude of notes in existence that may or may not reflect the same alleged monetary obligation from the Company and it is certainly unclear as to whether you, Mr. Medley or Ms. Wallace own the beneficial interest in this obligation. While we believe that there may be only one promissory obligation owed by the Company, if any, the purported owner of this obligation is still undetermined and presumably will ultimately be determined in the pending lawsuit between yourself and Ms. Wallace. Additionally, the genesis of this alleged obligation and whether such obligation is still owing at all is unclear to the Company and is the subject of continuing investigation.

In his letter, Mr. Medley indicates that all files and records relating to this transaction remain at the corporate offices which he formerly occupied and he took no documents with him. There is no record within the files of the Company that the alleged promissory note in favor of Ms. Wallace from the Company, or MW Medical, Inc. as the Company's predecessor, was ever assigned to Mr. Medley, or that Mr. Medley was the payee of that obligation from 2004 until the note was purportedly assigned to you in April, 2006. This is confirmed by the audit confirmation requests from the Company's auditors directed to Ms. Wallace as recently as this year and the failure or Mr. Medley to make any reference to his ownership of this obligation in the Company's SEC filings from June 2004 until March 2006. Clearly such disclosure would have been required under SEC rules and regulations as would notation in the Company's financial records.

Regarding the suit by Mr. Medley against Ms. Wallace which is also now removed to Federal Court, we also are shocked that Ms. Wallace's response to the Company's outside auditors was apparently improperly solicited by Mr. Medley from a Company employee after he had resigned his employment with the Company and then used as a basis for a defamation claim against Ms. Wallace. Under what authority did Mr. Wallace believe he could obtain such a confidential corporate document and what other corporate documents does he now have in his possession? Even if Mr. Medley's statement that "I did not take with me copies of any files, records or documents of the

Company" it appears that he did in fact get some corporate documents after he left. His good intentions seem somewhat disingenuous.

We expect that both you and Mr. Medley will provide us with a full and comprehensive explanation of what you believe occurred, including the details of the transactions between yourself and Mr. Medley with respect to the transfer of the documents you hold as well as the inconsistencies raised on the face of the documents, the Separation Agreement and the various SEC filings by the Company which Mr. Medley approved and executed. We do not believe that these communications and transactions can be shielded by an attorney/client privilege and there is an obligation by both Mr. Medley and the Company to make full disclosure to the SEC and all of the Company's shareholders and auditors as to what occurred. Should our investigation indicate that either the Company, Mr. Medley, or other parties did not make all reqeuisite and accurate SEC filings, we will so advise the SEC and furnish them with a full report of all facts known to us.

Mr. Medley concludes in the last paragraph of his letter that he maintained "close contact" with Kyleen Cane, the Company's former General Counsel, and that she is fully aware of all these matters. We have received voluminous corporate files from Ms. Cane and have no information that was the case. If as Mr. Medley indicates he maintained "close contact" with Ms. Cane, she may be able to shed light on the underlying facts and circumstances. As a matter of courtesy I am sending a copy of this letter to Ms. Cane as well as counsel for Ms. Wallace so that they may each provide any knowledge and documents they may have which are relevant to these issues.

Very truly yours,
BUCHALTER NEMER
A Professional Corporation

By
Michael L. Wachtell

MLW:bjm

cc: Davi Skin, Inc.
Donald Lee, Esq. (i/o)
Kyleen Cane, Esq.
Claire Ambrosio, Esq.

June 2, 2006

Carlo Mondavi
Davi Luxury Brand Group
301 North Canon Drive, Suite 207
Beverly Hills, California 90210

Dear Mr. Mondavi:

I am in receipt of your registered mail letter to me dated May 25, 2006 and received by me on May 31, 2006. As you are aware, paragraph 20 of the Separation Agreement between me and the Company obligates me during the two months following the execution of the Agreement (which period ended on May 21, 2006) to assist and cooperate with the Company in regard to my termination and transition of responsibilities and projects. Since that two month period has ended I am no longer under any obligation to render services in regard to those matters. I am obligated to render services with respect to "advice and support with investors" as set forth in paragraph 2 of the Agreement. I am prepared to provide the Company with such consulting services. The information regarding my termination and transition of responsibilities which you apparently seek from your letter either is available to the Company through other persons or within the knowledge of the management of the Company itself.

As a threshold issue I have no files, records, documents or other property of the Company in my possession. All such materials remain with the Company in the office which I formerly occupied. I did not take with me copies of any files, records or documents of the Company.

I find your statement that the $200,000 Note is "purportedly convertible into common stock of the Company" (and your apparent lack of information concerning the Note) to be astonishing. The Note which you refer to in your letter is the same Note (as subsequently reduced in principal amount) disclosed in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2001 (at that time in the principal amount of $615,871); on the balance sheet of the Company at December 31, 2002 included in the Company's Annual Report on Form 10-KSB for such year in the principal amount of $1,012,903; in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003 under Item 1 "Loan Agreement and Assignment of Assets with Ms. Wallace, Our CEO" and the balance sheet of the Company as of such date included in the financial statements of the Company and Note C to such financial statements, in the principal amount of $882,973; in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004 noted on the balance sheet at $210,000. The Note was also disclosed in the Company's Form 10-KSB/A for the same fiscal year. The latter two reports were both signed by you as a Director and Chairman of the Board and Josh Levine as a Director. The Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 includes the following statement under Item 6 B Plan of Operation - Liabilities and Stockholders Deficit. "The Notes payable consist of a single convertible promissory note issued in March of 2003. This Note came due, after extension, on December 31, 2005 and remains unpaid."

As you have noted in your letter this Note is the subject of litigation between Mr. Kagel and Ms. Wallace. The Note was assigned to me in blank by Ms. Wallace and I in turn assigned it to Mr. Kagel in April 2006. The assignment was made for valid consideration received by me and to the best of my knowledge Mr. Kagel is the lawful and rightful holder of the Note. Also, to the best of my knowledge the Note is a lawful and valid obligation of the Company as reflected in its financial statements for a number of years as set forth above. I have no obligation to disclose to the nature of the transaction between Mr. Kagel, who acts as my attorney in certain matters, and me. This matter is privileged and the Company has no interest in it. I do not understand why the Company would expend money for legal fees and management time and effort in an attempt to challenge the ownership of a note which is admittedly an outstanding obligation of the Company and which is the subject of litigation between two outside parties both claiming ownership of it. I do not believe that Ms. Wallace has any right, title or interest in or to the Note and that question will be resolved by the court.

During the course of my employment with the Company I maintained close contact with Kylene Cane, the Company's general counsel. Ms. Cane has been fully apprised of all matters in which I was involved as an officer and Director of the Company. I suggest that you contact her if you have any questions regarding these activities. I am willing to fulfill my consulting obligation to the Company if you or other members of management will submit to me in writing specific questions which concern you or matters as to which you seek my advice within the scope of my obligation under the Separation Agreement that will obviate the need for face to face meetings, the attendance of attorneys and the unnecessary expense attended thereby. I will attempt to respond to your questions as promptly as my schedule permits.

Kind Regards,

Parrish Medley

CLAIRE C. AMBROSIO
ATTORNEY AT LAW
5455 WILSHIRE BOULEVARD, SUITE 1706
LOS ANGELES, CALIFORNIA 90036-4217
323/938-2878 (Tel)
323/939-7809 (Fax)

June 22, 2006

VIA FACSIMILE 213-630-5760
Michael L. Wachtell, Esq.
Buchalter Nemer
1000 Wilshire Boulevard
Suite 150
Los Angeles, California 90017

Dear Mr. Wachtell:

This office represents Jan Wallace, a shareholder of Davi Skin, Inc. It has come to our attention that former CEO Mr. Parrish Medley has a Separation Agreement and Release ("Agreement") with Davi Skin, Inc. in which he releases and discharges any rights he may have had to bring any action of any nature whatsoever against any shareholders of the company.

On or about April 21, 2006, Mr. Medley filed a lawsuit against Shareholder Wallace in Los Angeles Superior Court, such lawsuit has been removed to the United States District Court for the Central District of California case number CV 06-3370- JFW (SSx).

We hereby demand that Davi Skin, Inc. pursuant all its rights and remedies it has under the Agreement against Mr. Medley for breach of the Agreement.

Sincerely,

Claire C. Ambrosio

Claire C. Ambrosio

cc: Ms. Jan Wallace

Principal Amount: $248,325.00

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, MW Medical, Inc., a Nevada corporation (or its successor or assigns) promises to pay to the order of Jan Wallace, an individual, at such address as may be designated in writing by the holder of this Note, the principal sum of TWO HUNDRED AND FORTY EIGHT THOUSAND, THREE HUNDRED AND TWENTY FIVE DOLLARS and NO CENTS ($248,325.00) in U.S. currency. The entire amount of principal with ten percent (10%) interest per annum shall become due and payable on June 15, 2003.

The undersigned and its successors and assigns, hereby waives presentment and demand for payment, diligence, notice of dishonor, protest and notice of protest of this Note, and any defense by reason of an extension of time for payment or other indulgence. Failure of the holder to assert any right herein shall not be deemed to be a waiver thereof.

This Promissory Note is made in settlement of all wages and employment fees owed to payee to date.

The holder of this note may, at its option, convert all or any portion of the promissory note to equity of MW at the same price as is available to those investors participating in the any private placement while this debt is outstanding. In the event that the holder of this Note wishes to convert during a period of time when no private offering of common stock is open, then the Note holder may convert at 50% of the market price at that time, or at $0.20 per share, whichever is lower.

Signed this 15th day of March, 2003

MW Medical, Inc.

By ______________________

Its: Chief Financial Officer

EXHIBIT 1
Deponent
Date Rptr.
WWW.DEPOBOOK.COM

NOTICE OF PARTIAL CANCELLATION OF
PROMISSORY NOTE

To: Davi Skin, Inc., f.k.a. MW Medical, Inc.

Pursuant to that certain agreement for the sale of stock, the undersigned hereby elects to cancel a portion of the attached Promissory Note dated March 15, 2003 in the amount of $301,719.90, and agrees to reduce the amount of principal owing on the Note by that amount, leaving a balance owing of $200,000.00 plus any accrued interest from the date of issuance.

Dated: June __, 2004

Signature

EXHIBIT 1

Principal Amount: $200,000.00

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, DAVI SKIN, Inc., a Nevada corporation (or its successor or assigns) promises to pay to the order of Jan Wallace, an individual, at such address as may be designated in writing by the holder of this Note, the principal sum of TWO HUNDRED THOUSAND and NO CENTS ($200,000.00) in U.S. currency. The entire amount of principal with ten percent (10%) interest per annum shall become due and payable on December 31, 2004.

The undersigned and its successors and assigns, hereby waives presentment and demand for payment, diligence, notice of dishonor, protest and notice of protest of this Note, and any defense by reason of an extension of time for payment or other indulgence. Failure of the holder to assert any right herein shall not be deemed to be a waiver thereof.

The holder of this note and beneficiary of the Security Agreement may, at its option, convert all or any portion of the promissory note to equity at the same price as is available to those investors participating in the any private placement while this debt is outstanding. In the event that the holder of this Note wishes to convert during a period of time when no private offering of common stock is open, then the Note holder may convert at 50% of the market price at that time, or at $0.20 per share, whichever is lower.

Signed this ____ day of June, 2003

Davi Skin, Inc.

By: David Mulley

Its: President

EXHIBIT 1

LOAN EXTENSION

I hereby agree to extend the maturity date of a $200,000 loan to December 31, 2005.

Jan Wallace

Jan Wallace

This fax was received by GFI FAXmaker fax server. For more information, visit: http://www.gfi.com

LOAN EXTENSION

I hereby agree to extend the maturity date of a $200,000 loan to September 30, 2006.

Jan Wallace

Jan Wallace

EXHIBIT 1

ASSIGNMENT OF PROMISSORY NOTES

For Value Received, the undersigned note holder, hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Notes issued by MW Medical, Inc., along with any other rights she may have as a creditor of said Corporation, to Parrish Medley or his designates.

Dated: March __, 2004

Jan Wallace
6929 E. Cheney Rd.
Paradise Valley, AZ 85253

EXHIBIT 1 6

ASSIGNMENT OF PROMISSORY NOTES

For Value Received, the undersigned note holder, hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Note issued by Davi Skin, Inc., fka MW Medical, Inc., along with any other rights she may have as a creditor of said Corporation, to the individuals identified in Schedule A attached hereto in the amounts specified.

Dated: ____________

Jan Wallace

Jan Wallace
6929 E. Cheney Rd.
Paradise Valley, AZ 85253

EXHIBIT 1 7

ASSIGNMENT OF PROMISSORY NOTES

For Value Received, the undersigned note holder, hereby assigns, conveys and transfers all of her right, title and interest in the attached Promissory Note issued by Davi Skin, Inc., fka MW Medical, Inc., along with any other rights she may have as a creditor of said Corporation, to the individuals identified in Schedule A attached hereto in the amounts specified.

Dated: April 6, 2006

Jan Wallace

Jan Wallace
6929 E. Cheney Rd.
Paradise Valley, AZ 85253

SCHEDULE A

David L. Kagei - 100% of Promissory Note

http://www.caneclark.com/Attorneys/tabid/164/Default.aspx

Kyleen E. Cane, J.D., LL.M.

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

http://www.zoominfo.com/people/Cane_Michael_3342271.aspx

Michael Cane Director

Michael Cane. Mr. Cane became a director of Las Vegas Gaming on July 5, 2001.From May of 1989 to June of 2001, Mr. Cane was the President and Chief Executive Officer of Tele-Lawyer, Inc., a Nevada Corporation that was acquired in an exchange agreement with Legal Access Technologies, Inc., a publicly reporting company, headquartered in Las Vegas, Nevada. At that time, Mr. Cane became the Chairman of the Board and CEO of Legal Access Technologies and continues to act in that capacity. Mr. Cane also maintains a law practice limited to Securities Law in Las Vegas, Nevada with six other attorneys, under the name Cane & Company, LLC.Mr. Cane attended the University of California, Irvine where he graduated top in his class and received a B.A. degree in Economics (June 1975).He then went on to receive his Jurist Doctor degree from the University of Southern California School Of Law in May of 1978, also receiving high honors. Among these honors were Order of the Coif, Phi Beta Kappa, Summa Cum Laude, Dean's Honor List, Who's Who in American Colleges and Universities, Recipient of Three University of Southern California Scholarships, The American Jurisprudence Award in Constitutional Law and member of the University of Southern California Law Review. He is a licensed member of the Nevada, Washington, California and Hawaii State Bars, the U.S. Tax Court and maintains Real Estate Broker licenses in Nevada, California and Hawaii. During the past three decades, Mr. Cane has been a Partner with the Newport Beach Law firm of Wellman and Cane, an Associate Professor of Business Law at the University of Hawaii, Chairman of the Department of Financial Economics and Institutions at the University of Hawaii, College of Business, a Professor of law at Whittier College School of Law and Western State University School of Law and has published articles on a broad range of legal topics, including Corporate Takeovers, 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. He is also the author of four books (Divorce, Taxes, Bankruptcy and Estate Planning) in the Five Minute Lawyer books series published by Dell in May of 1995.

6929E Cheney Drive
Paradise Valley, Az.

480-368-0218 HM.
480-368-2672 FAX.
janwallace@att.net

Jan Wallace

Objective President, SDI

Experience

2004-2002 Private Consulting/Investment Strategies Az.

President

- Orchestrated the reverse merger between M.W. Medical and Davi Skin, a new company of the Mondavi family, Carlos Mondavi C.E.O. .
- Trades on Nasdaq OTC BB approx. 5.00 dollars a share.
- Suggested possible merger partners and funding sources..

2001-1998 MW Medical Nevada

President C.E.O. Director

- A spin-off subsidiary of Dynamic Associates, Nasdaq, OTC BB. Symbol MWMD
- Raised 9 million USD.
- Achieved a market cap of 100 million dollars
- Sold a subsidiary, P&H Industries, California, at a 5,000,000 value
- Established a foreign office in Frankfurt, Germany; MW Medical GMBH, for European expansion
- Established our trading market in Europe and was listed on the Frankfurt Exchange
-

1997-1995 Dynamic Associates Inc Nevada

President C.E.O. Director

- Development of Medical Technologies utilizing microwave energy.
- Nasdaq, OTC BB, and the Frankfurt Exchange; Symbol DYAS
- Raised through a PPM and Convertible Debenture, a total of 30 million dollars.
- Achieved a market cap. Of 70 million
- Sold the entity in a reverse merger to Tele-Lawyer; Nasdaq company
- Subsiduaries:
- Chairman, Director :P&H Industries,Hi- Rel Co. Simi Valley, Cal.
- Chairman, Director : Microthermia Inc. San Jose, California founding technology for MW Medical in Benign Prostate Hyperplasia and cancerous tumors.
- Chairman, Director :Genesis Health Management. Operated 32 health care units in rural hospitals, in 7 states.
- Purchased 3 other private companies in health care for rapid growth

1995-1994 Claire Technologies Inc. Nevada

President, Director

- Development company specializing in software wafer cleaning systems
- Nasdaq, OTC BB; Symbol CLEA
- Raised through a PPM; a total of 3 million dollars
- Sold the company to a private company in Louisiana.

1993-1991 Active Systems Ottawa, Canada

Executive Vice-President. Prepared the company for IPO

1991-1990 The Heafey Group Toronto, Canada

Financial Consultant. Attained a series seven license for real-estate tax shelters

1989- 1987 Mailhouse Plus Ltd. Ottawa, Canada

Owner, President, Sold the company to Ascom Hasler of Bern Switzerland for 3 million dollars

1996-1993 Pitney Bowes Ottawa, Canada

First female sales executive in company, managed a team who achieved 180% of national quota; highest productive team in the country.

Education

Bachelor of Arts, Queens University, Kingston, Ontario, Canada

- Major: Political Science, Minor: Economics

Interests

Family, Arts and local Charities

SEC attorney

3 messages

Donald B. Schwall, Jr. (Dee) <dbs@emergesolutions.net> **Wed, Aug 23, 2006 at 4:58 PM**
Reply-To: dbs@emergesolutions.net
To: janwallace@att.net

How well do you know your securities attorney? Was he a referral or do you know him? I want to recommend using our securities attorney if you have no real connection to your current representation. Let me know.

My contact is Michael Spadaccini. You can review the books he has written regarding detailed securities work here: www.learnaboutlaw.com

You will see that he specializes in companies just like the one we are starting now. I would recommend him HIGHLY.

Cheers, Dee

jan wallace <janwallace@att.net> **Wed, Aug 23, 2006 at 11:53 PM**
To: dbs@emergesolutions.net

Thanks

But I have a long standing relationship with our sec attorney. They specialize in small-cap companies 180 are clients

jan

From: Donald B. Schwall, Jr. (Dee) [mailto:dbs@emergesolutions.net]
Sent: Wednesday, August 23, 2006 4:58 PM
To: janwallace@att.net
Subject: SEC attorney

[Quoted text hidden]

Donald B. Schwall, Jr. (Dee) <dbs@emergesolutions.net> **Thu, Aug 24, 2006 at 9:44 AM**
Reply-To: dbs@emergesolutions.net
To: jan wallace <janwallace@att.net>

That's fine. If you know them, good. If not I was going to recommend someone else. We should run everything associated with the public company through him, including our current plans.

Regards, Dee

-----Original Message-----
From: jan wallace [mailto:janwallace@att.net]
Sent: Wednesday, August 23, 2006 11:53 PM
To: dbs@emergesolutions.net
Subject: RE: SEC attorney

Thanks

But I have a long standing relationship with our sec attorney. They specialize in small-cap companies 180 are clients

jan

CANE CLARK LLP

Kyleen E. Cane* Bryan R. Clark^
Joe Laxague~ Scott P. Doney~

3273 E. Warm Springs
Las Vegas, NV 89120

Telephone: 702-312-6255
Facsimile: 702-944-7100
Email: kcane@caneclark.com

June 25, 2008

Via Facsimile and U. S. Mail

Mod Systems, Inc.
Attn: Mark Phillips
720 3RD AVE SUITE 110
SEATTLE, WA 98104

Re: Representation Agreement

Dear Mr. Phillips:

Thank you for choosing Cane Clark LLP (the "Firm"). We appreciate your choice of our firm and look forward to representing Mod Systems, Inc. (the "Client" "you" or "your").

In order to prevent misunderstandings and maintain our cordial and professional relationship, I would like to take a moment to familiarize you with our policies with respect to how we bill for the legal services rendered and costs incurred on your behalf. Because an effective attorney-client relationship is based upon complete understanding and mutual respect, it therefore is important for you to review the contents of this Representation Agreement ("Agreement") carefully and call me if you have any questions.

You have retained the law firm of Cane Clark LLP and not any individual attorney. The purpose of this Agreement is to confirm the terms and conditions of our representation. Services rendered prior to signing this Agreement are also subject to its terms.

Scope of Engagement

You have asked us and we have agreed, subject to our standard conflict of interest check, to represent the Client to perform specific legal services set forth in the attached Schedule A (collectively "Scope of Engagement"). Our representation is limited to the matters listed on Schedule A and we specifically disclaim any representation beyond the stated Scope of Engagement. If you would like us to represent the Client in connection with any additional matters not specifically listed in Schedule A, please feel free to contact us so that we may discuss your objectives and prepare a supplemental written schedule encompassing such additional matters.

To assist us in the course of this engagement and to complete it in a timely manner, we require your full cooperation with our office in providing us with the requested documents and information, keeping us apprised of any changes in facts and circumstances that affect our services, and the payment of our bills in a current and timely manner.

It is important that you understand that we have agreed to act as counsel for Mod Systems, Inc. ONLY and, in the absence of a separate written representation agreement, not for any of its principals, control persons, affiliates, interest holders or related entities. Please contact me immediately if this does not comport with your understanding so that we may create separate written representation agreements and any appropriate written disclosures and waivers.

Legal Fees and Expenses

With respect to our charges for legal services, many factors are taken into account in quoting the legal fees, including the time expended, nature, and complexity of the work performed, the time required by the client, and the results achieved for the client by the firm. Once we have had the opportunity to gather additional information from you, we will be able to provide you with an estimate of the charges for our services. In certain instances, our office will complete initial research in this matter and will draft a memorandum of our findings. We will generally charge you for this preliminary research and investigation conducted prior to our first meeting, as well as the time spent during any initial client interview.

1. Our standard hourly rates for those personnel performing the specific services required for the Client are: Our lawyers' hourly rates range from $225 to $450 and our paralegals' hourly rates range from $100 to $150. We anticipate that Scott Doney ($275 per hour) will be primarily responsible for your matter, together with any other lawyers or paralegals as may be necessary to complete the Scope of Engagement;

2. Such additional applicable factors, if any, such as special time limitations imposed by the Client or the circumstances of the project, the apparent likelihood that the performance of the project will preclude other employment by the Firm, etc. The Firm agrees to provide advance notification to Client in the event that any additional applicable factors are foreseeable.

We shall record time to a reasonable fraction of an hour invested in providing services to Client, including local travel time, in quarter-hour increments. The hourly rate of the Firm's personnel may be modified from time to time, any new rates, after adopted, would apply to services rendered after the effective date of the new rates.

In the discharge of our responsibility, it may be necessary for us to incur expenses for various items such as filing fees, EDGAR preparation and filing fees, court costs, court reporter fees, long distance telephone calls, postage, photocopying, delivery services, and in some instances, computerized legal research. These items are charged to each individual client for whose benefit they are incurred. Therefore, in addition to the legal fees described above, you will be responsible for the current and timely payment of all out of pocket disbursements, costs, and expenses, which will be separately itemized on our statement to you. These may include travel, filing fees, and other expenses as reasonably required. We may also, in some instances, forward invoices for such expenses to you directly.

Engagement Deposit and Trust Account Instruction

At this time, we will not require that you deposit a retainer with our firm as security for the payment of our bills. However, we reserve the right to require that you do so as a condition of our continued representation as your strategy changes to include the pursuit of more aggressive or time-intensive tactics or should you become delinquent in the payment of your bills.

Terms of Payment

It is our practice to send a monthly statement for services rendered during the previous month and for disbursements incurred on Client's account. The detail in the monthly statement will inform you of both the nature and process of the work and fees and disbursements incurred. We do our best to ensure that our clients are fully satisfied not only with our services, but also with the reasonableness of the fees and disbursements charged for those services. Therefore, if you have any question about any invoice or the basis for our fees to you, you should raise it with us promptly for discussion. If you object only to a portion of the invoice, we require that you timely pay the remainder, which will not constitute a waiver of your objection.

We ask and expect payment of our billings and retainers on a monthly basis. Our billing statements are due and payable upon receipt since there is generally a relatively significant time lag between the rendering of our services and the submission of our statement. Our firm will assess an interest charge of one and one-half percent (1.5%) per month on the unpaid balances of all billing statements that are outstanding for more than thirty days. You will be responsible for any costs of collection incurred by our Firm, including reasonable attorneys' fees. If a billing becomes delinquent, we reserve the right to suspend legal services until the account is current and/or an additional retainer is received.

Termination

This Agreement may be prospectively terminated at any time upon reasonable advance written notice given by either party. If you change your mind and no longer want us to complete this engagement, then the Engagement Deposit is refundable to the extent it exceeds the costs incurred, as herein described, and the fees for the time spent on the project by attorneys and paralegals billed at their customary hourly rate. We also reserve the right to withdraw from further representation in the event you fail to render payment when due, or if we determine that our continued representation of you would be unethical or inappropriate, or if we have another reasonable basis for termination consistent with our professional duties to you as set forth in the Rules of the Nevada Supreme Court. You will be charged for time, fees and costs incurred in formally withdrawing from any matter, including any necessary motions or court appearances.

Conflict of Interest

We have performed a conflict of interest check and have determined that we do not have a conflict with representing you in this matter. However, should you believe that there are or will be other parties with a direct economic or personal interest relating to our representation, which have not been previously disclosed to us, you agree to immediately contact us in writing with such information. We may not represent multiple clients who have directly adverse interests without first explaining the facts and circumstances that give rise or may give rise to the conflict and obtaining their informed written consent.

Power of Attorney

As long as the Firm represents the Client in the matters within Schedule A, the Client grants the Firm a power of attorney to act on the Client's behalf and to execute all claims, contracts, compromises, releases, and verifications in every respect as though Client were personally doing so.

Electronic Communications

It is the policy of the Firm to utilize the most efficient method of communicating with our clients. Accordingly, unless you specifically direct us to the contrary, where feasible we will attempt to correspond with you via electronic mail.

Record Retention Policy

All records and files will be retained and disposed of in compliance with our policy in effect from time to time. Subject to future changes, it is our policy not to retain records relating to a matter for more than seven (7) years from the date the matter is opened. Upon your prior written request, we will return records to you prior to their destruction. It is not administratively feasible for us to advise you of the closing of a matter or the disposal of records. We recommend, therefore, that you maintain your own files for reference to make written request for your files at the conclusion of a matter. If you have any questions concerning our records retention policies, please contact us.

Results

Nothing in this Agreement, or any of our statements to you should be construed as a promise or guarantee about the outcome of any matter being handled. You understand that we have not and cannot guarantee results, and that our services shall be to give Client legal advice and advocate Client's position with regard to the matters described within Schedule A. Any comments about outcomes are expressions of opinion only.

No Continuing Obligation

Once the legal work is complete, we have no obligation to inform you of future developments relative to legal work performed hereunder. We advise that you periodically consult with an attorney with regard to any such future developments or if there is a significant change in your circumstances.

Severability

Every provision of this Agreement is severable. If any provision hereof is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

Arbitration

Unless the parties hereto agree otherwise, any controversy between the Firm and the Client (including, without limitation, regarding the construction of the Agreement, and any claim arising out of this Agreement or its breach), shall be submitted to binding arbitration upon the written request of one party after the service of that request on the other party. The parties to such arbitration shall comply with the rules of the American Arbitration Association. The prevailing party in any such arbitration shall be entitled to a reasonable award of attorneys' fees and costs, including the cost of the arbitration.

Malpractice Claim Subject to Arbitration

If Client claims that the Firm performed any legal services improperly, negligently, or incompetently, then Client hereby agrees to submit the dispute to binding arbitration. By agreeing to this provision, Client understands that Client waives the right to bring an action against the Firm in a court a law and further waives the right to a jury trial. The cost of any such arbitration shall be borne by the losing party or in such proportion as the arbitrators shall decide. The parties to such arbitration shall comply with the rules of the American Arbitration Association. The prevailing party in any such arbitration shall be entitled to a reasonable award of attorneys' fees and costs, including the cost of the arbitration.

Applicable Law and Venue

The laws of the State of Nevada shall govern the interpretation of this Agreement. Exclusive venue for the resolution of any disputes arising hereunder is Clark County, Nevada.

Integrated Agreement

This Agreement and the documents executed or delivered in connection therewith constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof. There are no agreements, understandings, restrictions, representations, or warranties other than those set forth or referred to herein.

Modification

This Agreement reflects the standard terms upon which we currently make our services available to clients. In the event that such standard terms are modified in the future, this Agreement may be amended by us to reflect such modified standard terms. Unless you provide us with a written request no separate modification of this Agreement is necessary to effect such change, including with respect to the hourly rates of any particular individual. If the Client agrees and desires to receive services from us under the Amended Agreement, no further action evidencing agreement need be taken by the Client.

On the other hand, if the Client does not agree or desire to receive services from the Firm pursuant to the terms of the Amended Agreement, Client may at any time, within (15) days of transmittal of the intent to amend this Agreement, exercise its existing right to unilaterally terminate this Agreement by written notice to the Firm pursuant to the termination clause of this Agreement, and the Firm shall thereupon discharge its termination responsibilities hereunder.

If you understand these billing and policy arrangements and find them acceptable, please sign the Acknowledgment and return it to me. Please retain a copy for your records.

Again, we thank you for choosing our firm and assure you of our best professional efforts. Should you have any questions, please contact me.

CANE CLARK LLP

By: Kyleen E. Cane, Esq.

I AGREE TO THE TERMS AS SET FORTH ABOVE AND INCLUDED IN ATTACHED SCHEDULE A.

Mod Systems, Inc. ("Client")
By: PHillips
Its: CEO

Schedule A

The Firm shall assist Client with legal services related to general securities and corporate matters of the Client. Such services may also include, but are not necessarily limited to, research, investigation, contact with governmental agencies and staff, discussions with the Client and among Firm personnel. This Schedule may subsequently be amended by agreement between the parties.

WALLACE BLACK, LLC

Business Entity Information			
Status:	Revoked	File Date:	3/3/2005 11:08:29 AM
Type:	Domestic Limited-Liability Company	Corp Number:	E0070452005-6
Qualifying State:	NV	List of Officers Due:	3/31/2006
Managed By:	Managing Members	Expiration Date:	

Registered Agent Information			
Name:	CANE CLARK AGENCY LLC	Address 1:	3273 E WARM SPRINGS RD
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89120
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Commercial Registered Agent - Limited-Liability Corporation		
Jurisdiction:	NEVADA	Status:	Active

Financial Information			
No Par Share Count:	0	Capital Amount:	$ 0
No stock records found for this company			

Officers			Include Inactive Officers
Managing Member - KELLY BLACK			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	
Managing Member - JAN WALLACE			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	

Actions\Amendments			
Action Type:	Articles of Organization		
Document Number:	20050044409-78	# of Pages:	1
File Date:	03/03/2005	Effective Date:	
(No notes for this action)			
Action Type:	Initial List		
Document Number:	20050136338-61	# of Pages:	1
File Date:	04/20/2005	Effective Date:	

(No notes for this action)

Action Type:	Registered Agent Address Change		
Document Number:	20060070102-48	# of Pages:	1
File Date:	02/03/2006	Effective Date:	
(No notes for this action)			

SEC Search Results: DRAFT

Date: 12 July 2009

Entities where Kyleen Elizabeth Cane or Michael Cane and Jan Wallace or Jan Mary Wallace or Jan Jardin Wallace are involved by shareholding, agency, an officer or a director with ability to cause the other to be involved, these examples are tied to specific dates with back-up SEC filings and may not accurately reflect changes in roles over time.*

This document purpose is to explicitly communicate shareholder and company concerns regarding management, liability, use of assets, and longevity of the company given the actors involved have neither successful domain track record or apparently concern for peaceful business operations, as an abnormal string of events consistently or systematic, programmatic, scheme to exploit companies, create chaos, destroy reputations, commence litigation and reorganize the company after assets have been fully depleted.

Excerpts from Abuse LLC Company documents***

One of the common uses for a shell company is in the reverse acquisition. The procedure will often involve a simple acquisition of a shell company, with shares of a private company used as consideration. The shell company, which at one point may have been an active company publicly traded on a stock exchange, issues shares to the shareholders of a private company sufficient to give those shareholders a majority interest in the shell company, thereby effectively taking the private company public without the usual costs associated with an initial public offering, and giving shareholders of the private company control over the shell company. It should be noted that the shell company in the reverse acquisition is often a formerly active company, not one created solely to be a shell.

The reverse acquisition process has in the past been subject to abuse. For example, if the expected value of the private company is fraudulently exaggerated, investors buying into the company may lose a considerable percentage of their investments when the company turns out to be worth much less. Those who fraudulently promoted the company have at that point already sold their stock and made a handsome profit. These "pump and dump" schemes often involve shell companies with low market capitalization whose stock trades at pennies per share on the "pink sheets" (www.pinksheets.com), OTC Bulletin Board, or other over-the-counter trading and information systems. One indicator of this scheme is concentrated trading in normally thinly traded stocks. Ralph A. Lambiase, former president of the North American Securities Administrators Association (NASAA) and director of the Connecticut Division of Securities, noted in 2004 the existence of "a steady stream of fraud and misconduct in the distribution and manipulation of shares of shell companies and the companies that combine with shell companies."***

Specific key indicators may be 1) Domestic shell companies can be and have been used as vehicles for common financial crime schemes such as credit card bust outs, purchasing fraud, and fraudulent loans. 2) Company formation agents and similar service providers play a central role in the creation and ongoing maintenance and support of domestic shell companies, some of which appear to be used for illicit purposes domestically and abroad. 3) There is currently no requirement that these service providers report suspicious activity involving the shell companies they have created, bought, sold, or supported, nor are there requirements or procedures to identify beneficial owners in certain jurisdictions if illicit activity is suspected.

The following information is provided as public disclosure indicators having exhibited similar characteristics of the above concern. These examples include DAVI Skin, SDI, MW Medical, World Explorer, RMS Titanic and others.

Forming and supporting small companies is neither difficult nor expensive, and requires no special skill other than understanding the laws in the various states. The majority of shell companies sold to foreign interests appear to differ significantly from those used in reverse acquisitions, for example, in that they appear to have been set up solely for purchase and were not "aged" or put on the shelf after some period of actual operation (though they, too, may not be used immediately). This type of shell appears to have few legitimate uses, and can fairly easily be employed to disguise ownership or movement of assets or to facilitate illicit activity.***

Attachment details-the package includes attachments of materials procured from individuals or the internet.

Kyleen Cane formerly Michael Cane Resume: **EX27**

Jan Wallace (Mary) Resume: **EX28**

Company List: **EX29**

1. Secure Diversified Investments String

Date	**[EX25]** 10Q, 8/19/2008
Jan Wallace position	beneficiary owner of equity, financial consultant, ceo/president
Kyleen Cane position	securities attorney
Company name/ticker	**Secure Diversified Investments**
Company formerly named	"Book Corporation of America" founded in Utah November 22, 1978
Company acquired date	July 23, 2002, shareholders changed name to "Secured Diversified Investment Ltd" [SCDI]
Chapter 11	6/26/2008 [Petition date] – **[EX 2, EX3]**

Notes: On June 26, 2008, we were served with an involuntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court"), Case No. 08-16332.

[EX 4, EX26] 24 April 2009.For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, *Cane Clark Productions, LLC (the "Holder"),* shall have the right, from time to time, t convert all or part of the then unpaid principal and accrued interest balance due under that certain Convertible Promissory Note and Security Agreement (the "Note") into fully paid and non-assessable shares of the Common Stock (the "Common Stock") of *Secured Diversified Investment, Ltd*., a Nevada corporation (the "Company") at an Conversion Price of $0.20 US per share (the "Conversion Price"), subject to further adjustment as set forth herein, at any time prior to full repayment of the Note by the Company (the "Termination Date").

Litigation:

i. Clifford L. Strand v. Secured Diversified Investment, Ltd . (case no. 06CC02350) in the Superior Court of California, County of Orange

*Shareholdings allow for action to be initiated or indirectly cause adversity in the shell once it reverses with an asset

**Abuse of LLC (http://www.fincen.gov/news_room/rp/files/LLCAssessment_FINAL.pdf)

*** "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," M2 Financial Wire, 06/28/2004., SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

ii. William S. Biddle v. Secured Diversified Investment, Ltd . (case no. 06CC03959) in the Superior Court of California, County of Orange

iii. Secure Diversified Investments and Jan Wallace Confidential Settlement and General Release Agreement with Mr. Clifford L. Strand, January 5, 2007 to resolve litigation in the matters of as well as other claims involving Mr. Strand and SDI as set forth in the Agreement.

iv. Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129),

1. Settlement agreement with Mr. William S. Biddle, Mr. Gernot Trolf, and Nationwide Commercial Brokers, Inc.

2. Galaxy Gaming, Inc.

Date	**[EX 1] 10Q, 3/31/2009**
Jan Wallace position	Beneficiary Owner of equity
Kyleen Cane position	Securities Attorney
Company name/ticker	**Galaxy Gaming, Inc.**
Company formerly named	wholly-owned subsidiary of Secure Diversified Investments
Company acquired date	2/10/2009 **[EX 10]**
Chapter 11	6/26/2008 [Petition date] – **[EX 2, EX3]**

Litigation date: Sherron Associates, Inc., WA "Spokane Judgment", founder of the gaming technology

Notes: On February 10, 2009, Secured *Diversified Investment, ltd.* ("SDI") acquired all of the issued and outstanding stock of *Galaxy Gaming, Inc*. ("the "Company") pursuant to the terms of a Share Exchange Agreement. Following the closing of the Share Exchange Agreement, SDI discontinued all prior operations and has focused exclusively on the business and operations of its wholly-owned subsidiary. [March 31, 2009, Secured Diversified Investment, Ltd. FORM 10-Q]

[EX11] In connection with the closing of the Share Exchange Agreement, SDI obtained 100% of the issued and outstanding shares of Galaxy, and Galaxy became SDI's wholly-owned subsidiary. Also pursuant to the terms of the Plan of Reorganization, all of SDI's outstanding debt obligations (other than administrative expenses related to the Chapter 11 case) were discharged in exchange for SDI's issuance of new common stock on a pro rata basis to its creditors.

3. DAVI Skin Corporation String

Date	**SEC 10K 12/31/2004**
Jan Wallace position	Beneficiary Owner of equity, financial consultant, director, ceo/president - shell owner
Kyleen Cane position	Securities Attorney
Company name/ticker	**Davi Skin Corporation**
Company formerly named	MW Medical
Company acquired date	DAVI
Chapter 11	November 19, 2002 (bankruptcy MW Medical search of company) January 22, 2002

Notes: May 10, 2004 reverse stock split 1-500, name change

[EX 9] MW Medical were incorporated on December 4, 1997. On June 21, 2004, we completed and closed a Plan of Merger and Reorganization Agreement ("Merger") with Davi Skin, Inc., an unrelated, privately-held Nevada corporation (the "Private Company"). That business was founded by Mr. Carlo Mondavi in March of 2003 with his vision of creating a natural grape-based luxury skincare line. Consequently, as a result of the merger, our primary business s now the development, manufacture, distribution and sale of skincare products.

[EX 9] On May 10, 2004, our shareholders met and approved a one for five hundred reverse stock split as proposed in our Schedule 14A filed April 28, 2004. Following the reverse stock split we had approximately 199,745 shares issued and outstanding. At that same meeting, the shareholders voted to change the name of the company to Davi Skin, Inc.

[EX25] In connection with our need for additional financing, we entered into an Agreement for Convertible Note with an unrelated third party, Mr. Amin S. Lakha, whereby Mr. Lakha is willing to provide, subject to the terms and conditions of the Agreement for Convertible Note and accompanying documents (the "Agreement"), certain financing for our ongoing and proposed business operations and activities. The Agreement provides for a 9% Senior Secured Convertible Note (the "Note") in the stated amount of **$2,200,000**. Interest is payable in six month intervals and the note matures on May 15, 2010. The Note allows Mr. Lakha to convert a part or all of the outstanding balance under the Note into shares of our common stock at a conversion price of $0.55 per share, which is subject to adjustment in the event of certain dilutive issuances, including stock dividends and reorganizations. As part of this agreement the Company received $500,000 during 2007. On or about April 1, 2008, the Company entered into a First Amended and Restated Agreement for Convertible Note with Amin S. Lakha ("Lakha").

The basic terms of the agreement are: The Parties entered into an Amended and Restated Secured Convertible Promissory Note in the amount of $536,163 due and payable on May 15, 2010 ; The Parties entered into an Amended and Restated Security Agreement, whereby all sums due under the Letter Agreement between the Company and Constellation Wines, U.S., Inc. shall be assigned directly to Lakha until the Restated Convertible Note is fully extinguished and such funds shall be applied directly to the principal sum owed; In addition Ten Thousand Dollars ($10,000) shall be payable to Lakha as a full and complete release of any and all payments that may have been due to Lakha pursuant to the terms of the original Assignment Agreement; The Parties have entered into a restatement and replacement of the Stock Option Agreement and Stock Purchase Warrant Agreement, Company shall issue to Lakha 600,000 warrants to purchase shares of Common Stock at an exercise price of $0.20

*Shareholdings allow for action to be initiated or indirectly cause adversity in the shell once it reverses with an asset
**Abuse of LLC (http://www.fincen.gov/news_room/rp/files/LLCAssessment_FINAL.pdf)
*** "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," M2 Financial Wire, 06/28/2004., SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

with an expiration date of May 14, 2012 and 125,000 warrants to purchase shares of Common Stock at an exercise price of $0.25 with an expiration date of May 14, 2012 and the Parties entered into a Rescission of Assignment and Security Agreement for the Gilchrist & Soames Agreement.

[EX15] Note 5. Notes Payable, page F-6

3. Our future filings will include the value of the new warrants ($2,960) given as consideration and a reference to the fact that $100,000 of the Brinkaus loan was repaid through issuance of shares. The change in fair value before and after the modification is only 2%, and therefore the modification is not considered a substantial change. Therefore, the additional consideration given was added to the loan discount and is being amortized over the life of the loan.

With respect to Amin S. Lahka, the value of the warrants issued in replacement of the old warrants was $2,460, which is less then the value of the old warrants. We also paid $23,000 in cash. Because of value of the new warrants being less than the value of the old warrants, offset by the $23,000 paid in cash, there was no incremental additional consideration given. (The change in fair value before and after the modification is -1%.)

Litigation:

i. Davi Skin, Carlo Mondavi, Joshua LeVine and Joseph Spellman (hereinafter "Davi"), entered into a Settlement Agreement with Artist House Holdings, Inc. to resolve litigation in the matter of Artist House Holdings,Inc. v. Davi Skin, Inc., et al., (Case No. 2:06-CV-893-RLH-LRL) in the United States District Court for the District of Nevada.

ii. Parish Medley v. Jan Wallace (case no. BC351142) in the Superior Court of California, County of Los Angeles

2. MW Medical, Inc.

Date	[EX7] SEC 10K 12/31/2004
Jan Wallace position	Beneficiary owner of equity, director
Michael (Kyleen) Cane position	Beneficiary owner of equity, previous shell owner
Company name/ticker	**MW Medical** , wholly owned subsidiary *Microwave Medical Corporation* (MMC)
Company formerly named	spin-out of *Dynamic Associates*
Chapter 11	11/29/2001 **[EX5, EX6]**

Note: MMC listed on German Stock exchange 1997, MW Medical was incorporated as a wholly owned subsidiary of *Dynamic Associates* on Dec 4th 1997, MW Medical has two wholly owned subsidiaries: Microwave Medical Corporation "MMC" and P&H Laboratories "P&H", both companies where acquired by a contribution agreement Feb 14th, 1998 between *MW Medical* and Dynamic for 14m shares. Details as follows:

"The Company acquired each of MMC and P&H from Dynamic pursuant to a contribution agreement dated February 26, 1998 between the Company and Dynamic (the "Contribution Agreement"). The Company has issued to Dynamic 14,223,929 common shares of the Company in consideration for the transfer by Dynamic to the Company of:

(A) all of the issued and outstanding shares of P&H

(B) all of the issued and outstanding shares of MMC and shareholders loans to MMC in the amount of $2,169,806; and

(C) the agreement of Dynamic to pay to the Company fee of $200,000. The obligation of Dynamic to pay the sum of $200,000 is evidenced by a promissory note dated February 26, 1998 (the "Promissory Note").

As of March 21, 1999, Dynamic has paid the first $50,000 of the $200,000 of this promissory note.

Dynamic has spun-off all shares of the Company issued pursuant to the Contribution Agreement to the shareholders of Dynamic by a distribution completed on March 11, 1998 (the "Distribution"). Each shareholder of Dynamic received one common share of the Company for each common share of Dynamic held by the shareholder. The shares of the Company distributed by Dynamic constitute all of the issued and outstanding shares of the Company at that point.

As subsidiaries of Dynamic, each of MMC and P&H has been in the microwave technologies business for approximately 2 years. MMC commenced its business as a subsidiary of Dynamic in September, 1995. Dynamic acquired a 50% interest in P&H in January, 1996. Dynamic acquired the remaining 50% of P&H in September, 1997. The Company has sold the microwave technologies business carried on by P&H effective May 6, 1998 in order to concentrate exclusively on the microwave technologies business carried on by MMC."

MW Medical, Inc 10-K Dec 31, 1998

[EX6] Chapter 11 Bankruptcy Petition: As of January 22, 2002, we have filed a Petition for relief under Chapter 11 of the Bankruptcy Code. An automatic stay is now in place. We will use this bankruptcy to protect the business from our creditors while we reorganize and try to work out a plan to pay our debts. The Petition was filed in United States Bankruptcy Court, District of Arizona, In Re: MW MEDICAL, INC., a Nevada Corporation, Case No. 02-0108-90-PHX-RTB, and In Re: MICROWAVE MEDICAL CORPORATION, a California Corporation, Case No. 02-01298-PHX-GBN. The location of the United States Trustee is 2929 N. Central Avenue, Suite 700, P.O. Box

36170, Phoenix, Arizona 85067-6170, (602) 640-2100.

Notes: Michael Cane acted as securities attorney September 1, 1999, SEC filing 9/3/1999 S-1

4. Dynamic Associates, Inc.

Date	[EX20, EX13]
Jan Wallace position	beneficiary ownership, consultant, chairman, director, president
Michael Cane position	securities attorney, president

*Shareholdings allow for action to be initiated or indirectly cause adversity in the shell once it reverses with an asset
**Abuse of LLC (http://www.fincen.gov/news_room/rp/files/LLCAssessment_FINAL.pdf)
*** "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," M2 Financial Wire, 06/28/2004., SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

Company name/ticker	Dynamic Associates
Company formerly named	name change LATI, former Tele-Lawyer
Chapter 11	transferred all shares March 11, 1998

Notes: *Dynamics* and *Tele-lawyer (Legal Access Technologies*) merger November 28th 2000.   Client filed lawsuit and note holder has notified the company of upcoming action.

[EX13] Dynamic Associates, Inc., a Nevada corporation (the "Company" or "Dynamic") was incorporated on July 20, 1989 for the purpose of developing venture businesses. Dynamic was previously a development stage company through 1995. Through acquisitions, Dynamic has become a holding company for a variety of entities as detailed below. The Company operates two health care management businesses specializing in geriatric and psychiatric care through its other wholly owned subsidiaries, *Genesis Health Management Corporation* ("Genesis") and *Geriatric Care Centers of America* ("GCCA").

5. Legal Access Technologies

Date	LATI SEC 10-k [EX21, EX22, EX 23]
Jan Wallace position	Beneficiary Owner of equity, chairman P&H, Microthermia, Genesis Health Management
Michael (Kyleen) Cane position	President and CEO, Securities Attorney
Company name/ticker	**Legal Access Technologies**
Company formerly named	World Explorer (shell)
Company acquired	see notes.

Chapter 11:

Notes: **[EX 12]** Legal Access Technologies was incorporated July 20th, 1989 in Nevada, under the name Dynamic Associates, Inc. The company was in development stages through 1995, when it acquired **Genesis Health Management Corporation** ("Genesis"), and **Geriatric Care Centers of America** ("GCCA"), These wholly owned subsidiaries were consolidated in October 12th, 1999, into **Perspective Health Management Corp**. ("Perspectives").

July 12, 2001 the company completed a reorganization and share exchange in which it changed its name from Dynamic Associates to Legal Access Technologies, converted virtually all its $8.4m debt equity, reverse split 153 to 1, and acquired the business assets and management of Tele-lawyer, Inc.

On April 28, 2005, the Company, **WEC Acquisition Sub, Inc**. ("WEC"), a Georgia corporation and wholly-owned subsidiary of the Company and **World Explorer Corporation**, a Georgia corporation ("World Explorer") entered into an Agreement and Plan of Merger. As a result of the merger, which closed on April 28, 2005 (the "Merger"), (i) World Explorer became a wholly-owned subsidiary of the Company, (ii) the stockholders of World Explorer immediately prior to the Merger received a total of 40,000,000 shares of the Company's common stock, par value $0.001, and (iii) the former World Explorer shareholders beneficially own approximately 91% of the voting control of the Company. World Explorer was effectively a privately-owned "shell" at the time of the transaction.

LATI thus currently has two wholly owned subsidiaries, Tele-lawyer, Inc. and Perspective Health Management Corp.

Litigation date:

6. SAVANNAH CORPORATION

Date	10 KSB, 31 Dec 2003
Jan Wallace position	President, Chief Executive Officer, Director
Michael (Kyleen) Cane position	Signed for Certificate of Amendment for name change Oct. 2, 2002 as Michael Cane and articles of incorporation for MW Fitness July 31, 2002.
Grace Sim position	Chief Financial Officer
Company name/ticker	**SAVANNAH CORP.** [Certificate of Amendment for name change Oct. 2, 2002] **[EX17]**
Company formerly named	MW FITNESS, INC.
Chapter 11	January 22, 2002

Notes: Nevada Corporation that was incorporated as a subsidiary of Dynamic Associates, Inc. ("Dynamic") on December 4, 1997. 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 On January 22, 2002, we filed a Petition for relief under Chapter 11 of the Bankruptcy Code. The final decree was approved on November 19, 2002.

7. P& H Industries

Perspective Health Management Corp [P&H Industries]: a wholly owned subsidiary of MW Medical

[EX 8] The Company [MW Medical] has sold the business of P&H pursuant to an asset purchase and sale agreement dated March 9, 1998 between P&H and Microwave Communication Corporation, a California corporation ("Microwave"), whereby P&H agreed to sell to Microwave all of the assets of the business of P&H as a going concern (the "P&H Sale Agreement"). Microwave is not currently, and, to the Company's knowledge, has never been an affiliate of the Company. The sale of assets by P&H to Microwave was completed on May 6, 1998. The following consideration was received by the Company on closing:

(A) cash consideration of $160,534;

(B) a promissory note issued by MCC/ Ferro Systems, Inc., a subsidiary of Microwave. whereby MCC/Ferro has agreed to pay to P&H the sumof $250,000 on August 1,1998 and the sum of $243,125 on March 31, 1999 (the "MCC/Ferro Promissory Note");

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*** "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," M2 Financial Wire, 06/28/2004., SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

(C) the agreement of Microwave to provide to MMC 1200 hours of microwave related services for the period to April 1, 1999, subject to a maximum of 100 hours per month for a total cash consideration of $240,000;

(D) office space for the business of MMC at MCC/Fer 's facility in Simi Valley, California until February 28, 1999.

7. Microwave Medical Corporation – previous discussed

Microwave Medical Corporation: a wholly owned subsidiary of MW Medical

Chapter 11: 11/29/2001 **[EX5, EX6]**

Additional Resume statements

8. Claire Technologies

a. Wallace: business connection, ceo/president, coo, director

b.

Claire Technologies Inc. [sold private company in Louisiana]

[EX 14] On November 21, 1997, Claire Technologies, Inc. ("Claire") entered into two separate merger agreements whereby Orion Preventive Medicine, Inc. ("Orion") and Allied Health Partners, Inc. ("Allied") were merged into Olympic Rehabilitation Services, Inc. ("Olympic"). Olympic, a wholly owned subsidiary of Claire, was the surviving corporation. The sole consideration for the subject mergers was the issuance of a total of 12,500,000 shares of common stock of Claire for the surrender of all of the issued and outstanding stock of those corporations. The statutory merger agreements were structured so as to qualify as a tax free reorganization under the Internal Revenue Code for the shareholders of Orion and Allied.

9. Active Systems

Active Systems [Executive vice-president 1991-1993]

[EX 14] Ms. Wallace was previously Vice President of Active Systems, Inc. a Canadian Company specializing in SGML Software an ISO standard in Ottawa, Ontario. Prior to that she was President and Owner of Mailhouse Plus, Ltd., an office equipment distribution company which was sold to Ascom Corporation. She has also been in management with Pitney Bowes-Canada and Bell Canada where she received its highest award in Sales and Marketing.

10. Mailhouse Plus Ltd.

a. Jan Wallace: beneficial owner securities, consultant, ceo, president,

Mailhouse Plus Ltd. Jan Wallace [Owner, President 1987 - 1989, sold company to Ascom Hasler]

11. Pitney Bowes

Pitney Bowes Jan Wallace [sales executive 1993 - 1996]

12. Las Vegas Gaming

Date: **[EX16, EX30]**
Michael (Kyleen) Cane position: Director
Company name/ticker: **Las Vegas Gaming**

13. Microthermia Inc.

[EX20] Microthermia Inc.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1996, the Company had $417,219 cash in the bank. There is no certainty that the Company can meet its current financial commitments. The Company is a development stage Company engaged in the acquisition and development of microwave technologies for medical purposes. Item 5. Other Information.

MICROWAVE

During the period the Company's wholly owned subsidiary Microwave Medical Corp. ("MMC"), formerly Microthermia Acquisition Corporation, entered into a license agreement with Microthermia Technology, Inc. (of California), whereby MMC obtained an exclusive license to develop and manufacture medical device products related to the treatment of spider veins (telangiectasia). The license is for an initial period of two years with automatic one year renewals for the next eight years, at no cost, (total license period of 10 years). The license is prepaid for the first two years, and, after January 16, 1998, MMC will pay a royalty of two percent (2%) of the Net Sales Revenues on all licensed products sold. MMC expended $107,538 on development of the license product during the period.

The agreement (dated December 18, 1995) with P & H which provides for the acquisition of P & H by the Company was extended to April 23, 1996. The agreement provides for the Company to acquire up to 100% of P & H in two stages. The first stage is the acquisition of 50% of P & H for $1,000,000. The second stage (which is optional) provides for the Company to acquire the additional 50% for up to two years after the first 50% is acquired. On April 23, 1996, $300,000 was paid and a check dated May 4, 1996 in the amount of $700,000 was given to finalize the P & H acquisition. Regulation S stock was sold to raise the money to complete the transaction.

MICROTHERMIA TECHNOLOGY, INC. ("MTI")

*Shareholdings allow for action to be initiated or indirectly cause adversity in the shell once it reverses with an asset
**Abuse of LLC (http://www.fincen.gov/news_room/rp/files/LLCAssessment_FINAL.pdf)
*** "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," M2 Financial Wire, 06/28/2004., SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

The agreement with MTI, (as previously reported), which has been approved by the majority of MTI shareholders, requires the approval of the California Department of Corporations which to date has not been forthcoming. Minority shareholders of MTI have complained to the California Department of Corporations as they do not want the transaction to proceed, and it remains uncertain as to whether this agreement can or will be completed or not. Only $1,000 was advanced to MTI during the period, and the Company's subsidiary entered into a license agreement with MTI, (see above).

14. MW Fitness **[EX24]**

15. **Premier Exhibitions [EX19]**

16. RMS Titanic **[EX18]**

17. **Seaventures [EX19]**

Carpathia

In May 2001, we acquired ownership of the wreck of the Carpathia, which was sunk by a German torpedo during World War I off the coast of Ireland. The Carpathia rescued more than 700 of the Titanic's survivors in the early morning hours of April 15, 1912. On February 28, 2007, our wholly-owned subsidiary R.M.S. Titanic, Inc. entered into a sale agreement with Seaventures, Ltd. pursuant to which Seaventures acquired from R.M.S. Titanic all of its ownership interest in the Carpathia for $3,000,000. We received $500,000 from Seaventures on February 28, 2007 and we received the remaining $2,500,000 from Seaventures on April 15, 2008. Also, on February 28, 2007, Seaventures purchased an option from us to present the first exhibition of objects recovered from the Carpathia together with certain of our Titanic artifacts. We received payment of $1,500,000 from Seaventures for the sale of this option on February 28, 2007. At the time we entered into the transaction with Seaventures, its principal, Joseph Marsh, was a holder of more than 5% of our common stock.

We entered into a twenty-year license agreement effective February 28, 2007 whereby we received exclusive rights to present Carpathia artifacts in our exhibitions in exchange for funding an expedition to the Carpathia, which includes providing research and recovery expertise. As of February 28, 2009, we had provided funding of approximately $912,000. Additional cost could be incurred for the conservation of the artifacts recovered as a part of the initial expedition. These costs are not expected to be material. We will start amortizing this license agreement when the artifacts are ready for display with the opening of Titanic in St. Paul, Minnesota. It will be amortized over the remaining term of the agreement or its useful life.

Other companies to look into**:**

Stonebridge, AZ

WIP [Western Financial Partners, Inc.], AZ, Nevada

Chloe Group of Companies, Bermuda

Hepburn Holdings LLC, Bermuda

Ach Limited, Inc., Bermuda

Sunshine Holdings, Inc., Bermuda

Genesis Health Management

The Heafey Group [financial consultant 1990 - 1991]

General Dynamics Corp.

Imagistics International Inc.

Royal Dutch Shell PLC

Cane & Associates LLP

Cane Clark LLP

Cane ONeill Taylor LLC

Dippy Foods Inc

Bobby Black, Inc.

Secured Lending LLC

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WALLACE BLACK, LLC

Business Entity Information

Status:	Revoked	File Date:	3/3/2005 11:08:29 AM
Type:	Domestic Limited-Liability Company	Corp Number:	E0070452005-6
Qualifying State:	NV	List of Officers Due:	3/31/2006
Managed By:	Managing Members	Expiration Date:	

Registered Agent Information

Name:	CANE CLARK AGENCY LLC	Address 1:	3273 E WARM SPRINGS RD
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89120
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Commercial Registered Agent - Limited-Liability Corporation		
Jurisdiction:	NEVADA	Status:	Active

Financial Information

No Par Share Count:	0	Capital Amount:	$ 0
No stock records found for this company			

Officers ☐ Include Inactive Officers

Managing Member - KELLY BLACK			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	
Managing Member - JAN WALLACE			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	

Actions\Amendments

Action Type:	Articles of Organization		
Document Number:	20050044409-78	# of Pages:	1
File Date:	03/03/2005	Effective Date:	
(No notes for this action)			
Action Type:	Initial List		
Document Number:	20050136338-61	# of Pages:	1
File Date:	04/20/2005	Effective Date:	

(No notes for this action)

Action Type:	Registered Agent Address Change		
Document Number:	20060070102-48	# of Pages:	1
File Date:	02/03/2006	Effective Date:	

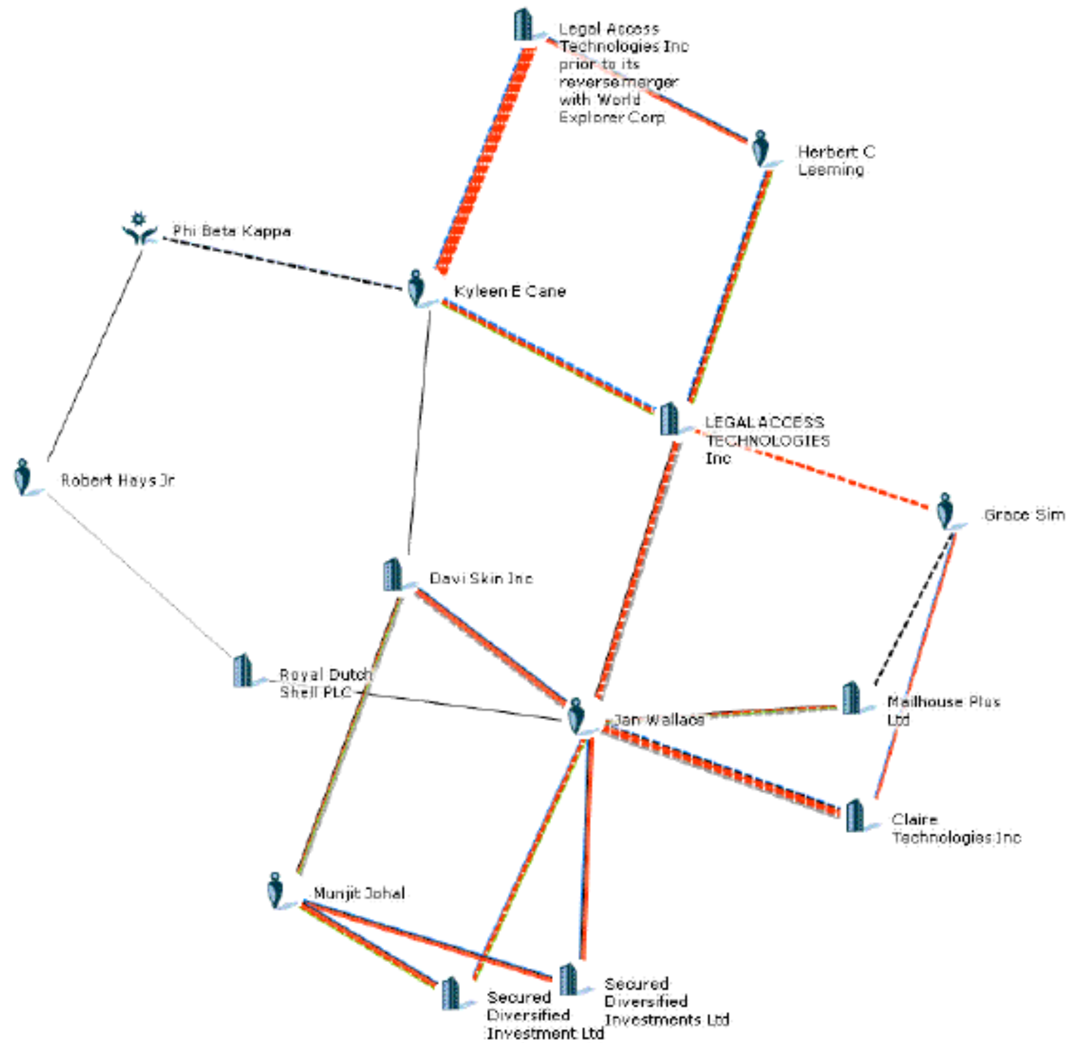
(No notes for this action)

Introduction on data processing, scheme, detection heuristics

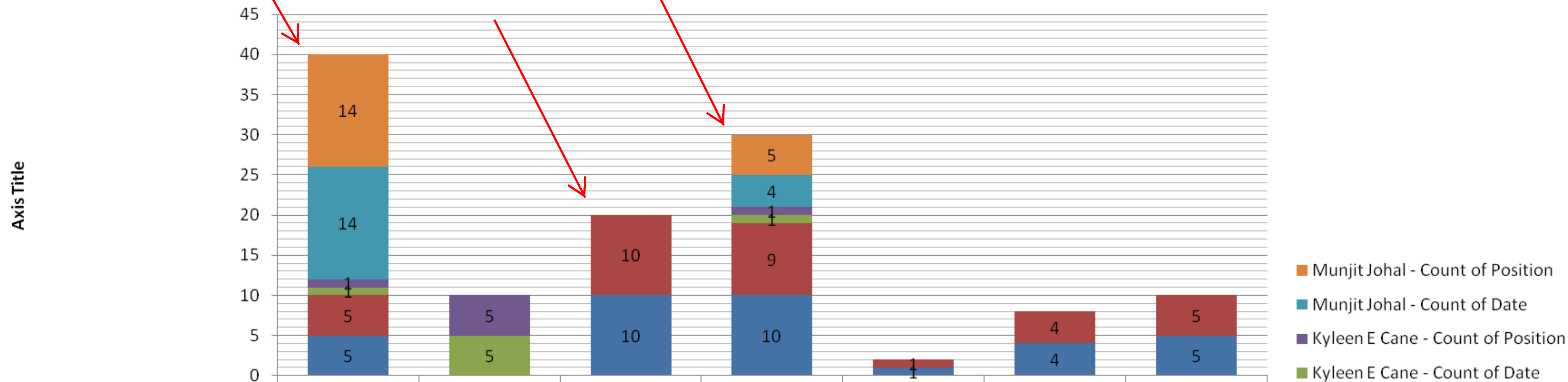
1. Processing public SEC filings, registered agencies and triangulation produces a significant amount of information which processed with the algorithm, detection of anomalies and abuses.
2. The following presentation provides results of prototype output from the system. Currently all SEC data and page level parsing is underway to produce a larger set of suspect collection of actors for further investigation.
3. There are numerous schemes that the software and data heuristics may identify, however the specific case regarding selling a shell and corporate take over to get it back is analyzed here.

Online individual and company mapping software

1. Key Individuals
    1. Kyleen Cane
    2. Jan Wallace
    3. Mujit Johal
    4. Grace Sim
    5. Claire Ambrosia
2. Secondary accessories
    1. Varies per company
3. Companies
    1. Legal Access Technologies
    2. Mail house Plus Ltd
    3. Claire Technologies, Inc.
    4. Secure Diversified Investments Ltd.
    5. Royal Dutch Shell PLC
4. Upcoming data was processed from RAW data collected form online agencies for registered agents, SEC data and other types of SEC data.
5. Ongoing SEC ingestion is underway to process data from scratch, present core data in a broad range of companies and demonstrate processing algorithm across all public filings beyond the Wallace Cane team.



Number of corporate roles by individual and selected companies

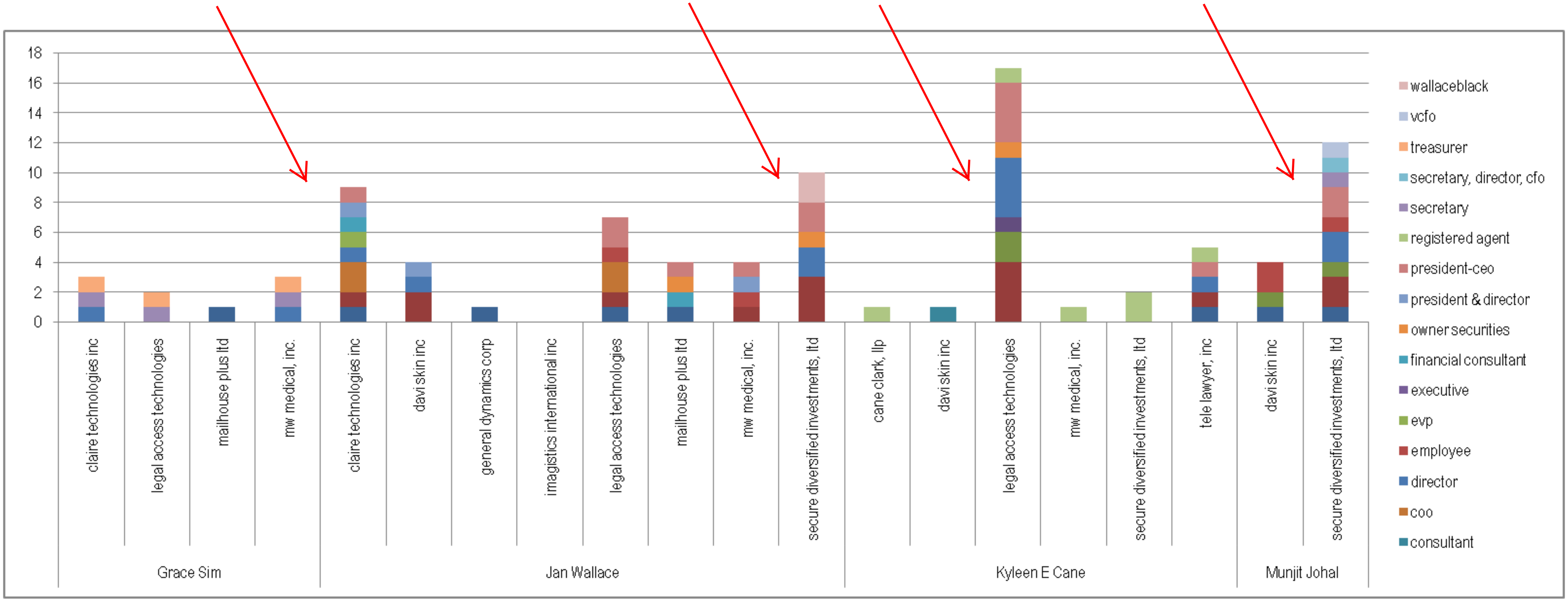


	SECUREDDIVERSIFIEDINVESTMENT,LTD.	TELE-LAWYER,INC.	Claire Technologies Inc	Davi Skin Inc	General Dynamics Corp	Mailhouse Plus Ltd	Secured Diversified Investment Ltd
Munjit Johal - Count of Position	14			5			
Munjit Johal - Count of Date	14			4			
Kyleen E Cane - Count of Position	1	5		1			
Kyleen E Cane - Count of Date	1	5		1			
Jan Wallace - Count of Position	5		10	9	1	4	5
Jan Wallace - Count of Date	5		10	10	1	4	5

Axis Title

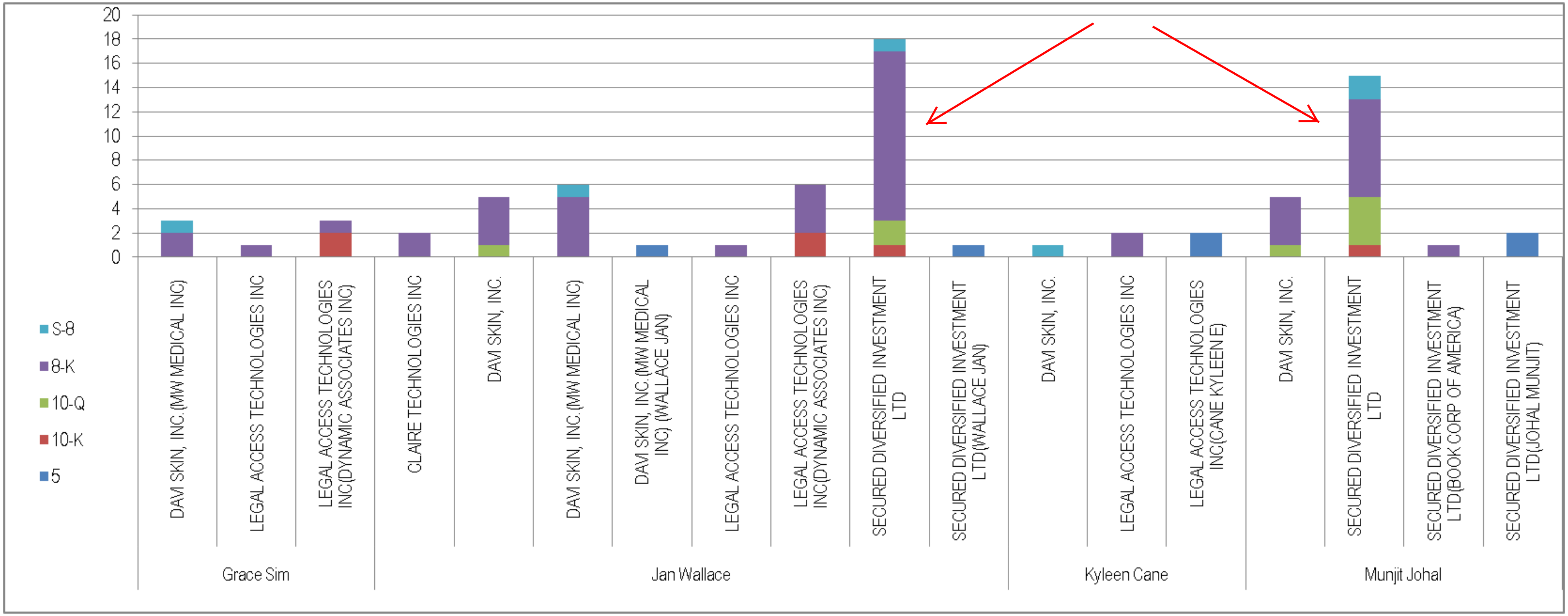
1. Selected companies, removal of Grace Sim
2. High count of position duration in presented companies
3. Companies presented have much longer history from mergers, reverse mergers, subsidiary share exchanges, and shell inactive status

Unusual business connection, positions with companies



1. Higher than average corporate roles in same companies
2. Registered agent also in corporate governance roles
3. Each vertical 1 block equals 1 year term
4. Higher rotating roles in inactive companies publically listed
5. Business connection prior to reverse merger, executive role director, president within one year after merger
6. Data NLP from public filings for business connection, executive role and merged with state registered agency data

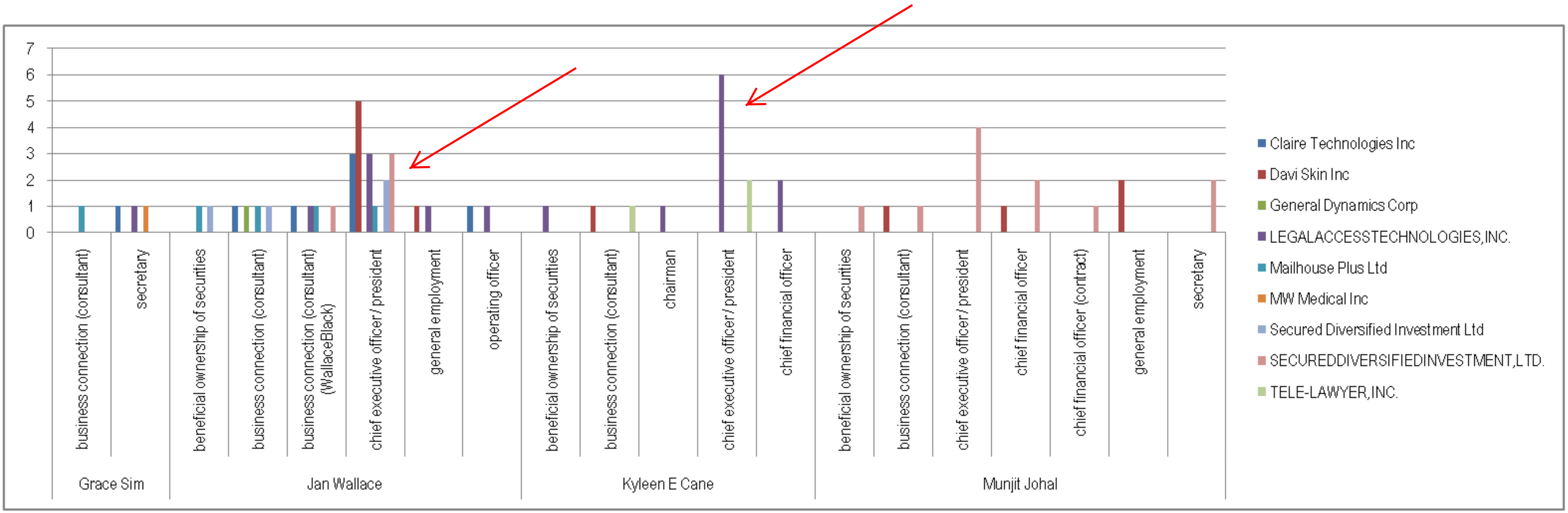
SEC filings anomalies. 8-k filings high.



1. 8-k (purple) are public disclosures of material events, compensation, and business events
2. Unusually high occurrences of 8-k filings
3. Information not cross referenced with position or registered agency – raw SEC data

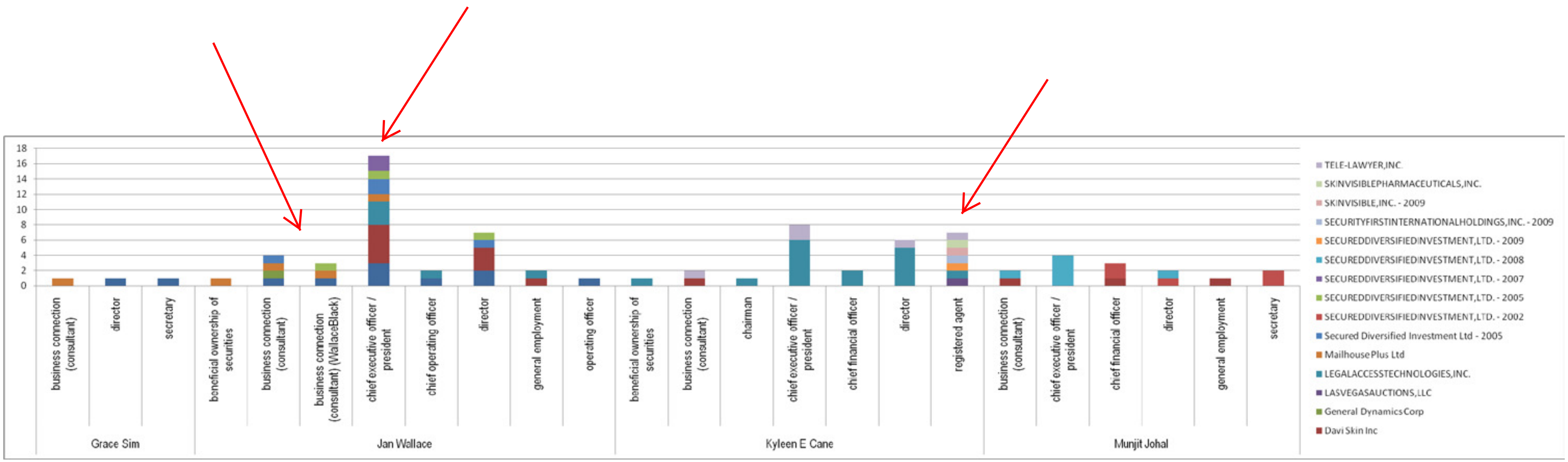
Company role rotation sampled per year.

1. In active companies and active companies sampled
2. Companies have long historical information not represented
3. Registered agent and insider company role denotes company creation
4. Shell evolution and team role count equals 1 year.
5. Very long time horizon for execution
6. Reverse mergers and individual involvement unusually high
7. Every company documents restructuring almost yearly clockwork
8. Every company has adverse founder litigation caused by shareholders



Corporate take-over evidence process

1. Companies formed by Kyleen Cane are used as shells in reverse merger transactions.
2. Companies use subsidiaries, name changes, reverse mergers as vehicles to change names and exchange shares.
3. Side Nevada LLC are created to obfuscate beneficial shareholders, and side operate agreements for proxy and voting control.
4. Wallace or Cane transact the shell with a private company via reverse merger. WallaceBlack LLC formed and managed by Kyleen Cane. Kelly Black structures listings of OTC:BB companies on Frankfurt exchange for off-shore trading.
5. Wallace (Wallace Black) engages as a financial consultant. Adverse action by shareholder removes executives. Adverse action is detailed forthcoming, however events are financial based, audit committees (chaired by Cane , Wallace or Mujit).
6. Wallace is appointed President, CEO, and director of company.

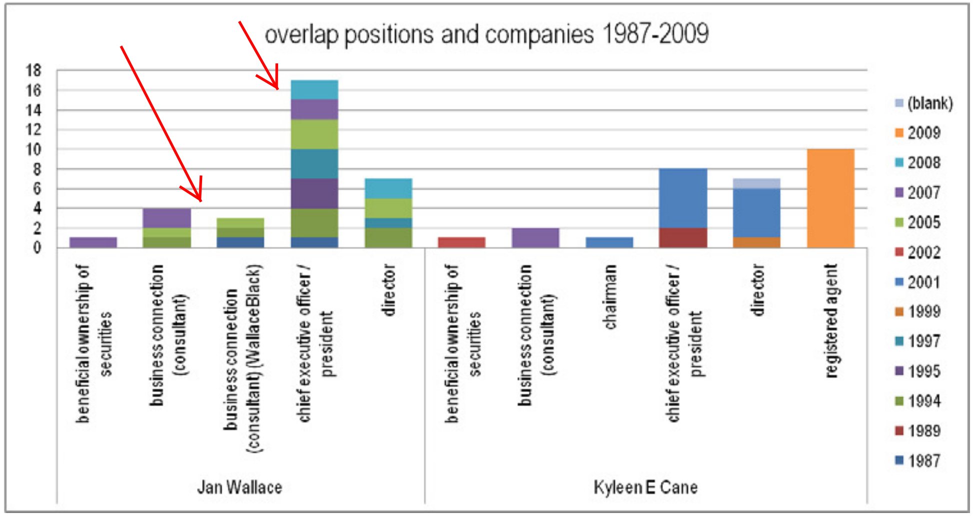


Raw data individuals, positions, and companies are compelling

Row Labels	Count of Position
Kyleen E Cane	**27**
cane clark, llp	1
davi skin inc	1
legal access technologies	17
mw medical, inc.	1
secure diversified investments, ltd	2
tele lawyer, inc	5
Jan Wallace	**43**
claire technologies inc	9
davi skin inc	4
general dynamics corp	1
imagistics international inc	4
legal access technologies	7
mailhouse plus ltd	4
mw medical, inc.	4
secure diversified investments, ltd	10
Grace Sim	**9**
claire technologies inc	3
legal access technologies	2
mailhouse plus ltd	1
mw medical, inc.	3
Munjit Johal	**17**
davi skin inc	5
secure diversified investments, ltd	12
Grand Total	**96**

1. Registered Agent and business connection larger than 2.
2. Business connection or consultant prior to insider position and the CEO or Chairman is removed in 18 months.
3. Position count higher than 5-10 denote companies that require rotating individuals to keep shell alive.
4. All company to be traced for filings but further NLP will show overlap and timeline for each company and its morphing over time.

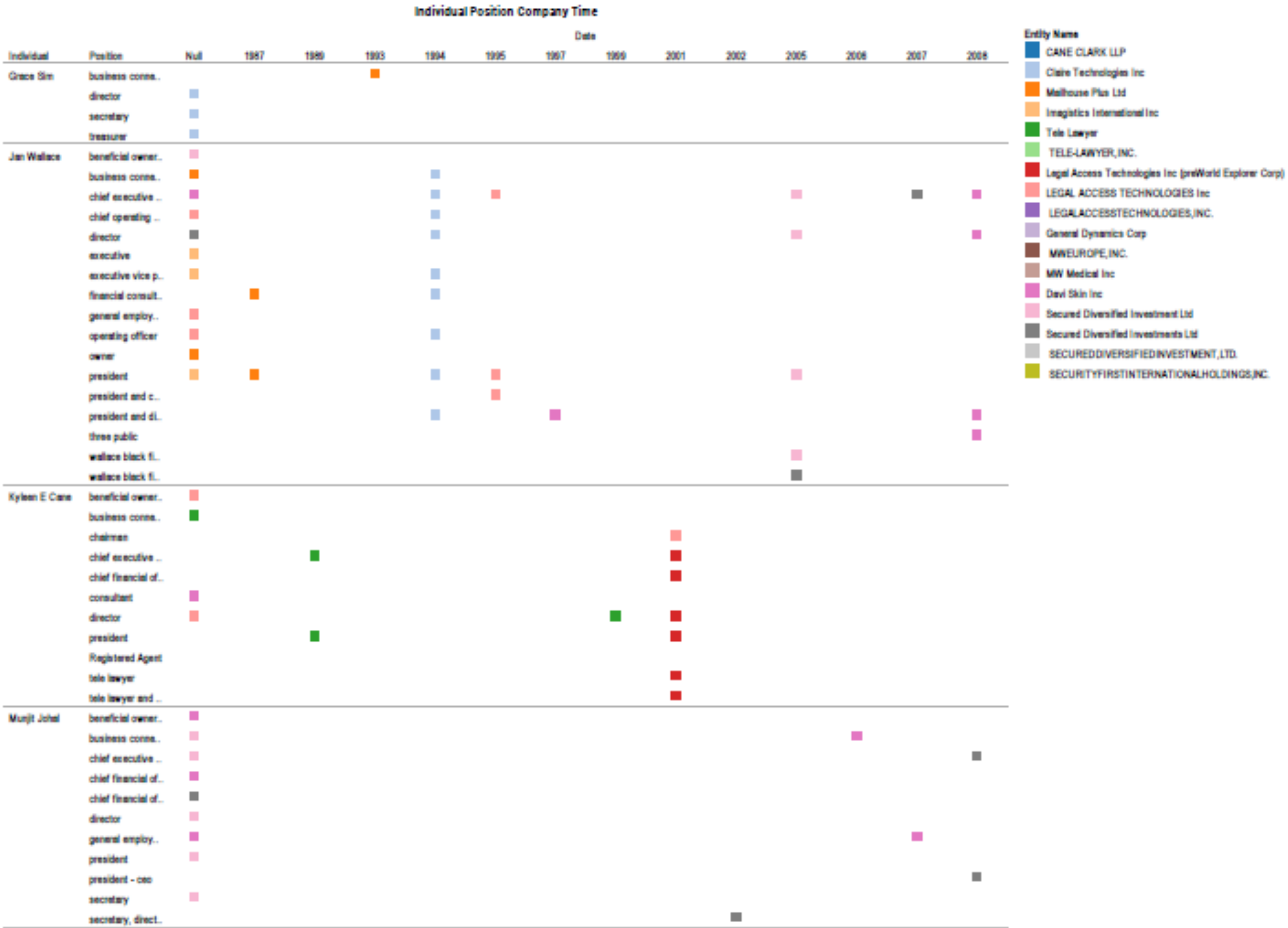
Overlap wallace and cane history 1987-2009



1. Tele-Lawyer first record of public working relationship.
2. Michael or Kyleen Cane generally behind the agency veil
3. Testimony of Kyleen Cane and Jan Wallace demonstrate significant obfuscation of facts and history.

Count of Position	Column Labels													
	1987	1989	1994	1995	1997	1999	2001	2002	2005	2007	2008	2009	(blank)	Grand Total
Row Labels														
Jan Wallace	**2**		**7**	**3**	**4**				**7**	**5**	**4**			**32**
beneficial ownership of securities										1				1
business connection (consultant)			1						1	2				4
business connection (consultant) (WallaceBlack)	1		1						1					3
chief executive officer / president	1		3	3	3				3	2	2			17
director			2		1				2		2			7
Kyleen E Cane		**2**				**1**	**12**	**1**		**2**		**10**	**1**	**29**
beneficial ownership of securities								1						1
business connection (consultant)										2				2
chairman							1							1
chief executive officer / president		2					6							8
director						1	5						1	7
registered agent												10		10
Grand Total	**2**	**2**	**7**	**3**	**4**	**1**	**12**	**1**	**7**	**7**	**4**	**10**	**1**	**61**

Visualization of Wallace Cane Sim Johal – unclean data



Entity Name (color) broken down by Date Year vs. Individual and Position. The view is filtered on Position, Individual and Entity Name.. The Position filter has multiple members selected. The Individual filter keeps Grace Sim, Jan Wallace, Kyleen E Cane and Munjit Johal. The Entity Name filter keeps 17 members.

Civil action and defamation reports are standard proceedings

1. Automated software additional checks:
   1. Each participant must be checked against civil and criminal action database for technology /development team safety, in addition to further data probes into characters and connections between actors, passive participants, accessories, and
   2. Each participant must be checked in a civil and criminal action database for pattern and process for defeat, style of accusations, and additional pattern information for reporting purposes.
2. Historical empirical examples of vicious manipulation , including defamation, entrapment, and destruction.
   1. Accusations of fraud, breach of contract, assault, narcotics use, promissory notes and financial anomalies, and wrongful termination to remove adversarial witnesses are standard practice with Wallace and Cane involvement in corporate take-over.
3. DAVI Skin (formerly MW Medical, formerly Dynamic Associates, formerly Legal Access Technologies, formerly Tele-Lawyer)
   1. Wallace provided sexual acts on the CEO of DAVI and exploited this position to access personal information, including entrapment of schedule one narcotics use, exotic sexual situations including prostitution with narcotics
   2. Parrish v Wallace
   3. Parrish Medley, prior CEO of DAVI Skin
4. Secure Diversified Investments (formerly Book corporation of America, issuance of shares to Iomega corporation LLC, voting control Wallace, shares distributed to West Family)
   1. Wallace had multiple sexual engagements with SDI board members and consultants at the same time, including use of schedule one narcotics to access inside information, influence consultants and manipulate situations. Wallace , Cane and Mujit served on the audit committee impugning Clifford Strand, while explicitly offering s-8 shares to market makers acquired from former directors and aggregation of LLCs.
   2. Strand v Wallace
   3. Clifford Strand, prior CEO off Secure Diversified Investments
   4. 10QSB (Claire Ambrosio acting as the securities attorney)
5. Western Investment Partners , DAVI Skin, and MOD Systems
   1. Have peripheral involvement with Andy Lahka. Wallace claims to launder money for him which ensures his access to funds outside his marriage and provides credibility to death threats made by him towards Phillips.

civil proceedings recent highlights

Result Rank	Docket Number	Case Title	Court
1	CV2008-017334	HOMEQ L L C v. JAN WALLACE	AZ MARICOPA SUPER. CT.
2	3:08CV00942	SPENCER v. FIRST FEDERAL BANK ET AL	CA U.S. DIST. CT., SOUTH
3	07-A-549856-C	**THOMAS AND WONG GENERAL CONTRACTOR v. BLUME LAW FIRM PC**	NV CLARK 8TH JUDICIAL DIST.
4	07-55463	**KAGEL, ET AL v. WALLACE**	U.S. CT. OF APP., 9TH CIR.
6	07-55456	**MEDLEY, ET AL v. WALLACE**	U.S. CT. OF APP., 9TH CIR.
7	5:07-BK-50171	IN RE: JAN MICHAEL WALLACE, GINGER ANN WALLACE	KY U.S. BANKR. EAST
13	2:06CV03370	PARRISH MEDLEY v. JANWALLACE ET AL	CA U.S. DIST. CT., CENT.
14	2:06CV03357	DAVID L KAGEL v. JANWALLACE ET AL	CA U.S. DIST. CT., CENT.
16	BC351143	DAVID L KAGEL v. JAN WALLACE	CA. LOS ANGELES SUPER. CT.
17	BC351142	PARRISH MEDLEY v. JAN WALLACE	CA. LOS ANGELES SUPER. CT.
19	06CC02350	**STRAND v. WALLACE**	CA ORANGE SUPER. CT.
21	3:05-BK-34050	IN RE: JAN M. WALLACE, GARY D. WALLACE	IL U.S. BANKR. SOUTH
37	2:01CV02353	BURWELL v. WALLACE, ET AL	AZ U.S. DIST. CT.
38	CV2001-019191	CLEMENT L BURWELL v. JAN WALLACE	AZ MARICOPA SUPER. CT.
39	010421SC	GORGE RECOVERY SERVICE INC v. WALLACE JAN	OR HOOD CIR. CT.
44	01-R-109473-R	MORENO, LISA v. WALLACE, JAN	NV CLARK 8TH JUDICIAL DIST.
45	CV2001-005996	WESTMINSTER AGENCIES LTD v. DYNAMIC ASSOCIATES INC, JAN WALLACE, HERB CAPOZZI, LOGAN ANDERSON, W A LUCKY, VICKIE TALLEY LUCKY, J T SIMMONS, R MICHAEL ASBURY, WILLIAM H MEANS, HARRY MOLL	AZ MARICOPA SUPER. CT.
46	000-06642	WALLACE v. GREY	MO CITY OF ST. LOUIS 22ND JUDICIAL CIR.
47	CV2000-007658	CLEMENT L BURWELL v. MW MEDICAL INC, JAN WALLACE	AZ MARICOPA SUPER. CT.
63	0303496/1995	WALLACE, JAN HITTMAN v. WALLACE, JOHN LEIGHTON	NY NEW YORK SUP. CT.

RCW violations

Racketeer Influenced and Corrupt Organizations Act	RCW 19.40 trasfers fraudulent as to present and future creditors
RCW 2.48 Unlawful practice a crime	RCW 21.20 appointment of reciever
RCW 9.01 Citizen immunity	RCW 21.20 civil liabilities - survial, limitation of action
RCW 9.05 assemblages of saboteurs	RCW 21.20 debenture companies controlling person exceptions
RCW 9.05 sabotage	RCW 21.20 debenture companies prohibited activities by directors
RCW 9.18 collusion to prevent competitive bidding	RCW 21.20 extortion
RCW 9.18 suppression of competitive bidding	RCW 21.20 False or misleading statements
RCW 9.24 false report of corporation	RCW 21.20 guarantor of loans or obligor
RCW 9.35 intent to default personal	RCW 21.20 Investigations - statement of facts relating to investigation may be permitted
RCW 9.38 false representation concerning title	RCW 21.20 investment in unsecured loans
RCW 9.45 fraudulent removal of property	RCW 21.20 Penalty for violation of chapter
RCW 9.45 making false sample or assay ore	RCW 21.20 unlawful acts of person advising
RCW 9.45 measurement of commodities	RCW 21.20 unlawful offers, sales, purchases
RCW 9.58 furnishing libelous information	RCW 21.20 unlawful use or disclosure of filed information
RCW 9.58 Libel	RCW 23B.08 authority to indemnify
RCW 9.58 privileged communications	RCW 23B.08 committees
RCW 9.58 threatening to publish libel	RCW 23B.08 court ordered indemnification
RCW 9.61 cyberstalking	RCW 23B.08 director action
RCW 9.61 telephone harassment	RCW 23B.08 General standards for directors
RCW 9.94A.537	RCW 23B.10 amendment of articles of incorporation by board of directors
RCW 9A.08 corporate and personal liability	RCW 23B.19 Hostile take-overs
RCW 9A.16 Duress	RCW 26.12.250_ Therapeutic courts.
RCW 9A.16 Entrapment	RCW 62A securities account; acquisition of security entitlement from securities intermediary
RCW 9A.46 Harassment	RCW 62A securities intermediary and others note liable to adverse claimant
RCW 9A.46 Stalking	
RCW 10.37 libel publication	

DOCUMENT INDEX

C. Documents Relevant to February 2008 Trial Action Against Jan Wallace Which Resulted in Judgment Against Her for Breach of Fiduciary Duty and Abuse of Trust

	Document	Date
1.	Maricopa County Court Docket CV2005-051325	N/A
2.	Excerpts from trial testimony of plaintiff's representative Mr. Terapaski of February 4 and 5, 2008 describing his oral agreement with Jan Wallace and some aspects of her repeated abuse of his trust	2/4-2/5/08
3.	Judgment Against Jan Wallace alone in the amount of $1,306,144	3/18/08

The Judicial Branch of Arizona, Maricopa County

Docket > Civil Court Cases

Civil Court Case Information - Case History

Case Information

Case Number:	CV2005-051325	**Judge:**	Budoff, Robert
File Date:	7/12/2005	**Location:**	Northeast
Case Type:	Civil		

Party Information

Party Name	Relationship	Sex	Attorney
Thomas And Wong General Contractor Inc	Plaintiff		Bryan Murphy
Blume Law Firm P C	Defendant		Frank Moskowitz
Gary Blume	Defendant	Male	Frank Moskowitz
Jan Wallace	Defendant	Female	Christopher Robbins
Edward Tarapaski	Third Party Defendant	Male	Pro Per
Maricopa County Creditor	In The Matter Of (IMO)		Pro Per
Jpmorgan Chase & Co	Garnishee Defendant		Pro Per
Bank Of America	Garnishee Defendant		Pro Per

Case Documents

Filing Date	Description	Docket Date	Filing Party
4/23/2009	TRM - Transmittal	4/23/2009	
NOTE: COURT OF APPEALS RECIEPT			
4/20/2009	LET - Letter	4/20/2009	
4/6/2009	CAO - Court Of Appeals Order	4/6/2009	
9/18/2008	ALT - Appeals Letter Of Transmittal	9/18/2008	
9/18/2008	REC - Receipt	9/18/2008	
NOTE: COURT OF APPEALS			
9/4/2008	AIX - Appeals Index	9/9/2008	
9/4/2008	LET - Letter	9/9/2008	
NOTE: CERTIFICATION LETTER			
8/11/2008	CAS - Civil Appeals Docketing Statement	8/13/2008	

8/8/2008	NOT - Notice	8/11/2008	Plaintiff(1)
NOTE: OF CROSS-APPEAL			
8/8/2008	002 - ME: Hearing Vacated	8/8/2008	
8/1/2008	046 - ME: Hrg Set Objection To Garnishment	8/1/2008	
7/31/2008	NDC - Notice Of Deposit With Court	8/6/2008	
NOTE: $500.00 FOR APPEAL BOND BY ATTY BRYAN MURPHY			
7/31/2008	NOF - Notice Of Filing	8/1/2008	Plaintiff(1)
NOTE: POSTING BOND FOR COSTS ON APPEAL			
7/31/2008	NAP - Notice Of Appeal	8/1/2008	Plaintiff(1)
7/11/2008	ORD - Order	7/15/2008	
NOTE: GRANTING MOTION FOR NEW TRIAL			
7/9/2008	SJU - Satisfaction Of Judgment	7/11/2008	
NOTE: JURY FEES			
7/7/2008	NOT - Notice	7/10/2008	
NOTE: OF LODGING ORDER GRANTING MOTOIN FOR NEW TRIAL			
7/7/2008	019 - ME: Ruling	7/7/2008	
6/27/2008	OBJ - Objection/Opposition.	7/1/2008	
NOTE: DEFENDANT'S TO ANSWER TO WRIT OF GARNISHMENT AND REQUEST FOR HEARING			
6/17/2008	ANG - Answer Of Garnishee	6/20/2008	Garnishee Defendant (8)
6/9/2008	ANG - Answer Of Garnishee	6/17/2008	Garnishee Defendant (7)
6/9/2008	020 - ME: Matter Under Advisement	6/9/2008	
6/6/2008	RES - Response	6/10/2008	
NOTE: DEFENDANT'S TO MOTION TO STRIKE EXHIBITS ATTACHED TO DEFENDANT'S MOTION FOR JUDGMENT AS A MATTER OF LAW			
6/2/2008	AFS - Affidavit Of Service	6/6/2008	
6/2/2008	AFS - Affidavit Of Service	6/6/2008	
6/2/2008	WGS - Writ Of Garnishment and Summons	6/5/2008	
6/2/2008	WGS - Writ Of Garnishment and Summons	6/5/2008	
6/2/2008	MOT - Motion	6/5/2008	

NOTE: TO STRIKE EXHIBITS ATTACHED TO DEFENDANT'S MOTION FOR JUDGMENT AS A MATTER OF LAW		
6/2/2008	REL - Reply	6/4/2008
NOTE: DEFENDANT'S TO PLAITNIFF'S RESPONSE TO MOTION FOR JUDGMENT AS A MATTER OF LAW		
6/2/2008	REL - Reply	6/4/2008
NOTE: DEFENDANT'S TO PLAINTIFF'S TO MOTION FOR NEW TRIAL		
5/29/2008	AWG - Application For Writ Of Garnishment	6/2/2008
5/29/2008	AWG - Application For Writ Of Garnishment	6/2/2008
5/27/2008	LET - Letter	6/2/2008
5/27/2008	RES - Response	5/29/2008
NOTE: TO WALLACES MOTION FOR NEW TRIAL		
5/27/2008	RES - Response	5/29/2008
NOTE: TO DEFENDANT WALLACES MOTION FOR JUDGMENT AS A MATTER OF LAW		
5/14/2008	019 - ME: Ruling	5/14/2008
5/12/2008	094 - ME: Oral Argument Set	5/12/2008
4/28/2008	MOT - Motion	5/1/2008
NOTE: DEFENDANT'S FOR NEW TRIAL		
4/28/2008	MOT - Motion	5/1/2008
NOTE: DEFENDANT'S FOR JUDGMENT AS A MATTER OF LAW		
4/18/2008	RES - Response	4/24/2008
NOTE: AND OBJECTION TO MOTIONS FOR ENTYR OF PROTECTIVE ORDERS		
4/15/2008	019 - ME: Ruling	4/15/2008
4/11/2008	JUD - Judgment	4/16/2008
NOTE: Notice of filing and entry provided to the parties		
4/8/2008	RES - Response	4/11/2008
NOTE: TO DEFENDANT'S OBJECTION TO PLAINTFF'S PROPOSED FORM OF JUDGMENT		
4/8/2008	RES - Response	4/11/2008
NOTE: TO DEFENDANT'S OBJECTION TO PLAINTIFF'S STATEMENT OF COSTS		
4/8/2008	RES - Response	4/11/2008
NOTE: TO DEFENDANT'S OBJECTION TO PLAINTIFF'S APPLICATION FOR AWARD OF ATTORNEYS' FEES		

4/3/2008	MOT - Motion	4/8/2008
NOTE: FOR ENTRY OF PROCTIVE ORDERS		
3/31/2008	NOT - Notice	4/2/2008
NOTE: OF DISASSOCIATION AS COUNSEL OF RECORD AND NOTICE OF NON-RENEWAL OF PRO HAC VICE ADMISSION		
3/28/2008	OBJ - Objection/Opposition.	4/2/2008
NOTE: TO PLAINTIFF'S PROPOSED FORM OF JUDGMENT		
3/28/2008	OBJ - Objection/Opposition.	4/2/2008
NOTE: TO PLAINTIFF'S APPLICAITON FOR ATTORNEYS' FEES		
3/28/2008	OBJ - Objection/Opposition.	4/2/2008
NOTE: TO PLAINTIFF'S STATEMENT OF COSTS		
3/25/2008	NOT - Notice	3/27/2008
NOTE: OF ASSOCIATION OF COUNSEL		
3/20/2008	NOT - Notice	3/24/2008
NOTE: OF LODGING PROPOSED FORM OF JUDGMENT		
3/20/2008	SOC - Statement Of Costs	3/24/2008
NOTE: PLAINTIFF'S		
3/20/2008	AAF - Application For Attorney Fees	3/24/2008
3/10/2008	NOT - Notice	3/12/2008
NOTE: OF LODGING ORIGINAL DECLARATION UNDER PENALTY OF PERJURY OF EDWARD TARAPASKI		
2/12/2008	012 - ME: Trial	2/12/2008
2/11/2008	012 - ME: Trial	2/11/2008
2/11/2008	012 - ME: Trial	2/11/2008
2/7/2008	012 - ME: Trial	2/7/2008
2/7/2008	WSH - Worksheet	2/12/2008
2/7/2008	EXW - Exhibits Work Sheet	3/10/2008
2/7/2008	019 - ME: Ruling	2/7/2008
2/7/2008	JJF - Judgment For Jury Fees	2/25/2008
NOTE: Notice of filing and entry provided to the parties		
2/7/2008	VER - Verdict	2/12/2008
2/7/2008	VER - Verdict	2/12/2008
2/7/2008	JQU - Jury Question	2/12/2008

2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	JQU - Jury Question	2/12/2008	
2/7/2008	DPR - Deposition Report	3/21/2008	
NOTE: BY TERESE M HEISIG JUNE 21 2007			
2/7/2008	JIN - Jury Instructions	2/12/2008	
NOTE: FINAL			
2/6/2008	DPR - Deposition Report	3/21/2008	
NOTE: BY CATHY A MICCOLIS JUNE 19 2007			
2/6/2008	JQU - Jury Question	2/12/2008	
2/5/2008	JQU - Jury Question	2/12/2008	
2/5/2008	JQU - Jury Question	2/12/2008	
2/5/2008	JQU - Jury Question	2/12/2008	
2/5/2008	DPR - Deposition Report	3/21/2008	
NOTE: BY CATHY A MICCOLIS JUNE 19 2007			
2/5/2008	JQU - Jury Question	2/12/2008	
2/5/2008	DPR - Deposition Report	3/21/2008	
NOTE: BY ELIZABETH J GANGL OCTOBER 26 2007			
2/5/2008	DPR - Deposition Report	3/21/2008	
NOTE: BY CATHY A MICCOLIS OCTOBER 19 2007			
2/4/2008	JUL - Jury List	2/12/2008	
1/31/2008	MTQ - Motion To Quash	2/6/2008	
NOTE: THE TRIAL SUBPOENA OF GARY BLUME ESQ			
1/31/2008	REL - Reply	2/4/2008	Defendant(4)
NOTE: OSA/ TO RESPONSE TO DEFENDANT WALLACES MOTION TO DISMISS			

1/31/2008	OBJ - Objection/Opposition.	2/6/2008
NOTE: TO PLAINTIFF'S TRIAL MEMORANDUM REGARDIGN DEFENDANT WALLACE'S WAIVER OF NON-PARTY AT FAULT CLAIMS		
1/30/2008	JQU - Jury Question	2/6/2008
NOTE: DEFENDANT'S PROPOSED VOIR DIRE		
1/30/2008	PJI - Proposed Jury Instructions	2/6/2008
NOTE: DEFENDANT'S		
1/30/2008	RES - Response	2/6/2008
NOTE: PLAINTIFF'S TO DEFENDANT WALLACE'S MOTION TO DISMISS		
1/29/2008	027 - ME: Pretrial Conference	1/29/2008
1/28/2008	MEM - Memorandum	1/30/2008
NOTE: PLAINTIFF'S TRIAL REGARDING DEFENDANT WALLACE'S WAIVER OF NON-PARTY AT FAULT CLAIMS		
1/25/2008	REQ - Request	1/29/2008
NOTE: FOR FINDINGS OF FACT AND CONCLUSIONS OF LAW		
1/25/2008	MTD - Motion To Dismiss	1/29/2008
1/23/2008	STA - Statement	1/29/2008
NOTE: JOINT PRETRIAL		
10/31/2007	ORD - Order	11/5/2007
NOTE: REGARDING PLAINTIFFS SUBPOENAS TO CANE ONEILL TAYLOR LLC CANE & ASSOCIATES AND THE LAKE BANK NA		
10/23/2007	STP - Stipulation	10/25/2007
NOTE: REGARDING PLAINTIFFS SUBPOENAS TO CANE ONEILL TAYLOR LLC CANE & ASSOCIATES AND THE LAKE BANK NA		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF APPLICATION FOR ISSUANCE OF A COMMISSION TO TAKE A DEPOSITION IN A FOREIGN JURISDICTION		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF APPLICATION FOR ISSUANCE OF A COMMISSION TO TAKE A DEPOSITION IN A FOREIGN JURISDICTION		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF APPLICATION FOR ISSUANCE OF A COMMISSION TO TAKE A DEPOSITION IN A FOREIGN JURISDICTION		
10/9/2007	NOT - Notice	10/11/2007

NOTE: OF APPLICATION FOR ISSUANCE OF A COMMISSION TO TAKE A DEPOSITION IN A FOREIGN JURISDICTION

10/9/2007	NOT - Notice	10/11/2007
NOTE: OF DEPOSITION		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF DEPOSITION		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF DEPOSITION		
10/9/2007	NOT - Notice	10/11/2007
NOTE: OF DEPOSITION		
9/11/2007	089 - ME: Trial Setting	9/11/2007
8/10/2007	ODI - Order Of Dismissal	8/13/2007
NOTE: WITH PREJUDICE OF (1)THE COMPLAINT AGAINST GARY BLUME, LORA BLUME (NAMED AS JANE DOE BLUME) AND BLUME LAW FIRM PC (2)THE COUNTERCLAIM; AND (3)THE THIRD-PARTY COMPLAINT		
8/3/2007	SFD - Stipulation For Dismissal	8/8/2007
NOTE: WITH PREJUDICE AS TO THE COMPLAINT AGAINST GARY BLUME, LORA BLUME, NAMED AS JANE DOE BLUME AND BLUME LAW FIRM PC; THE COUNTERCLAIM AND THE THIRD -PARTY COMPLAINT		
3/21/2007	084 - ME: Case Continued Inactive Calendar	3/21/2007
3/16/2007	NOT - Notice	3/20/2007
NOTE: OF DEFENDANT WALLACE'S JOINDER IN DEFENDANTS BLUME'S NOTICE OF NON-PARTIES AT FAULT		
2/28/2007	RES - Response	3/2/2007
NOTE: THE BLUME PARTIES' TO MOTION FOR RULE 16 SCHEDULING CONFERENCE		
2/6/2007	RES - Response	2/9/2007
NOTE: TO DEFENDANT BLUME'S MOTION TO STRIKE THE PRELIMINARY EXPERT AFFIDAVIT OF SHAWN AIKEN OR IN THE ALTERNATIVE TO EXTEND DEADLINE FOR DISCLOSURE OF REBUTTAL EXPERTS OPINIONS AND REPORTS		
2/6/2007	NAR - Notice Of Appearance	2/8/2007
2/6/2007	REQ - Request	2/9/2007
NOTE: FOR RULE 16 SCHEDULING CONFERENCE		
1/23/2007	094 - ME: Oral Argument Set	1/23/2007
1/16/2007	OCW - Order for Withdrawal of Counsel	1/18/2007

1/11/2007	MOT - Motion	1/16/2007
NOTE: TO STRIKE THE PRELIMINARY EXPERT AFFIDAVIT OF SHAWN AIKEN OR IN THE ALTERNATIVE MOTION TO EXTEND DEADLINE FOR DISCLOSURE OF REBUTTAL EXPERTS OPINIONS AND REPORTS		
1/2/2007	070 - ME: Settlement Conference Set	1/2/2007
12/20/2006	NOT - Notice	12/29/2006
NOTE: DEFENDANT JAN WALLACE'S OF NO OBJECITON TO BEUS GILBERT'S MOTION TO WITHDRAW AS COUNSEL OF RECORD		
12/15/2006	MOT - Motion	12/26/2006
NOTE: AMENDED / TO WITHDRAW AS COUNSEL OF RECORD		
12/11/2006	NOT - Notice	12/14/2006
NOTE: BLUMES AND BLUME LAW FIRM PC'S / OF NO OBJECTION TO BEUS GILBERTS MOTION TO WITHDRAW AS COUNSEL OF RECORD		
12/8/2006	MOT - Motion	12/14/2006
NOTE: TO WITHDRAW AS COUNSEL OF RECORD		
8/24/2006	NNF - Not Of Non-Parties At Fault	8/28/2006
NOTE: THE BLUME LAW FIRM PC AND THE BLUMES'		
7/13/2006	OCC - Order Continuing On Inactive Calendar	7/18/2006
6/29/2006	028 - ME: Status Conference Set	6/29/2006
6/23/2006	MEM - Memorandum	6/28/2006
NOTE: JONT PRETRIAL		
5/23/2006	026 - ME: Pretrial Conference Set	5/23/2006
5/11/2006	SFC - Stipulation For Continuance	5/12/2006
NOTE: ON INACTIVE CALENDAR		
5/5/2006	ANS - Answer	5/8/2006
NOTE: OF EDWARD TARAPASKI TO THIRD-PARTY COMPLAINT		
5/5/2006	ANS - Answer	5/8/2006
NOTE: TO DEFENDANT BLUMES COUNTERCLAIMS		
4/12/2006	078 - ME: Case On Inactive Calendar	4/12/2006
4/6/2006	OFS - Order for Substitution of Counsel	4/7/2006
3/30/2006	STP - Stipulation	4/3/2006
NOTE: FOR SUBSTITUTION OF COUNSEL		
3/29/2006	NAR - Notice Of Appearance	4/4/2006

NOTE: AS COUNSEL OF RECORD FOR BLUME LAW FIRMS PC AND THE BLUMES			
3/28/2006	ANS - Answer	3/30/2006	
NOTE: DEFENDANTS BLUME LAW FIRM PC AND THE BLUMES'/ TO FIRST AMENDED COMPLAINT;AND BLUME LAW FIRM PC'S COUNTERCLAIM AND THIRD-PARTY COUNTERCLAIM			
3/15/2006	AFF - Affidavit	3/16/2006	
NOTE: IN SUPPORT OF APPLICATION FOR ENTRY OF DEFAULT			
3/15/2006	NOT - Notice	3/16/2006	
NOTE: OF APPLICATION FOR DEFAULT			
3/15/2006	ADE - Application For Default	3/16/2006	
3/10/2006	ORD - Order	3/14/2006	
NOTE: RE PRO HAC VICE ADMISION OF CLAIRE C AMBROSIO			
2/24/2006	023 - ME: Order Entered By Court	2/24/2006	
2/22/2006	MOT - Motion	2/23/2006	
NOTE: AND CONSENT OF LOCAL COUNSEL FOR PRO HAC VICE ADMISSION OF CLAIRE C AMBROSIO			
2/16/2006	MOT - Motion	2/21/2006	
NOTE: FOR LEAVE TO FILE SUPPLEMENTAL RESPONSE TO DEFENDANTS MOTION TO DISMISS			
1/20/2006	094 - ME: Oral Argument Set	1/20/2006	
1/9/2006	REL - Reply	1/11/2006	
NOTE: TO RESPONSE TO MOTION TO DISMISS			
12/23/2005	RES - Response	12/28/2005	
NOTE: PLAINTIFF'S TO DEFENDANTS' MOTION TO DISMISS			
12/9/2005	ANS - Answer	12/13/2005	Defendant(4)
12/9/2005	NOT - Notice	12/13/2005	Defendant(4)
NOTE: OF JOINDER IN DEFENDANTS BLUMES MOTION TO DISMISS			
12/5/2005	023 - ME: Order Entered By Court	12/5/2005	
11/30/2005	ANS - Answer	12/1/2005	
NOTE: MOTION TO DISMISS/ PAID			
11/28/2005	NOT - Notice	12/9/2005	
NOTE: CONSENT OF ARIZONA COUNSEL TO PRO HAC VICE SERVICE			
11/28/2005	PHA - Pro Hac Vice Application	12/13/2005	Defendant(4)
NOTE: OF OUT OF STATE ATTORNEY CLAIRE C AMBROSIO			
11/4/2005	SUM - Summons	11/8/2005	

11/4/2005	AFS - Affidavit Of Service	11/7/2005
NOTE: BLUME LAW FIRM PC SERVED 10-28-2005		
11/4/2005	AFS - Affidavit Of Service	11/7/2005
NOTE: JAN M WALLACE SERVED 10-27-2005		
11/4/2005	AFS - Affidavit Of Service	11/7/2005
NOTE: GARY R BLUME AND JANE DOE BLUME SERVED 10-28-2005		
10/27/2005	AMC - Amended Complaint	10/31/2005
NOTE: FIRST/		
10/19/2005	322 - ME: Notice Of Intent To Dismiss	10/19/2005
9/1/2005	LOR - Location Reassignment	9/1/2005
8/29/2005	LOR - Location Reassignment	9/1/2005
7/12/2005	CCN - Cert Arbitration - Not Subject	7/15/2005
7/12/2005	COM - Complaint	7/15/2005
7/12/2005	CER - Certificate	7/15/2005
NOTE: OF EXPERT WITNESS		

Case Calendar

Date	Time	Event
2/23/2006	8:30	Oral Argument
6/28/2006	9:15	Pre-Trial Conference
3/16/2007	8:30	Status Conference
6/22/2007	9:00	Civil Settlement Conference
9/7/2007	8:30	Status Conference
1/25/2008	10:30	Pre-Trial Conference
2/4/2008	9:30	Trial
2/5/2008	9:30	Trial
2/6/2008	9:30	Trial
2/7/2008	9:30	Trial
6/5/2008	8:30	Oral Argument
8/4/2008	10:30	Garnishment Objection Hearing

Judgments

Date	(F)or / (A)gainst	Amount	Frequency	Type	Status

4/11/2008	F:Thomas And Wong General Contractor Inc	$4,026.90	One Time	.Costs	
	A: Jan Wallace				
4/11/2008	F:Thomas And Wong General Contractor Inc	$1,306,144.00	One Time	Principal	
	A: Jan Wallace				
2/7/2008	F:Maricopa County Creditor	$738.72	One Time	Judgment for Jury Fees	Satisfied
	A: Jan Wallace				

#1

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

THOMAS & WONG GENERAL CONTRACTOR, INC., Plaintiffs,	)	
vs.	)	CV No. 2005-051325
BLUME LAW FIRM, et al., Defendants.	)	

February 4, 2008
Phoenix, Arizona

BEFORE THE HONORABLE: ROBERT C. HOUSER, Judge

REPORTER'S TRANSCRIPT OF PROCEEDINGS
Testimony of Edward Tarapaski

Lisa H. Vitoff
Certified Court Reporter
CCR #50251

♀#2

A P P E A R A N C E S

FOR THE PLAINTIFFS:
MR. BRYAN F. MURPHY
Attorney at Law

FOR THE DEFENDANTS:
MS. CLAIR AMBROSIO
Attorney at Law

P R O C E E D I N G S

THE COURT: Thank you. Counsel, call your first witness, please.

MR. MURPHY: Plaintiff calls Ed Tarapaski.

THE COURT: Sir, come forward and be sworn, please. If you will come over here, please, so our clerk can swear you in.

EDWARD TARAPASKI,

having been duly sworn herein, took the stand and testified as follows:

♀#3

DIRECT EXAMINATION

BY MR. MURPHY:

Q Mr. Tarapaski would, you tell the jury, give them some information about your background, where were you born, sir?

A Near Edmonton, Canada.

Q How long did you live in Canada?

A All my life except, when I moved overseas in the mid 1990s, 1997.

Q Could you pull the microphone just a little bit closer, sir, you speak softly?

Sir, would you tell the jury how you were -- first, about your education, what's your educational background?

A I have high school.

Q After high school what did you do to make a living?

A I spent three years building houses and then I worked as a crane operator.

Q Did you have your own company at some point?

A Yes.

Q What did that company do?

A We rented cranes and bought and sold them.

Q Sir, at some point did you determine to leave Canada?

A Yes, I did.

Q What happened to your business?

A I gave it to my wife.

♀#4

Q Why did you leave Canada? When you say gave it to your wife, did your marriage end, sir?

A Yes, it did.

Q What year was that?

A 1992 or three, I think.

Q When did you leave Canada?

A I was working back and forth between Canada and the U.S. So around 1992, I came to the U.S. for a few years then I went overseas.

Q When you say overseas, where specifically did you go first?

A I went to Korea.

Q What did you do there?

A I bought cranes.

Q Were you working for yourself?

A I was basically working for myself, yes.

Q Describe how you became affiliated with Thomas and Wong General Contractor.

A I was in Singapore. I heard from a mutual acquaintance that there was some cranes in Brunei that were for sale.

Q Let's clarify for the jury -- I haven't done a pretty good job, goofing up the geography, where the heck is Brunei?

A It's on the island of Borneo near Singapore. It's

♀#5

about a eight-hour flight from the Middle East. It's in Asia.
Q Now, sir, I asked you to describe how you became affiliated with Thomas and Wong, and I interrupted you. Would you please, continue?
A I met Thomas Wong. He said he had four cranes that he needed to sell and he didn't know how to go about that. He had them on rent with Shell Oil and they came off rent and he needed to sell them because he couldn't afford to keep them.
Q Why had you gone over to Asia? What about the crane market over there attracted you?
A Well, my friend from America, from the U.S., was there, that I was working with in Atlanta. And he told me it was very busy there, there was a lot of opportunity, and I should come and take a look.
Q Who were the principals in Thomas and Wong General Contractor?
A It's a husband and wife, Thomas and Charlene Wong.
Q What is the general business of the company?
A My part or --
Q No, just the company generally?
A They do some contracting work at the refineries in Brunei. They have oil field equipment that they buy and sell.
Q What is your specific job responsibility with the company?
A I was buying and selling heavy equipment for them

♀#6

and sometimes I'd look over stuff in the yard.
Q You're still employed there today?
A Yes.
Q That's still your job responsibility?
A Yes.
Q Where do you do your buying and your selling?
A All over the world.
Q Charlene and Thomas Wong, are they both Brunei residents?
A They're residents but they're not citizens, even though they were born there and their parents before them. They're not allowed to have citizenship because the regulations in Brunei are that you have to be Malaysian to have citizenship.
Q So they're residents, lifelong residents, but not citizens?
A Yes.
Q Let me talk about your connection to Arizona. When did you first start coming to Arizona?
A In the '70s.
Q What for?
A Vacations.
Q Did you have work contracts there at that time?
A No. No, I did not have any contacts. I just liked it here.
Q Sir, I mentioned in opening in 2002 you had some eye

♀#7

surgery in the Scottsdale area; is that correct?
A Yes.
Q What was that for?
A It's -- it was just cosmetic surgery. I just needed to -- I just wanted to look a little better.
Q How did that go?
A It didn't go well. The surgeon made a mistake. It didn't go well.
Q Did you come back to have corrective surgery?
A Yes.

Q When did you do that?
A February the 17th, 2003.
Q Now, sir, how did you meet Jan Wallace?
A When I came here, I checked into a hotel, and I called my friend, Jeff Halibert and we went golfing.
Q Sir, you arrived, I think, on about the 17th, you said. When was your surgery scheduled, the corrective surgery?
A I believe it was February 25th.
Q So you had some time before you were scheduled to have your treatment?
A Yes, because the time change is 16 hours. I needed to be rested up.
Q Mr. Halibert, you said, introduced you to Jan Wallace. What were the circumstances?
A While we were golfing, I had some hair on my back.

♀#8

I told him I'd like to get it removed, and he told me he knew somebody in that business.
Q Now, sir, I mentioned in opening statement you ended up staying in her guest house. Describe the circumstances that led to that?
A We went to Jan's place of business on Scottsdale Road. La Vanishe Salon. Jeff introduced me to Jan, through a friend of hers, Kelly Black, I think it was, yeah.
And we got a long very well. I think I spent five or six hours there. We had a lot of discussions. We got a long very well, I liked her.
Q I just need to get this out of way, did you ever have a romantic relationship with her?
A No.
Q Sir, I asked you how you ended up staying in her guest house. Could you finish up that?
A When I got to Phoenix, the hotel was only booked for one night. And I tried to extend and they were booked up. So Jeff was trying to get me another hotel room. And then when we were at Jan's shop, Jeff was calling some hotels and he found one and so I made a reservation. And Jan said, well, if it doesn't work out, you can stay at my guest. Well, she told me I could stay at her guest house instead of the hotel.
Q You did so?
A No, I went to the hotel. I went to the hotel

♀#9

because, you know, I just didn't want to --
Q Sorry, but time is short, we better move along. You eventually stayed there. How did you hear about BDV Investments, sir?
A Okay. I was staying at Jan's house and I overheard her speaking with someone on the telephone. And after the conversation, she looked upset. She was, she was upset. So I asked her what was wrong.
Q What did she say in response?
A She said that she was trying to do a business deal with a guy named John Beardmore and that the money was going to be used to pay some loans that he had at Lake Bank that, that he needed to pay those off because the bank wasn't supposed to lend money to a shareholder, something like that.
Q Now, sir, did she, at that point, tell you that John Beardmore or his company owed money to her?
A No.
Q Did she ever tell you that?
A No.
Q How did you eventually find out about that, sir?
A From you.

Q Was that after this litigation was commenced?
A Yes.
Q Now, sir, let's talk about the BDV transaction. How did it develop, describe the circumstances that led you meeting with Mr. Beardmore?

♀10

A Jan called John Beardmore and said that she had someone in from out of town, maybe, maybe I could help with his money problem.
Q When did that meeting occur?
A It was just a day or two or probably two days after I was in her guest house.
Q Do you recall where the meeting took place?
A Yes. The Marriott Mountain Shadows Resort on Lincoln Road.
Q Who was in attendance at that time?
A There was John Beardmore, myself, and Jan Wallace.
Q Describe what was discussed at that meeting?
A It was explained to me that they needed some money to pay to this Lake Bank. Then another fellow came in about 15 minutes later, his name was Oudo Shieken, a friend of John's and Jan's, and they introduced me to him. He was an investment banker from Germany.
Q Was there discussion at that time about what would be used to secure your repayment, what collateral there would be?
A Yes. They said they had gold dore bars. They wanted to borrow some money against them.
Q What did you say with regard to the collateral?
A I said that Thomas and Wong would have to have physical possession of the gold, that we would want to test it.

♀11

Q What did Mr. Beardmore say in response?
A He said that he couldn't make that decision, and he called someone else, named Lee Wark.
Q Was an agreement reached that Thomas and Wong would be given physical possession of the gold if they made the loan?
A No. They said that 1.5 million was too small of an amount to encumber 50 million for 60 days.
Q The amount of the loan that was being proposed was 1.5 million?
A Yes.
Q The proposed term was?
A 60 days.
Q Now, how did that meeting end?
A Well, when he phoned Lee Wark, Lee said no, we couldn't have it. So I said, well, just give us one barrel, you know. So he phoned Lee Wark back. They said no. And I said, well, you know, some dore bars then. And they said no, it would contaminate the lot or that they would have to assay it all over again.
And I said, no, there is just no chance, we can't do that. I said, there is no, not even a starting point for a loan here. I said I can't do it.
Q Did you have further contact with Beardmore?
A Yes. Yes, we went home after that and then my surgery was a few days later.

♀12

Q Now, where --
THE COURT: Counsel, excuse me, I have to take our afternoon recess at this juncture. Stand in recess for 15 minutes, ladies and gentlemen.
Please remember the admonition don't discuss the case with anyone, don't permit anyone to discuss the case with

guest house.
Q But it is your testimony that that document was created at the time of this meeting in late February of 2003 at Jan Wallace's house that you just described?
A Yes, that's the checklist.
Q Now, sir, I asked you before if you were impressed with her suggestions. Did you complement her on the fact that she'd come up with good ideas about how to investigate this transaction?
A Yes. When I came back from the meeting and told her that there was additional security, she was pretty happy about it. I told her the only thing that I was worried about was the stocks because I don't deal in stocks.
Q What did she say in response to that?
A She said, hello? That's what I do for a living. She said I live in a paper world, that's what I do for a living.
Q Did she discuss that she would be involved in helping you on this transaction?
A Yes. She said that -- she asked me if I had a stock account, which I said no. She said, well, she could just put those stocks in one of her accounts and sell them if we had to. And so I, I said yeah, that's all right.
Q Sir, she said this is what I do for a living?
♀18
A Yeah.
Q Did she describe that more specifically?
A Yes. She said that she had a lot of experience at it. She said just that she would do the paperwork and I would look after lending the money.
Q Did you rely on her expertise?
A Yes, yes, absolutely.
Q Did she make similar statements to you at other times, sir, with regard to the fact that she would tend to the paperwork and the details if you would get the money assembled?
A Yes. That happened about at least three times that I can remember.
Q Did you consider that she was representing Thomas and Wong's interests in this transaction?
A Yes. I mean, this is something I don't do.
Q What did she propose to you?
A She told me that she wanted to be on the board of directors of BDV, and that she said that if she was on the board of directors of BDV, that she could keep track of what was going on. If it looked like something was not going right, that she'd let me know and make sure everything stayed on track.
Q Did you consider that a good idea?
A Oh, yes, yes, a very good idea.
Q Did you agree to it?
A Yes.
♀19
Q Are you comfortable up there?
A No, I'm not.
Q Have you ever testified before?
A No.
Q Deep breath. And let's plow ahead, sir.
Let me talk about your meetings with Gary Blume. In your conversations with Jan Wallace, did she recommend that you retain counsel to help you document this transaction?
A Yes.
Q Who did she recommend?
A She asked me if I had a lawyer, and I said no. Then she said she had a lawyer and she asked me if I wanted to arrange a meeting with him and I said yes.

was urgent that there be funding for the condominium?
A Yes, there was.
Q Where was this condominium located?
A Minneapolis.
Q It's been described as a condominium. What more specifically did you understand it was?
A It was described to me that it was going to be a office where they would cash checks. It was in a strategic location where a bunch of workers had to walk by in order to leave work, and that's where they would cash checks from.
Q This was an office condominium?
A Yes, that's what I thought it was, yeah.
Q What did Mr. Beardmore state at that meeting why it was urgent this asset be locked down?
A He said that it was because it was in such a good location that he felt it would be valuable for -- to their business, and also there was another buyer that wanted to buy.
Q Was there discussion at that meeting where Mr. Beardmore was introduced to Gary Blume, about Jan Wallace going on the BDV Investments board of directors?
A Yes.
Q Did Mr. Beardmore approve of that?
A Yes.
Q Was there discussion about the importance of timely repayment to Thomas and Wong?
A Yes.
Q Was that important to your company?
A Because this was a, this was quite a large loan and we wanted to open an office in Korea and we wanted to have the money back in time for that.
Q Sir, let me go to the trust account with Cane O'Neill. I'll show you what has been admitted in evidence as Exhibit 14.
Now, sir, this appears to be a wire transfer confirmation from Cane O'Neill Taylor dated March 5, showing that $549,000 and change was deposited into that account. Did Thomas and Wong make a deposit into that account on or about that date in the amount of $550,000?
A Yes.
Q Did you assist in arranging for the transmission of those funds?
A Yes, I did.
Q Why was that money deposited into a Cane O'Neill account?
A It was to remain there until the items on the checklist were done.
Q It was an escrow account then?
A Yes, at Cane O'Neill.
Q How had you heard of Cane O'Neill and Taylor?
A Jan arranged that.
Q Did you have any contact with Cane O'Neill Taylor at the time that trust account or escrow account was set up?
A No.
Q Who made those arrangements?
A Jan.
Q Did you have discussions with Jan about bringing the money, the need to get the money brought into the country?
A Sorry?
Q Did you have discussions with Jan Wallace about it was important to get the funds brought into the U.S.?
A They wanted to have the funds brought in as a show

of good faith and to have them sitting there in case we made a deal.
Q Who was going to be authorized to release funds from that account?
A My trust account, Thomas and Wong's.
♀27
Q So it was supposed to be your responsibility to make decisions about when money could leave that account?
A Yes, yes.
Q Do you know whose names the account would be opened under?
A Thomas and Wong General Contractor.
Q Sir, I'll next show you what has been admitted as Exhibit 22, a wire transfer confirmation from Cane O'Neill Taylor of March 7, 2003, for just shy of $250,000. Did you arrange to have that money deposited in the Cane O'Neill account?
A Yes.
Q That arrived on or about March 7, 2003?
A Yes.
Q This was also to be under -- it was ultimately going to be your decision as to whether those funds would be disbursed?
A Yes, yes.
Q Did you meet with -- did you ever meet Michael Cane?
A Yes.
Q When was that?
A I'm not certain of the date. It was in, in March at La Vanishe, at Jan's office.
Q Sometime in March?
A Yeah. It was, I think, somewhere around the 10th or 11th, something like that.
Q Had the Cane O'Neill trust account already been
♀28
established at that point?
A Yes.
Q Sir, I'll show you minutes of the BDV Investments board of directors, date of March 6, 2003. You discussed that Jan Wallace had agreed to go on the BDV board of directors and Mr. Beardmore approved of that?
A Yes.
Q Were you aware of specifically when she joined the board at that time?
A No.
Q These minutes dated March 6, 2003, did you see them at that point?
A No.
Q But you had no objection to her joining the board?
A No. I was in favor of her joining the board so that I'd know what was going on.
Q Let me talk about the promissory note itself. I'll go back to the calendar for March 2003. Do you have a specific recollection of the date that the promissory note was actually provided in completed form by Gary Blume?
A Yes, it was a Saturday, March 8.
Q Of what year, sir?
A 2003.
Q Describe -- were you in Mr. Blume's office at some point that day?
♀29
A Yes.
Q Who else was present?
A There was Jan Wallace, John Beardmore, myself, and Gary Blume.
Q What time did you get there; do you recall, roughly?

A I think it was about 10:30.
Q Was the promissory note ready when you got there?
A No.
Q Were you told why not?
A No.
Q How long were you there in the office before it was ready to go?
A It was ready shortly before noon.
Q When the note was completed did Mr. Blume sit down and review the terms with those who were present?
A Yes. We went over them all.
Q Let me show you what has been admitted in evidence as Exhibit 21.
Is this the promissory note that Mr. Blume provided in completed form on March 8, 2003?
A Yes.
Q Now, it bears a date of March 6, 2003, in the upper right-hand corner. Are you confident that it was that Saturday that you received the note?
A Yes, I'm 100 percent sure of it.

♀30

Q Sir, I'll go to the second page of that document. We'll zoom in on the notarization stamp showing it was signed on March 8 of 2003. Were you present as this document was signed?
A Yes.
Q Describe what you went through, where did you originally go to try and get the note notarized?
A When we left Gary's office. Jan said we should take it to her bank and get it notarized. We -- John Beardmore phoned Bill Cortegiano and told him to meet us there. We got there and the bank was closed.
Q Where did you go next?
A We went to a different bank and got the promissory note signed.
Q And where was that bank located?
A In north -- in a Home Depot, but I don't know the address.
Q It was a Home Depot location that had a banking facility?
A Yes, yes.
Q Now, sir, let me go back to Mr. Blume's office. On that day, March 8, as you were waiting for the promissory note to be finished, was there a conversation between the parties present in the conference room?
A Yes.
Q Was there a question posed by Mr. Beardmore

♀31

regarding release of the funds for the Minnesota condominium?
A Yes.
Q Describe what Mr. Beardmore said?
A John Beardmore looked at Jan and asked if it was okay to release the funds for the condominium.
Q What did Jan Wallace say in response to that?
A She looked at Gary Blume and Gary said I don't see any reason why not once the note is signed.
Q Did Miss Wallace, at that time, tell you that the funds for the condominium had already been transferred back to Minnesota?
A No, no.
Q Now, let me, sir, show you Exhibit 19. This is a document that was provided to us by Cane O'Neill and Taylor in Las Vegas, date of March 6, 2003, from Jan Wallace to Cane O'Neill Taylor. Please use this letter as your authorization to

wire transfer $275,000 from your client trust account to the following accounts: U.S. Bank National Association, 601 Second Avenue South, Minneapolis, Minnesota, account number I will skip, Basford Lockheart Truesdale and Briggs PA.

Have you seen this document in preparation for your testimony, sir?

A I saw it yesterday.

Q In March of 2003, did you know it even existed?

A No.

♀32

Q You believe yesterday's the first time you saw it?

A I know it was.

Q Had Jan Wallace been authorized by you to release those funds from the trust account?

A No. There is just no way that would happen.

Q Sir, on that date, March 6, 2003, had Thomas and Wong ever committed to the transaction?

A No.

Q Had the promissory note to demonstrate their commitment to repay Thomas and Wong been signed at that point?

A Not on the 6th of March, no.

Q I'm going to show you Exhibits 24 and 25, which has been admitted in evidence. Exhibit 24, a wire transfer confirmation, March 7, 2003, Cane O'Neill Taylor, to the Basford Lockheart Truesdale and Briggs account, 275,000.

Did you know that that fund transfer had occurred on March 7, 2003?

A No. When I saw this yesterday, I was shocked about it. No.

Q I'll show you another document from the Cane O'Neill files. Wire transfer detail report. Again showing 275,000 dollars transferred on March 7, 2003. That had not been authorized by you?

A No.

Q I'm going to put another document in front of you --

♀33

I'm sorry to run through so many, but this is an important feature of our evidence and I need to make sure we proceed step by step -- this being Exhibit 18.

This is a promissory note, also dated March 6, 2003, for 275,000 dollars, signed by John Beardmore and a Sokim Lach. L. Trust LLC.

When did you first see this document, sir?

A The first time I saw that was either in the summer or the early fall of 2003.

Q 2003. Where did you see it?

A At Gary Blume's office.

Q Who showed it to you?

A Gary Blume.

Q What did he ask you with regard to that document?

A He told me that -- he tried to tell me that Clark Griffith and I had discussed this and I was to sign a document saying it was okay to do this.

Q Did you agree to do that?

A No.

Q Had you ever seen this promissory note before?

A No.

Q Did you know that it existed?

A No.

Q Had you authorized its creation on March 6, 2003?

A No.

♀34

Q Or it's execution I should say?

A No, I did not.
Q Had Thomas and Wong committed to the loan transaction with BDV Investments as of the date March 6, 2003?
A No.
Q I'll show you at the top a telefax header, sir, did you meet William Cortegiano in the course of this transaction?
A Yes.
Q That bears a telefax header at the top and I'll try and zero in on that, dated March 7, 2003, the Literacy Company. Do you know that to be a company affiliated with Mr. Cortegiano?
A When I got the documents from the sale of the house, I, yes, I learned that he was part of this Literacy Company. I didn't know it before.
Q Sir, if you had known that Jan Wallace had released these funds to the Minnesota bank account, 275,000 dollars, on March 6, 2003, without your authorization, what would you have done with regard to the deal with the BDV Investments?
A Oh, no, that would be the end of it. I mean, that was -- that's absolutely dishonest and I'm really upset about even seeing it now.
Q I want to go back to Mr. Blume's office on March 8, 2003, as you're waiting for the other promissory note for 1.5 million dollars to come off the typewriter. Do you understand the scene?

♀35

A I'm sorry.
Q Go back to March 8, 2003, a Saturday, the day that the promissory note for 1.5 million dollars was given, was prepared by Mr. Blume.
A Yes.
Q Do you understand where I want --
A Yes, I do.
Q You mentioned Mr. Beardmore asked a question, with Jan Wallace present, about whether the funds could be disbursed for the Minneapolis condominium?
A Yes, he asked that question.
Q Did Jan Wallace state, at that time, that the funds had already been sent?
A No, no, no.
Q Did she ever tell you that?
A No. The first time I learned of it was yesterday.
Q Now, sir, you said it was a Saturday. Could you, to your knowledge, wire transfer funds anywhere with regard to this deal on that date?
A No.
Q The next date, according to the calendar, where it was open for business, would have been Monday, March 10 of 2003; is that correct?
A I'm sorry.
Q Yes. The next date where banking facilities would

♀36

have been open would have been March 10, 2003?
A Yes, that's right.
Q Did you have conversations at or about that time with Jan Wallace about whether you could now fund the transaction?
A When the promissory note was signed, we had a discussion at her house about the promissory note.
Q What discussion did you have at that point?
A We decided that we needed to talk to Lake Bank before any funds were disbursed.
Q So, it was your decision, at that time, that it was still not appropriate to release the funds?

A The checklist said we needed to verify and secure that Lake Bank collateral before anything was done. That was important to me.
Q Let's click back one day on the calendar to Sunday, March 9 of 2003. Did you meet a gentleman named Clark Griffith that day?
A I believe so. It was on the 9th, I think so.
Q Who was Clark Griffith, to your understanding?
A He's BVD's attorney.
Q I'll show you Exhibit 26, sir. The first page is a telefax from Mr. Griffith to Jan and Ed, dated March 11 of 2003?
A Yes.
Q That was from the Clark Griffith?
♀37
A Yes.
Q Did you see that telefax -- first the cover sheet on or about that date? Did you see this document on about March 11th?
A Yes.
Q Let me go to the second page of this document, sir. Letter from Mr. Griffith, dated March 11, 2003.
Dear Ed, pursuant to our telephone conversation this morning, I want to assure you that it is my opinion that the BDV Investments, Inc. loan will be completed by the first week of April. This opinion is based upon direct conversations with the principals at the company that is arranging for the loan, and expresses my view of their confidence and their ability to complete the process.
I'll end my quote.
Did you request send a confirmatory letter when you met him on March 9?
A Yes. When we met at the Villages restaurant, he said it was him that was arranging the loan with Dumaine for BDV. And he said he was in direct communication with them almost on a daily basis. So, I thought, well, if he's the one arranging the loan and he's an attorney, why not get a letter from him saying that.
Q Now, you said you met with Mr. Griffith on Sunday, March 9 of 2003. Was there discussion at that meeting about
♀38
viewing the gold?
A Yes.
Q Tell, describe what was discussed about that?
A John Beardmore said that they had leased a airplane to fly us to view the gold.
Q Was a specific date discussed about going to see the gold at that time?
A No. It was supposed to be within a couple of days, one or two days.
Q Who else was going to view the gold on that trip?
A John O'Neill, the president of Dumaine.
Q Please continue, I'm sorry.
A And Lee Wark, Jan Wallace and John Beardmore and myself.
Q Were you planning to go personally?
A Yes, absolutely.
Q Did complications come up in that regard?
A Yes.
Q What were they?
A They informed us that it was a really highly secure warehouse and that we had to submit information so they could do a clearance for us in order to get into this warehouse.
Q Did you discuss with Jan Wallace whether she would

take care of viewing the gold on behalf of Thomas and Wong?
A Yes. She was scheduled to go, all of us were.

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Q And you left the U.S. on March 17th, I believe you've testified, of 2003?
A Yes.
Q Had the gold viewing been scheduled before you left?
A It was and then it was postponed.
Q It was postponed to a date after you'd already left the country?
A Yes. They told me that the clearances could take up to two or three weeks.
Q The clearances to get into this warehouse facility?
A Yes.
Q As you left the country, sir, did Jan Wallace agree that she would take responsibility, on behalf of Thomas and Wong, for examining and confirming the existence of the gold collateral?
A Yes.
Q Now, let's go to Wednesday, March 12 of 2003. At that date, sir, had you agreed to the release of any funds from the Thomas and Wong account at Cane O'Neill Taylor?
A No.
Q Did you have discussions that date with Tom Kell of Lake Bank?
A I don't know if it was that exact date, but I, yes, we did have discussions after the promissory note was signed. It was somewhere around March 10th or 11th in there.

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Q Let me see if I can refresh your recollection on the date of your conversations with Mr. Kell. I put in front of you Exhibit 27, which is in evidence, a memorandum from Tom Kell to Jan Wallace, attention Jan Wallace, date of March 12, 2003.
Did you see that telefax on that date?
A Yes, I did.
Q Do you believe that was the date that you had the telephone conversations with Tom Kell?
A Yes.
Q Describe what those conversations entailed, what was discussed?
A Jan called the Lake Bank and asked for Tom Kell because she had the name and number from John Beardmore.
Q What was she calling them for specifically?
A To verify the collateral and to secure it.
Q When you say secure it, what did you have in mind?
A I didn't know the best way to do it. We were discussing that with this Tom Kell.
Q Now, this refers to the following: That upon receipt of wired funds, the Lake Bank will assign the following collateral to Thomas and Wong General Contractor. A second mortgage on Mr. Beardmore's Arizona home, the home is appraised at two million dollars, with a first mortgage of $999,997, equity one million dollars, a 1999 Mercedes, a 2000 18-foot mystic ski boat, 22 percent in Founders Mezzanine Stock Fund, stock in

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Superior Financial Holdings, Inc.
Did you understand that that collateral would be provided to you if the Lake Bank debts, that Mr. Beardmore owed, were paid down?
A Yes.
Q This telefax was received on March 12 to confirm that?
A Yes.

Q Was Jan Wallace present throughout these conversations?
A She was the one conducting them and I was listening on the speaker phone.
Q Did Kell describe why it was urgent to get these funds released?
A He said that they needed to get that loan off the books. There was an audit coming or something like that.
Q After you completed your conversation, did you talk with Mr. Kell more than once that day, do you believe?
A Yes.
Q After you finished your conversations with Mr. Kell that day and received this telefax, what did you discuss with Jan Wallace about the next step?
A I'm sorry?
Q How were you feeling at the end of the day, sir, on March 12?

¶42

A How was I feeling?
Q Yes, how were your eyes?
A No, I was tired. We got this, I think, around 5:00, and I needed to go lay down.
Q What did Jan Wallace say she was going to do as she left that meeting?
A Take it to Gary Blume.
Q Why was she taking it to Gary Blume, to your understanding?
A To make sure it was all right. Also that's where all the documents were being kept.
Q Did you go with her?
A No.
Q Why not?
A Because I was tired and my eyes hurt.
Q Now, you went back to -- were you at her house then staying?
A Yes.
Q Did you have a discussion with Jan Wallace that night about whether the funds could now be released?
A Yes.
Q Where did this conversation occur?
A In the kitchen of her house. We were having dinner.
Q Did you still have concerns and reservations?
A Yes.

¶43

Q What were they?
A Well, I mentioned to her, you know, what if the gold was moved or something like that, and --
Q What did she say to you in response?
A She got irritated and she says, do you know what a safekeeping receipt is? And I said, well, no. And then she said, well, without that safekeeping receipt, there is no way in the world that you can move those funds because it has to be submitted to the warehouse, the vault has to be unlocked, and the gold is brought into a viewing room, and it has to be moved by an armored car.
Q That conversation occurred in her kitchen or dining room, which room was it specifically?
A Well, it was the dining room, yeah.
Q On the evening of March 12, 2003?
A Yes. Then she went on further to say, okay, if something does happen, you still have the insurance and also DeConcini is on the hook. You know they're not going to go down. Everything is fine.

Q Had the certificate of insurance been one of the items on the checklist you created with Jan Wallace?
A Yes.
Q That was to insure Thomas and Wong in the event of the loss of the gold?
A Yes.

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Q Was the safekeeping receipt, stating that the gold couldn't be moved without Thomas and Wong's permission, one of the items on the checklist that you created with Jan Wallace?
A Yes.
Q Was it your understanding that those conditions had been satisfied as of March 12, 2003?
A Yes.
Q Why do you say so?
A Because I saw them in the second meeting. The insurance was there and it was made out to BDV. And Jan said to John Beardmore, well, that will have to be assigned to Thomas and Wong. The loss payable has to be assigned to Thomas and Wong.
Q That's --
A So I saw the document there, yes.
Q How about a safekeeping receipt. Did you ever see a safekeeping receipt in favor of Thomas and Wong?
A I did, yes.
Q Do you know where and when?
A It was supposed to be at Gary Blume's office with all the documents. That's where the documents were to be kept.
Q Now, sir, I'm going to go to Exhibit 28. Up to this point, had you approved the release of a penny of Thomas and Wong's money?
A What's Exhibit 28?
Q I'll show it to, sir. I'm going set up a foundation

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question.
Up to this point, had you approved a release of a penny of Thomas and Wong's money?
A No, not at all.
Q I will put in front of you Exhibit 28, a document dated March 12, 2003, to Michael Cane of Cane and Company?
A Yes.
Q Let me zoom in a little bit closer on the text. Thomas and Wong hereby authorizes Miss Jan Wallace to release funds from your trust account on our behalf.
A Uh-huh.
Q Did you sign that document on March 12 or so?
A Yes.
Q Are you confident it was March 12?
A Yes, I believe it was. It was right after the conversation in the house that we had.
Q In her house on the evening of March 12th?
A Yes.
Q Why did you sign that?
A Because the items on the checklist were completed.
Q And what authority were you giving to Jan Wallace?
A I was giving her authority to transfer the funds from Cane's trust account to wherever they had to go. I understood they were going to pay for the condominium and to the Lake Bank.

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Q Why did you give her that authority?
A I'm sorry?
Q Why did you give her that authority?
A Because she was handling all the paperwork and just

or the fall of 2003.

Q Now, I'll shift to -- we've talked about the 800,000 dollars that were transferred in the Las Vegas accounts at Cane O'Neill Taylor. Let me talk about the remaining 700,000 dollars. Where was the last 700,000 dollars of the loan that Thomas and Wong funded sent?

A It was sent to Lake Bank.

Q Why wasn't that sent to Cane O'Neill and Taylor?

A Jan told us that that trust account had been closed and the checklist was all finished and just wire it directly to

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Lake Bank.

Q Was it your understanding there was a need for escrow account since the conditions had been satisfied?

A No.

Q And do you recall specifically when Jan Wallace told you that all of the items on the checklist had been ticked off and satisfied?

A It was in March, it was in March. I don't know the exact date.

Q How did she do so, a telephone call?

A Yes, a telephone call. And also when I agreed to release the funds from the trust account, the items were satisfied on the checklist.

Q One of the items on the checklist was viewing the gold. Did you discuss with Jan Wallace whether there had been a viewing of the gold?

A Yes.

Q What did she tell you?

A She said that the gold had been viewed.

Q Did she say specifically, sir, that she was there?

A No.

Q Did you understand from her statement to you though that she had been in attendance?

A Yes. I mean, when we were at the Villages restaurant, that was the agreement, that she would look at it and

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be present.

Q When did you first learn that she had not actually gone to review, look at the gold and confirm its existence?

A I believe it was July of 2003.

Q After the loan had not been repaid?

A Yes.

Q Now, with regard to the money that was sent to -- from Thomas and Wong to Lake Bank directly, did Jan Wallace continue to play a role in that process?

A Yes.

Q Let me show you Exhibit 38, sir. I take that back, your Honor, it's not Exhibit 38.

With the Court's permission, I think I may have it buried up here in the stack of materials.

I'm going to go by question and answer, sir, while I dig around for this document because time is important.

In March of 2003, was Jan Wallace in touch directly with Charlene Wong?

A In March of 2003?

Q Yes.

A Yes.

Q And did that conversation and contact consider the fact that money needed to be advanced into Lake Bank by Thomas and Wong?

A Yes.

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Q Were you in touch with Jan Wallace about that very issue as well?
A Yes.
Q It's Exhibit 39, I beg your pardon, that I was looking for.
Do you recognize that as Jan Wallace's handwriting?
A Yes.
Q Who was Charlene?
A She was Charlene Wong, of Thomas and Wong General Contractor.
Q I'll tilt this a bit so the text can be read.
Dear Charlene, Edward is wiring 300,000 dollars to the above bank. He wanted me to send the instructions to you so that the wire can be posted on Monday the thirty-first. It is really imperative that the funds be posted on Monday, March 31st, 2003. Please call me if you need to speak with me. Thank you for all your help.
Did you have an understanding as to why it was imperative that Lake Bank receive this additional 300,000 dollars?
A No, I didn't know. Everything was going through Jan. I had not spoken to Lake Bank directly.
Q Now, sir, I'm going to jump ahead now, but do you recall, in general terms, when Thomas and Wong funded the remaining payments by sending the money directly to Lake Bank?

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A I believe it was in April.
Q So the funding was completed by April?
A Yes.
Q According to the note, the loan fell due on May 6, 2003. Were you repaid anything at that time?
A No.
Q What did you do about it?
A What did I do about it?
Q Yes. What did you do when the repayment was not made to you?
A I called Jan Wallace.
Q Describe the conversation you had with her?
A She said there was a problem with the loan.
Q Did she get more -- describe anything more specifically than that?
A Yes. She said that that Lee Wark had agreed to melt the gold and pay us.
Q Sir, I'll show you what has been admitted in evidence as Exhibit 45. Is that an e-mail that you sent to Jan Wallace on May 13, 2003?
A I believe it is, yes.
Q It reads: Thomas and Wong General Contractor hereby authorizes Gary Blume and Jan Wallace to act on their behalf regarding promissory note with BDV Investments, Inc., and/or any other names representing BDV Investments, Inc.

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I'll just cut the text off there, although it continues. Why did you send that document or e-mail to Jan Wallace?
A She asked me to.
Q Were you authorizing her to act on Thomas and Wong's behalf with that document?
A Yes.
Q Did she do so?
A Yes.
Q Now, did you have conversations with Jan Wallace about whether the gold was going to be melted so that Thomas and

Wong could be repaid?
A Yes.
Q Did they occur shortly after the default in early May of 2003?
A Yes.
Q What did she tell you in that regard?
A She told me that she had a conversation with Lee Wark and BDV and other board members and the melt had been approved. It was happening as we speak, she said.
Q Did she tell you where it was happening?
A In Salt Lake City, Utah, a refinery.
Q What was the name of that refinery?
A Johnson Matthew.
Q She told you that?
♀54
A Yes.
Q Who was going to be attending that melting?
A She told me Bill Cortegiano was going on behalf of BDV.
Q That was a telephone conversation?
A Yes.
Q Did you have a subsequent conversation with her about whether the melt had occurred?
A Yes.
Q When was that?
A It was either -- she told me that this process would take a week or 10 days, so it would be a week or 10 days later.
Q Did she tell you that the melt had been accomplished?
A Yes.
Q Did she tell you that the gold had been sold?
A Yes.
Q What amount of proceeds did she say were generated by that sale?
A 12 million dollars.
Q Did she discuss with you where that money was?
A She told me that it had gone off shore. And I knew she had a bank account in Bermuda, so I thought maybe that's where it went.
And then she said it was being brought back into the
♀55
country. I said, well, why would you send it out of the country?
Q What was her answer?
A She said that's just the process that it has to be followed in this instance.
Q Did she tell you where the money was at that point in time?
A She said it was coming back in to a bank in Florida and that it was being held in escrow there until the paperwork could be completed.
Q Did you discuss with her whether she was in touch with that Florida bank?
A Yes. She said that she was in the touch with them every day and that, that they would be disbursing very soon.
Q Did you continue to have telephone conversations with Jan Wallace about the status of disbursing your repayment?
A Yes.
Q Did she describe that there was a delay in releasing these funds from the Florida bank?
A Yes. She said there was quite a bit of paperwork involved to release 12 million. So I said, well, just, you know, get our part released. I said they owe us a million 800, about a million 8 -- I don't know -- and change. I said just get that

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

THOMAS & WONG GENERAL CONTRACTOR, INC., Plaintiffs,

vs. CV No. 2005-051325

BLUME LAW FIRM, et al., Defendants.

February 5, 2008
Phoenix, Arizona

BEFORE THE HONORABLE: ROBERT C. HOUSER, Judge

REPORTER'S TRANSCRIPT OF PROCEEDINGS
Testimony of Edward Tarapaski

Lisa H. Vitoff
Certified Court Reporter
CCR #50251

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A P P E A R A N C E S

FOR THE PLAINTIFFS:
MR. BRYAN F. MURPHY
Attorney at Law

FOR THE DEFENDANTS:
MS. CLAIR AMBROSIO
Attorney at Law

P R O C E E D I N G S

THE COURT: CV 2005-051325, Thomas and Wong General Contractor, Incorporated versus Jan Wallace. This is the time set for continuation of trial. The record will show the presence of counsel, parties, and members of the jury.
Good morning. Welcome back. Are we ready to proceed?
MR. MURPHY: Yes, your Honor.
THE COURT: All right. Whenever you're ready.

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DIRECT EXAMINATION continued

BY MR. MURPHY:
Q Good morning, Ed. How are you doing today?
A I feel better, thanks.
Q As we left off yesterday, we were talking about efforts to collect on judgments that you had taken against the defendants.
Did you realize any recovery from the defendants?
A Yes, when we sold the Arizona house.
Q Who had owned that house?
A John Beardmore.
Q And what were the net proceeds that you received after that house was sold?
A 433,000.
Q Did you receive any proceeds from equipment in the warehouse?
A 20,000 dollars from a couple of fork lifts and loaders.
Q That was in the warehouse in New Mexico?
A Yes.
Q Sir, let me next shift to the transaction with Richard Kirby. Were you contacted by someone named Richard Kirby?
A Yes.
Q When was that?

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A I'm sorry?
Q When was that?
A It was in the spring of or the winter of 2004, around February.
Q What did he propose?
A He wanted to buy the judgments that I had.
Q Did he tell you how much he was willing to pay?
A He, I think he said that he calculated it to be 4.8 million dollars.
Q Did that deal proceed?
A Yes.
Q Describe what happened?
A He phoned me and he told me what he needed in order to go forth with the deal. And I, I had no idea what he was asking me for. It was something that I just couldn't do. So, I told him to -- that Gary Blume would handle it.
Q Did he get involved, Gary Blume?
A Yes. Gary Blume and him started doing this bill of exchange, and then he phoned me up and he was furious and he said I can't deal with this man, he doesn't know what I want, and he can't do it.
Q Who got involved in his place?
A Jan Wallace. He said Jan Wallace is the only one who knows what's going on, can I do it with her. And I said, well, you can phone her and ask her.

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Q Sir, let me show you what has been admitted in evidence as Exhibits 54 and 55.
Is Exhibit 54 an agreement that was signed with Mr. Kirby in early February of 2004?
A Yes, it appears that that's it.
Q Exhibit 55 is a related escrow letter with regard to that transaction?
A Yes.
Q Sir, under these agreements, let me ask this, did Mr. Kirby subsequently ask that you make a payment to him before he proceeded with this transaction?
A Not at that point in time.
Q Describe how that came about?
A It was near the, near the end of when the bill of exchange was completed. Jan came up to me in the guest house and said Richard Kirby wanted 10,000 dollars or else he wasn't going to transfer any money for this bill of exchange.
Q And did you agree to that, sir?
A No. I knew Richard Kirby for being dishonest. I told her I flatly wouldn't pay that, and for another reason, I just didn't have that much money.
Q What happened next?
A She was upset and she said okay, I'll go back and negotiate some more.
Q Did she return with another offer from Mr. Kirby?
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A Yes. She said, well, I've got him down to 5,000 dollars, pay him that and he will send the money for your judgments. I said no, I am not paying him anything. He's -- I've seen him do this before, he's a crook, and I'm not going to do it.
Q Did she return with another offer from Mr. Kirby?
A Yes. She said, well, I've got him down to $1500, and she said you can pay that. I said, well, no, I'm not going to pay it. I said this is what he does, he's just going to take the money and not do anything.
Q What did she say in response, Jan Wallace?
A She was furious. She said that -- she said I've done all this work, you know, now you pay this money. And I said, I said, I said, well, you pay it. I said you're going to make 250,000 dollars out of this, you pay that money. I said I need to get back home. I'm not going to pay it.
Q What did she say?
A She really got angry. She told me to get out of her guest house.
Q What did you do in response to that, sir? Did you pay the 1500 dollars?
A In the end I did. I went back to the house and because it was 10:30 at night, I had -- and then she also said, I that I couldn't drive the car to where ever I was going to be staying. So I said, look, okay, if you feel that strongly about
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it, I'll pay the 1500.
Q Did you do so?
A Yes, I did. I paid it the next day. I sent a Western Union to Richard Kirby.
Q You mentioned 250,000 dollars. Showing you Exhibit 56 in evidence, did you have a written agreement with Jan Wallace?
A That she --
Q To this Richard Kirby transaction?
A She put that in front of me and wanted me to sign

it. And I said, well, what if this doesn't go through, you know, then I have to pay you 250,000 dollars? And so I said, you need to put a clause in there that says if it doesn't go through, that I don't have to pay you and then I said I'll sign it.
Q After you paid the $1500 to Mr. Kirby, did he follow through and close the transaction?
A Jan Wallace came up to me and said the money would be coming in that day. He had contacted the escrow agent and said he would be transferring the money in. The money never came.
Q Sir, I'm going to put in front of you Exhibit 51, an August 28, 2003, memo to Cane O'Neill Taylor from Jan Wallace, reference money held in the name -- money held in trust in the name of Jan Wallace. The text reads: Please use this letter as your authorization to apply the funds you were holding in my name

Jan Wallace to Kyleen CANE

in the amount of $4,960 in satisfaction of our outstanding invoice for escrow services rendered on the Thomas and Wong matter, ending my quote.
Did you know that money had been transferred to Cane and Associates in August of 2003?
A No, I had no idea. And if I knew it was in there, I could have sure used that 5,000 bucks at that time.
Q Did you approve that disbursement?
A No. As far as I knew, that trust account was closed in March.
Q Sir, let me conclude, did Jan Wallace invite you to trust her?
A Yes.
Q When did she do so?
A There was lots of times. There was an on-going -- she reassured me it was an on-going thing.
Q Describe the first occasion that you recollect?
A The first one I remembered very well was after the meeting at Houston's restaurant with John Beardmore and Bill Cortegiano. I came back to the house and told her they offered additional security and we started doing that checklist.
And I had I told her I was unsure about how to handle the stock part of it. And she said, you know, I live in a paper world. This is what I do for a living. Leave the paperwork to me and you do -- I'll do the paperwork, you do my

part, just leave the paperwork to me.
Q When was the next occasion that you recall, sir?
A Well, it -- that same day, we were -- when she said she wanted to get on the board of directors, and I said okay. And she said to me, I will get them to sign a document that says if anything looks like it's going wrong, we can melt the gold, 45 days, up to 45 days before the due date. And she put that right into the promissory note in the second meeting.
Q Sir, I'll show you Exhibit 21 marked -- which is, which has been admitted in evidence. Is that the promissory note you're referring to that includes that clause. Is that the note, sir?
A Yes, that's it.
Q Let me get my reading glasses, if I may.
A I think I need mine too.
Q Sir, we're short on time. This is admitted in evidence, the jury can review it and I'll review it in closing argument, so we can move down the path.
Sir, that was a meeting that you described in, oh, early March of 2003. When is the next occasion that Jan Wallace invited you to trust her?

A The next one that sticks in my mind, it was in the kitchen of her house when she asked me if I knew what a safekeeping receipt was and she was explaining to me how secure that warehouse was.

Q What did she say to you on that occasion?
A She said to me, she said to me, I live in a man's world and I -- something to the effect that she had beat them at their own game. And she was going on and on. And then she said to me, I've protected you pretty well to this point. Now, will you just release the funds and trust me the paperwork is done. Then I agreed to release.
Q That was on the evening of March 12, 2003, from your prior testimony?
A I'm sorry?
Q That was on the evening of March 12, 2003, from your prior testimony?
A I think that was about the time.
Q Sir, when is the next occasion you recall that Jan Wallace invited you to trust her?
A When I was leaving Phoenix.
Q What did she say to you at that time?
A She said to me, we were reviewing the Lake Bank stuff and just the whole thing in general. And we calculated everything that if something went wrong, that there was -- including in the condominium, there was about 2 million dollars that we could fall back on if anything went wrong.
And the worst case was that we could probably get about 70 percent or 60 percent of that, if we had to liquidate it, and that would cover me. And she said just go home and relax

and don't worry about anything, everything is done and you're fine. Just if anything is going to go wrong, I'll be in touch with you.
Q Sir, let me show you what has been marked for identification as Exhibit 38, and I'll put this up on the screen briefly. So -- excuse me, it's not been admitted in evidence yet, I beg your pardon, your Honor.
Would you take a look at that document, please, sir?
A Okay.
Q Do you recognize that?
A Yes, I do.
Q What is it and when did you get it?
A This is a document that Jan Wallace had faxed me to in Korea. This is, this is a document that she said that she had gotten from a board of directors meeting and it showed that everything was on track and everything was fine. And she said don't worry about everything, the Dumaine loan is going to go through.
Q What were those documents as you reviewed them?
A It's an agreement between BVD and Dumaine Consulting.
MR. MURPHY: I offer Exhibit 38 marked for identification in evidence, your Honor.
THE COURT: Any objection?
MS. AMBROSIO: No, your Honor.

THE COURT: The exhibit's admitted.
BY MR. MURPHY:
Q Sir, why was that document significant to you?
A Well, it was important because she said that she would keep me apprised of how everything was going. And it gave me a comfort level that she was doing that and everything was

going good.

MR. MURPHY: Nothing further.
THE COURT: All right, thank you. You may cross examine.
MS. AMBROSIO: Yes, thank you, your Honor.

CROSS-EXAMINATION

BY MS. AMBROSIO:

Q Good morning, Mr. Tarapaski?
A Good morning.
Q I wanted to talk to you about some of the things that you previously testified about.
A Okay.
Q You previously said that you did a lot of international deals for the sale or -- is it the sale or rental of heavy equipment?
A Primarily the sale.
Q Is there a lot of paperwork involved in those deals?
A Not, no. There is primarily an invoice and a bill of sale.

Q Who handles that paperwork generally?
A Generally, Charlene Wong does and on my instructions.
Q Do you ever, do you ever purchase any of your equipment on a -- through a loan or through a bank loan?
A No.
Q You purchase the equipment outright?
A Yes, by wire transfer.
Q Do you ever enter into loan agreements with the client that rents the equipment from you?
A I'm sorry?
Q Did you ever enter into loan agreements with the clients that rent the equipment from you?
A Yes, I have.
Q And what kind of paperwork is generally in those kinds that transactions?
A They're pre-written or standard in the industry. There is just a few blanks you got to fill in and both parties sign it and that's all.
Q So you used that contract if they were going to rent the equipment on -- through a loan, either in Las Vegas or, say, Malaysia, it's the same contract?
A It's not a loan. It's, it's a rental.
Q It's strictly a rental agreement?
A Yeah. The title doesn't change hands on a rental.

Q Does the title change hands on a promissory note?
A I don't know, I haven't done one before.
Q You've never done a promissory note in the State of Arizona before?
A No.
Q Isn't it true that you loaned 666,000 dollars to Kathleen Seymore?
A No. I lent her about 66,000, not 666,000. She was my girlfriend and we were sharing a house together.
Q Did you have a promissory note?
A I have no idea if I had a promissory note. When I gave her the money, we had -- we didn't have anything signed.
Q You didn't have anything signed?
A I don't recall. Later on, later on, after we broke up, I asked her to acknowledge the 60,000 dollars.
Q And did she?
A I think so.

Q How did she do that?
A It was just a handwritten, just a one-page agreement, acknowledgment of the money that I had given her.
Q Did you attempt to execute on that lien?
A Not right away. When I met Jan, I told her about that and she said I should give it to Gary Blume and see if he could get that money back.
Q And did he?
□ 00015
A No. I got information that -- I called her myself and I asked her if she would return that money. And she told me she had breast cancer and she was probably not going to live, and I forgave the loan. They had removed her breast.
Q What was the reason you went to see Jan Wallace the first time in February 2003, I believe you testified?
A Yes, that's right, February 2003.
Q What was the purpose?
A I was going to get the hair, some hair removed from my back.
Q And at that meeting did you discuss with Miss Wallace that you purchased several pieces of cosmetic spa equipment?
A Yes. It was, it was just an electrical pulse machine that someone had shown me before and it felt good. It's to -- if you have an injury, it stimulates the circulation around it and helps the blood circulate better. Also it just in general helps the blood circulate better in your body.
Q Did you and Miss Wallace talk about anything -- where were you going to open the spa?
A I wasn't going to open the spa.
Q You just bought the spa equipment?
A Yeah. I was going to take it, I was going to take one machine to Canada, and the other machine I was going to send to a friend of mine overseas, and it's just one machine that you
□ 00016
set it up in a room. It's not a spa.
Q So you weren't, so you -- did you discuss with Miss Wallace the possibility of opening a spa in Korea?
A Yes. I told her that these machines look pretty good to me and maybe it might be advantageous to her. And she said, well, we started talking about other business, and that was one of the things we talked about, yes. There was -- we had a five-hour conversation that day. We talked about a lot of things.
Q What happened to that spa equipment, do you know?
A I think it's at Jan's house. It's not even opened yet, still in the box. And another reason --
Q Sir, there is no question pending.
A Oh, I'm sorry.
Q That's all right. Did Jan Wallace allow you to stay in her guest house?
A Yes.
Q When was that about, do you recall?
A It was several days after I got to Phoenix. I would say right around 19th or 20th.
Q I'm going to put up here, because we've been talking about a lot of dates in February and March, and I think it's easier if we have the calendar in front of us.
A Okay.
Q When do you believe you got to Arizona?
□ 00017
A I looked on my car rental receipt. I got there February 17th.

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Q What did you discuss, other than the collateral and these documents, on March 1st?

A The -- Gary asked me if I had authority to enter into the deal. I said yeah. And he said, can you give me something in writing and I said yes. And then the checklist was gone through. The checklist was the focal point of the meeting. And Jan and Gary were discussing that checklist and I was present.

Q Was --

A The three of us were discussing that checklist.

Q Was the discussion of the trust account held, of opening a trust account had at that meeting?

A No.

Q Do you know when you opened the trust account with Cane O'Neill?

A The trust account was discussed after we left Gary's office. Jan said, well, I think you need to open up a trust account and we can put, we can put the money in there until all the documents are completed.

00042

Q Have you seen this document before, this is Exhibit 12. It's dated March 13th, 2003?

A I don't, I don't recall seeing this document.

Q Do you know what this document is?

A It's wiring instructions for Lake Bank.

Q So on March 3rd, Lake Bank sent a -- I guess it's a fax to Susan, who I believe has been shown on other documents to be in Cane O'Neill's office, for wiring instructions for Lake Bank. So, is March 3rd the date that the trust account was opened?

A I don't know the exact date when the trust account was opened. Jan opened the trust account.

Q Isn't it true that Jan opened the trust account because you didn't want your name on the trust account or Thomas and Wong's name?

A No, that isn't true. That trust account was opened in the name of Thomas and Wong.

Q So why did it have Jan's name on it?

A I don't know that it -- if it did, it shouldn't have had.

Q So you opened the trust account in Thomas and Wong's name?

A Jan opened the trust account in our name.

00043

Q In your name. Does that mean you have an ownership in Thomas and Wong?

A No, I have no ownership.

Q You tend to do that, you refer to them as we, ours, us.

A Yes.

Q But there is no ownership?

A No ownership.

Q When did you transfer -- let me go back. Why did you transfer $800,000 into the trust account?

A There was some urgency to. Beardmore had said that there was some urgency to buy the condominium, and Jan suggested that we transfer that, in a show of good faith, that, that we were going to try and do the deal, and so she, she said that a trust account would be appropriate to do it.

Q Who is Thomas and Wong's bank?

A HSBC.

Q Are they a national bank?

A Yes.

Q Are they an international bank?
A Yes.
Q Was a discussion of a letter of credit being put in place ever discussed?
A No.
Q So instead of putting, opening a letter of credit,
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you didn't yet have a deal; is that correct, did you?
A What?
Q When did you have -- when you transferred the money, did you have a a deal with Mr. Beardmore in place?
A When I transferred the money where?
Q Into the trust account.
A No, there was no deal in place.
Q So why did you transfer the money rather than opening a letter of credit? You were with an international rated, A rated bank?
A The money was transferred there, being held in escrow until we decided what vehicle we were going to use to do this thing, if we were going to do it.
Q You do understand that Cane O'Neill is a law firm?
A Yes.
Q You do understand that the interest on trust account did not go back to Thomas and Wong?
A I didn't know there was interest on the trust account.
Q The 800 -- yesterday you testified that the 800,000 was going to be used to expand your business, the business, Thomas and Wong, into Korea?
A What 800,000?
Q The 800,000 that you transferred into Cane O'Neill?
A I don't know what you're talking about. That money
00045
in the Cane O'Neill trust account had nothing to do with it at all. I don't know where you have that connection.
Q Okay, let's walk through this. This is plaintiff's Exhibit 14. It's dated March 5th, 2003. Do you see that?
A Yes.
Q It's a wire transfer confirmation do you see that?
A Yeah.
Q It's from Cane O'Neill. It's on account of Cane O'Neill Taylor?
A Yeah.
Q And it shows HSBC Brunei USD clearing account, and it's just under 550,000?
A Yes.
Q Was this the money you transferred from Thomas and Wong's account to Cane O'Neill's trust account?
A Yes. At the second meeting I told John Beardmore that, that we didn't have 1.5 million available, but we had 800,000. I knew we had 800,000 available.
Q Where did that 800,000 come from?
A Thomas and Wong.
Q That was the profit you made on the sale of the property in the Caribbean?
A That is, that money is money that Thomas and Wong had.
Q It wasn't necessarily from that transaction?
00046
A Well, I'm sure part of it was, but I don't know if that's where it all came from. I don't know that. That's money that was generated, probably mainly by myself. I generated a lot of money for Thomas and Wong over the seven years and I had a lot

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have a deal?

A No, we did not have a deal.

Q So how long did you -- how long did you intend to keep this money out of the account until you made the deal, 10 days, 15 days?

A I'm sorry, what?

Q Okay. Actually, strike that question.

When was the next meeting that you had with Mr. Blume?

A It was a few days later after the first one. I'm

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not sure of the exact date, but it was within days of the first one.

Q Does March 6 sound correct?

A It could be correct, yes.

Q Isn't it true that you requested that Miss Wallace become a member of the board of directors of BDV?

A Miss Wallace suggested --

Q It's a yes or no question, sir.

A Miss Wallace suggested that, that's my answer.

Q Miss Wallace suggested that?

A Yes.

Q Do you know that Miss Wallace -- do you know how long Miss Wallace had been dealing with Mr. Beardmore before you met her?

A No.

Q Was safe to say a couple of months before?

A I didn't know.

Q You didn't know that Miss Wallace had been dealing with Mr. Beardmore before you met her?

A No, I did not know.

Q Sir, you testified that you were living in her house, listening to her phone conversations. Wasn't it clear from the phone conversation she had not just met Mr. Beardmore?

A No, it was not clear. I, I wasn't sitting there listening to -- if they knew each other before a meeting or not.

00050

I saw her in distress. I asked her if I could help.

Q When Miss Wallace became a member of the board of directors of BDV Investments, Inc., before she did that, did you and she have a conversation about this?

A Yes.

Q Did she tell you, at that conversation, that once she became a member of the board of directors of BDV, her first duty would be to the company?

A No. She told me that, that big advantage of that to me would be that she could keep the deal on track and tell me if anything was going to go wrong with it.

Q Why would she care what the advantage to you was?

A Because we had discussed that, we had an agreement, that she told me to trust her.

Q What kind of agreement did you have with her? Was it a written agreement?

A No.

Q Was it an oral agreement?

A Yes.

Q What were the duties of this agreement?

A She said that she --

Q Wait. What were the -- what were your duties under this agreement with Miss Wallace?

A My duties?

Q What were your duties?

00051

A If the deal went forward, my duty was to provide the money.
Q Was that a duty to Miss Wallace that you were to provide the money?
A I don't know what you're asking me.
Q It's a simple question.
A Okay, tell me.
Q What were your duties to Miss Wallace under this supposed oral agreement between you and Miss Wallace?
A I had no duties to Miss Wallace. My end of the deal was to provide the money.
Q But you didn't provide it to Miss Wallace, you provided it to BDV Investments?
A Yes.
Q You had a promissory note with them?
A Yes.
Q What were Miss Wallace's duties under this agreement?
A Her duties were outlined on the checklist.
Q So those were her only duties, those ones outlined on the checklist?
A That was the main part of her duties, yes.
Q There were other parts of her duties?
A I don't know, the duties that, that we had discussed were clearly made on the checklist.

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Q Do you know what, do you know what an agent is?
A What kind of agent?
Q Any kind of agent.
A I think so.
Q Well, can you tell me?
A An agent is someone that, that acts on behalf of another or assists in that capacity.
Q So under that terminology, under that definition, you would be an agent of Thomas and Wong's; is that correct?
A Yes, that's right.
Q So you owe -- do you know what the duties are that you owe to Thomas and Wong as being an agent?
A I knew them very well. I worked for them for seven years and I fulfilled my duties 100 percent over those seven years.
Q So it's your duty to -- is it fair to say one of your duties is to disclose everything to Thomas and Wong?
A Yes.
Q So did you disclose to Thomas and Wong that when you originally started that you -- when originally had the first two meetings regarding this deal, that you were on pain killers and not 100 percent at the top of your game?
A That's not true. I was not on pain killers when I made this deal.
Q Sir, you just testified that the two meetings that

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you had with Mr. Beardmore, and the second one that you had with Mr. Beardmore, and the first time you met Mr. Cortegiano, was after your surgery and you had -- and you were on pain killers?
A I was on pain killers when I left the hospital and maybe for a day.
Q Maybe for a day?
A Yeah. At least a day, yes.
Q So --
A It could have been longer than that, but not much.
Q Well, some time within the two or three days after your surgery is when you had the meeting with Mr. Cortegiano and

Mr. Beardmore?
A Yes.
Q So you could have been on pain killers at that meeting?
A At that meeting?
Q Yes.
A It's possible.
Q So again, you contemplated doing this deal under the influence of a pain killer?
A I don't know if I was on them or not. And at that point in time there was no deal. We were talking about the possibility of there being a deal.
Q Let's go back to the meeting on March 6th -- I'm sorry, I want to go back to your conversation about an oral

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agreement with Miss Wallace.
A All right.
Q Did you ever say to Miss Wallace, Jan, you're my agent?
A In those exact words?
Q Yes.
A We --
Q It's a yes or no question, sir. Did you ever say to Jan, Jan you're my agent?
A That certainly was discussed, yes.
Q And you actually used the term, Jan, you're my agent?
A No, I didn't use -- I don't know what terminology was used, if I said agent or not. I don't know.
Q Do you know what a fiduciary duty is?
A I have an idea of what a fiduciary duty is.
Q What is your idea of a fiduciary duty?
A A fiduciary duty is when you, when you rely on another person to conduct certain things on your behalf.
Q Is that it?
A Yes, that's my definition.
Q So do you owe a fiduciary duty to Thomas and Wong?
A Yes, I absolutely do.
Q Do you feel that you breached your fiduciary duty to them?

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A I don't think so.
Q You don't think so?
A No.
Q Were they repaid the 1.5 million in 60 days?
A No.
Q You don't feel you breached a fiduciary duty to them?
A No. I feel I took very reasonable steps to and responsible steps to -- are you ill -- to safeguard the money, and that we were horribly betrayed. That's what I think.
Q But you're still receiving a salary from Thomas and Wong?
A Yes, now I am.
Q When did you -- were you not receiving a salary from Thomas and Wong?
A For a while I told them that I would forego my salary. And then, at the deposition, I -- the lawyer tells me that I would have to deduct that off the amount of the judgment. That was unbelievable.
So I went and told Thomas and Wong that, and we immediately reinstated my salary with the back pay because that absolutely insulted me, that I should pay money to the people who

XXY

from?
A Which other documents?
Q The other documents, other than the checklist, that were at that meeting?
A The way I remember it, the opinion letter was at that meeting. I only remember the opinion letter and the checklist from that meeting.
Q But there may have been other documents?
A I don't know.
Q You don't recall?
A I don't recall, yes, ma'am.
Q On March 3rd you open up a trust account at Cane Clark, Monday, March 3rd, 2003?
A I believe that's probably right, yeah.
Q And then we've looked at the two wire transfer confirmations, Exhibit 22 and Exhibit 14. And so 550,000 is transferred on March 5th, 2003; is that correct?
A Yes.

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Q And at that point, you don't yet have a deal with Mr. Beardmore?
A That's correct.
Q On March 1st, did you have Gary begin drafting the promissory notes?
A I didn't have him doing anything at that point in time. And at that point in time, there was -- he said he would have to speak to someone from BDV, and another meeting was arranged. There was nothing drafted and nothing agreed to at that first meeting.
Q When is the next meeting you had with Mr. Blume?
A A few days later, within that week, and I believe it was the 6th.
Q So before anything is drafted and before you have a deal, you do transfer money, you transfer 500,000 on March 5th; is that correct?
A Yes, correct.
Q Who is -- the meeting on March 6 takes place at Gary Blume's; is that right?
A On March 6th, yes, that's right.
Q Who is at that meeting?
A There was myself, Jan Wallace, John Beardmore and Gary Blume.
Q What happened at that meeting?
A Jan introduced John Beardmore to Gary Blume. Gary

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and John had had some general questions regarding what his position was with BDV, if he had signing authority for BDV, and asked him for identification. I remember that. And then we started discussing the items on the checklist.
Q And what was that -- let me go back.
A Before we started discussing that, Jan gave Gary and John an overview of the whole thing, of what we were trying to accomplish. She was explaining what we were trying to accomplish.
Q Why weren't you explaining what you were trying to accomplish?
A <u>Jan was the spokesperson. She always had the lead in this thing. Everything went through her.</u>
Q But Jan's not an employee of Thomas and Wong?
A No.
Q You're the employee of Thomas and Wong?
A That's right.
Q Aren't you ultimately responsible for this money?

A Yes.
Q So why didn't you take the lead at this meeting?
A Because we agreed, when we were doing the checklist, that she would do the paperwork because she said she was an expert at this and she said leave the paperwork for me, this is what I do for a living.
Q So her duties were more clerical than -- they were

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in the clerical nature?
A I don't know how you would describe it. Her duties were to do the paperwork, all of the paperwork.
Q So she really didn't have the authority to bind Thomas and Wong?
A No, she did not.
Q So was she an agent?
A I considered her to be, yes.
Q You considered her an agent, although she did not --
A It was clearly understood that she was.
Q It was clearly understood by who?
A Me and Jan, because we had that discussion when we started doing that checklist. That was clear, there is no chance of confusing that.
Q But she had no authority to bind?
A I'm sorry?
Q She had no authority to bind Thomas and Wong; is that correct?
A Bind?
Q Yes, to bind them to the transaction.
A No.
Q To any part of the deal?
A No, no, that's true.
Q This checklist, on March 6, you went through the checklist and were items checked off that they had been received

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or handled?
A I don't know if they were checked off. We -- the checklist was gone through.
Q And --
A Discussed in detail, yes.
Q So were the items on the checklist completed?
A Not at that point in time.
Q Were some of them completed?
A No.
Q But you go ahead and you draft the promissory notes that day; is that correct?
A I don't know when that promissory note -- what day that promissory note was drafted. It was decided on that day that this would be secured by a promissory note. I don't know when it was drafted. I could tell you when it was signed.
Q No, well, okay, when was it signed?
A The 8th of March, a Saturday.
Q Okay. Let's go back to exhibit -- this is Exhibit 21. I'm going to show you the first page. It's the promissory note. The date on this promissory note is March 6, 2003.
A Uh-huh.
Q It's for 1.5 million; is that correct?
A Or a portion thereof. I had always made it clear that I wasn't sure if we could raise the whole 1.5 million. And it was understood that if I couldn't, that the terms wouldn't

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change.
Q Did you raise the 1.5 million.
A In the end, yes.

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Q And before you left, you knew what the purpose of the trip was for?
A Yes.
Q Did you meet with John Beardmore in person to discuss the purpose of the Germany trip?
A No. We didn't discuss that until we met in Germany.
Q So you went to Germany not knowing what the purpose of the meeting was for?
A No, I knew what the purpose of the meeting was for. I was talking to Jan from Korea and she was talking to John Beardmore.
Q What were you doing in Korea?

00083

A Buying heavy equipment.
Q Were you looking to open another branch of Thomas and Wong in Korea?
A We were going to open an office there, yes. We were considering doing that, that's right.
Q Was part of the money in the Thomas and Wong bank account, which you transferred to Cane O'Neill, was that to be used to open that Korean office?
A I don't know if that money was, specifically was, but there was money that would have had to be spent to open that office, yes.
Q How much money?
A I don't know the exact amount, but it would be in the neighborhood of, well, we needed to buy an office, that would have been about 200,000 dollars, and I would say between two and two to three maybe 400,000 dollars.
Q So almost half of what you transferred to Cane O'Neill?
A Yes.
Q And you got permission to transfer the 800,000, even though the company was looking to use 400,000 to expand?
A Yes.
Q Was there a board meeting held?
A No, we don't have board meetings.
Q Do you sit on the board of directors of Thomas and Wong?

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A No. There is no board of directors. There is two people.
Q Have you ever sat on the board meeting of Thomas and Wong?
A No, they don't have board meetings.
Q Have you ever sat on a board meeting? Have you ever set on the board of directors of any company?
A No.
Q When you had your own crane company, did you have any directors?
A It was me and my wife.
Q Was that a corporation?
A Yes, it was a limited corporation, an LTD.
Q That was a Canadian entity?
A Yes.
Q Is the name of that company Jake's Cranes?
A No.
Q Was any part of the condominium that we've been talking about, at 660 North Second Street, in Minneapolis, Minnesota, owned by Jan Wallace?
A Would you repeat.
Q Was any part of the condo, at 660 North Second Street, in Minneapolis, Minnesota, owned by Jan Wallace?

A Not to my knowledge.
00085
Q So why would Jan send $275,000 to this condominium?
A You tell me. I don't know. You have to ask her that.
Q But you, sir, have said testified today that she did not have the authority to bind?
A That's right, she didn't.
Q So why would she do this?
A I have no idea why she would do that. That is dishonest and probably illegal.
Q Is it because she had your authority to do it, just --
A Absolutely no chance in the world that I did that.
Q She had your authority to send every other dollar in the trust account?
A Not at that time. On March the 12th, the 13th is when she had authority to transfer money.
Q Sir, the memo that I showed you, did you open the trust account with Cane and O'Neill?
A Jan Wallace did on my behalf, on Thomas and Wong's behalf.
Q Did you provide any information with which to open this trust account?
A I think so. It was -- she had a copy of our -- of my authorization to act for Thomas and Wong by that time and also the address and phone number.
00086
Q The address and phone number of Thomas and Wong?
A Yes.
Q Why didn't you just open the trust account?
A Why didn't I open it?
Q Yes.
A Because I didn't have an attorney there and she offered to open it, and I didn't have an objection to that. I figured a lawyer is a trustworthy person and a trust account is a safe entity. I didn't have any objection to that, but I'm wondering now why --
Q There is no question --
A -- why Gary Blume -- okay, sorry.
Q Your agreement with Jan Wallace, did she ever agree to be your agent?
A Yes.
Q She did?
A Yes.
Q She used those words?
A No, she used that word specifically.
Q She used what word specifically?
A Agent.
Q She used the word agent?
A I said I don't know if she used the word.
Q I'm sorry, I didn't hear you.
A We discussed what each one of us will do at length
00087
and she absolutely assured me that she would do the paperwork. And, you know, she, she said that she runs public companies for a living and the paperwork is really complex and everything and she would have no problem doing this.
Q What was she to be compensated for acting as an agent?
A It was no agreement to pay her anything at that point in time. All I knew was that John Beardmore was supposed to pay her 12,000 dollars and she told me that she had shared

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You may proceed when you're ready.

BY MS. AMBROSIO:

Q Good afternoon, Mr. Tarapaski.

A Good afternoon.

Q I just have some brief questions for you. Were there any witnesses to the oral discussions you had with Jan Wallace about being an agent?

A I don't think so.

Q So it was just you and her at these meetings, at these discussions?

A I think so, yeah.

Q And you are suing Jan as an agent, as your agent for breach of a fiduciary duty. Is that the basis of your lawsuit today?

A Yes, that's one.

Q Do you understand what it is you're suing her for?

A Yes.

Q Is Thomas and Wong authorized -- is Thomas and Wong in good standing in the State of Arizona?

MR. MURPHY: Objection, your Honor; irrelevant.

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THE COURT: Sustained.

BY MS. AMBROSIO:

Q Is Thomas and Wong authorized to do business in Arizona?

MR. MURPHY: Same objection, your Honor.

THE COURT: Counsel approach.

(An off-the-record discussion was held out of the hearing of the jury.)

BY MS. AMBROSIO:

Q How many transactions has Thomas and Wong done in the State of Arizona?

A Just this one.

Q What was the length of this transaction?

A It started on March 8th.

Q It concluded?

A Well, this isn't concluded yet.

Q So it's gone past 30 days?

A Yes.

Q And Thomas and Wong has done no other business in Arizona?

A No.

Q They've never rented cranes in Arizona?

A No.

Q Bought cranes?

A No.

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MS. AMBROSIO: I have no further questions, your Honor.

THE COURT: All right, thank you. Redirect.

REDIRECT EXAMINATION

BY MR. MURPHY:

Q Sir, in the course of cross-examination, you were asked questions about whether Jan Wallace ever told you that once she went on the board of BDV Investments, she wouldn't be able to give you information. Did she ever make such a statement to you?

A No. She said that was the reason that she would go on the board of directors, one of the main reasons. And she also said that she wanted to network with these Dumaine people. You know, she's -- she felt it would give her an opportunity to meet other people in her line of work as well.

Q Showing you Exhibit 21, sir, the promissory note of March 8, 2003. Let me zero in on some language relevant to this

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Hold For
Caddy

FILED
4/11/08 1:54pm
MICHAEL K. JEANES, Clerk
By [signature]
Deputy

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Attorneys for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

THOMAS AND WONG, GENERAL CONTRACTOR, Plaintiff, vs. BLUME LAW FIRM, P.C., and Arizona professional corporation; GARY BLUME and JANE DOE BLUME, husband and wife; JAN WALLACE, an individual, Defendants.	No. CV 2005-051325 **JUDGMENT** (Assigned to Honorable Robert C. Houser)

Regularly-scheduled jury trial in this matter having proceeded commencing on February 4, 2008, and the jury having returned its verdict on February 7, 2008, in favor of plaintiff Thomas and Wong General Contractor, finding total damages in the amount of $1,554,934.00 and allocating 16% of the fault to plaintiff Thomas and Wong General Contractor, and 84% of the fault to defendant Jan Wallace, and the court having subsequently considered plaintiff's Application for Award of Attorneys' Fees and Statement of Costs,

1. IT IS HEREBY ORDERED granting judgment in favor of plaintiff Thomas and Wong General Contractor and against defendant Jan Wallace in the amount of $1,306,144.00.

2. IT IS FURTHER ORDERED granting judgment in favor of plaintiff Thomas and Wong General Contractor and against defendant Jan Wallace in the amount

of $ —0— as and for plaintiff's attorneys' fees incurred herein, and in the amount of $4,026.90 as and for plaintiff's taxable costs incurred herein.

3. IT IS FURTHER ORDERED that interest shall accrue on all sums awarded in paragraphs 1 and 2 of this judgment at the legal rate of 10% per annum from February 8, 2008, until said sums are paid in full.

4. IT IS FURTHER ORDERED that, the court having made an express determination that no just cause for delay exists, judgment be entered forthwith in accordance with the above.

DONE IN OPEN COURT this 11th day of April, 2008.

Honorable Robert C. Houser
Judge of the Superior Court

ORIGINAL AND COPIES
of the foregoing lodged
this 20 day of March, 2008, with:

The Honorable Robert C. Houser
Judge of the Superior Court
Northeast Court K - Room 109
18380 N. 40th Street
Phoenix, Arizona 85032

and copies mailed to:

Claire C. Ambrosio, Esq.
4223 Glencoe Avenue, Suite B130
Marina Del Rey, California 90292
Attorney for Defendant Jan Wallace

Gary R. Blume, Esq.
BLUME LAW FIRM, PC
11801 N. Tatum Blvd., Suite 124
Phoenix, Arizona 85028-1612

By Betty Bement

F:\CLIENTS\THOMAS AND WONG\Judgment.wpd

Filing Fee: ________
Receipt #: ________

ARTICLES OF INCORPORATION

(PURSUANT TO NRS 78)

STATE OF NEVADA

Secretary of State

FILED # C19167-2002

JUL 3 1 2002

IN THE OFFICE OF
DEAN HELLER, SECRETARY OF STATE

Article 1. Name

The name of the Corporation is: **MW FITNESS, INC.**

Article 2. Registered Agent

The name of the Resident Agent of the Corporation is Cane O'Neill Taylor, LLC. The address of the Resident Agent of the Corporation is Suite 500, 2300 West Sahara Avenue, Las Vegas, Nevada 89102.

Article 3. Capital Stock

The aggregate number of shares that the Corporation will have authority to issue is One Hundred Million (100,000,000), of which Ninety Million (90,000,000) shares will be common stock, with a par value of $0.001 per share, and Ten Million (10,000,000) shares will be preferred stock, with a par value of $0.001 per share.

The Board of Directors is authorized, subject to limitations prescribed in this Article 3, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Nevada, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the Board with respect to each series will include but not be limited to, the following:

(1) The number of shares constituting that series and the distinctive designation of that series, which may be by distinguishing number, letter or title;

(2) The dividend rate on the shares of that series, whether dividends will be cumulative, and if so, from which date(s), and the relative rights of priority, if any, of payment of dividends on shares of that series;

(3) Whether that series will have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) Whether that series will have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors determines;

(5) Whether or not the shares of that series will be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which they are redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether that series will have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of that series;

(8) Any other relative rights, preferences and limitations of that series.

Article 4. Board of Directors

(a) ***Number of Directors***. The number of the directors constituting the entire Board will be not less than one (1) nor more than fifteen (15) as fixed from time to time by vote of the majority of the entire Board, provided, however, that the number of directors will not be reduced so as to shorten the term of any director at the time in office.

(b) ***Vacancies***. Any vacancies in the Board of Directors for any reason, and any directorships resulting from any increase in the number of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen will hold office until the next election of the class for which such directors have been chosen and until their successors are elected and qualified.

(c) ***First Board of Directors***. The first Board of Directors will consist of 1 member and his name and address is as follows:

Name of Director: JAN WALLACE

Address of Director: 6929 E. Cheney
Paradise Valley, AZ, 85253

Article 5. Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under NRS 78.

Article 6. Combinations with Interest Stockholders

The Corporation elects not to be governed by NRS 78.411 to 78.444, inclusive.

Article 7. Liability

To the fullest extent permitted by the General Corporation Law of the State of Nevada as the same now exists or may hereafter be amended in a manner more favorable to directors, a director of the Corporation will not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment or repeal of this Article 7 will not adversely affect any right or protection of a director of the Corporation existing immediately prior to such amendment or repeal.

Article 8. Indemnification

(a) ***Right to Indemnification.*** The Corporation will indemnify to the fullest extent permitted by law any person (the "Indemnitee") made or threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Corporation) by reason of the fact that he or she is or was a director of the Corporation or is or was serving as a director, officer, employee or agent of another entity at the request of the Corporation or any predecessor of the Corporation against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees and disbursements) that he or she incurs in connection with such action or proceeding.

(b) ***Inurement.*** The right to indemnification will inure whether or not the claim asserted is based on matters that predate the adoption of this Article 8, will continue as to an Indemnitee who has ceased to hold the position by virtue of which he or she was entitled to indemnification, and will inure to the benefit of his or her heirs and personal representatives.

(c) ***Non-exclusivity of Rights.*** The right to indemnification and to the advancement of expenses conferred by this Article 8 are not exclusive of any other rights that an Indemnitee may have or acquire under any statute, bylaw, agreement, vote of stockholders or disinterested directors, this Certificate of Incorporation or otherwise.

(d) ***Other Sources.*** The Corporation's obligation, if any, to indemnify or to advance expenses to any Indemnitee who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or other entity will be reduced by any amount such Indemnitee may collect as indemnification or advancement of expenses from such other entity.

(e) ***Advancement of Expenses.*** The Corporation will, from time to time, reimburse or advance to any Indemnitee the funds necessary for payment of expenses, including attorneys' fees and disbursements, incurred in connection with defending any proceeding for which he or she is indemnified by the Corporation, in advance of the final disposition of such proceeding; provided that, if then required by the NRS 78, the expenses incurred by or on behalf of an Indemnitee may be paid in advance of the final disposition of a proceeding only upon receipt by the Corporation of an undertaking by or on behalf of such director or officer to repay any such amount so advanced if it is ultimately determined by a final and unappealable judicial decision that the Indemnitee is not entitled to be indemnified for such expenses.

(f) ***Right of Indemnitee to Enforce the Right to Indemnification or Advancement.*** If a claim under this Article 8 is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation (except with respect to a claim for advancement of expenses, when the applicable period is twenty days), an Indemnitee may at any time thereafter file suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in such a suit, the Indemnitee will be entitled to be paid also the expense of prosecuting or defending such suit. In any suit under this Article 8 for indemnification or advancement of expenses the burden of proving that the Indemnitee is not entitled to indemnification or advancement is on the Corporation. In any suit brought to enforce a right to indemnification (but not a right to advancement) hereunder, it will be a defense that the Indemnitee has not met the applicable standard of conduct required by NRS 78. It will not be a defense to such an action that, prior to the commencement of such action, the Corporation (including directors, independent legal counsel or stockholders) determined, or failed to determine, that such indemnification or advancement is proper under the circumstances.

(g) ***Insurance.*** The Corporation may maintain insurance, at its expense, to protect itself and any potential Indemnitee under this Article 8 against any loss, whether or not the Corporation would have the power to indemnify such person against such loss under NRS 78.

SIGNATURES OF INCORPORATORS

The names and address of each of the incorporator(s) signing the Articles of Incorporation:

Signature of Incorporator: Michael Cane

Name of Incorporator: MICHAEL A. CANE

Address of Incorporator: 2300 W. Sahara Ave., Suite 500 - Box 18
Las Vegas, Nevada 89102

This instrument was acknowledged before me on the 31st day of July, 2002 by MICHAEL A. CANE as incorporator of MW FITNESS, INC.

Signature of Notary Public: Cynthia J. Reed

Name of Notary Public: CYNTHIA J. REED

Notary Public - State of Nevada
County of Clark
CYNTHIA J. REED
My Appointment Expires
No: 01-68155-1 April 12, 2005

CERTIFICATE OF ACCEPTANCE BY APPOINTMENT OF RESIDENT AGENT

CANE O'NEILL TAYLOR, LLC, hereby accepts appointment as Resident Agent for the above name corporation.

Signature of Authorized Signatory for Resident Agent: Michael Cane

Name of Authorized Signatory MICHAEL A. CANE

Date: July 31, 2002

STATE OF NEVADA
Secretary of State
I hereby certify that this is a true and complete copy of the document as filed in this office.

AUG 01 2002

Dean Heller

By

DEAN HELLER
Secretary of State
101 North Carson Street, Suite 3
Carson City, Nevada 89701-4786
(775) 684 5708

Certificate of Amendment
(PURSUANT TO NRS 78.380)

Office Use Only:
FILED # C 19167-02

OCT 02 2002

IN THE OFFICE OF
DEAN HELLER, SECRETARY OF STATE

Important: Read attached instructions before completing form.

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations (Pursuant to NRS 78.380 - Before Issuance of Stock) - Remit in Duplicate -

1. Name of Corporation:

   MW FITNESS, INC.

2. The articles have been amended as follows (provide article numbers, if available):

   FIRST:
   The name of this corporation is
   SAVANNAH CORP.

3. The undersigned declare that they constitute at least two-thirds of the incorporators (check) X, or of the board of directors (check) ____.

4. The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued.

5. Signatures (Required):

Michael Cane
Signature

____
Signature

IMPORTANT: Failure to include any of the above information and remit the proper fees may cause this filing to be rejected.

ARTICLES OF ORGANIZATION
OF
SECURED LENDING LLC

The undersigned, for the purpose of forming a limited liability company under Chapter 86 of the Nevada Revised Statutes, hereby makes, adopts and acknowledges the following Articles of Organization.

ARTICLE I
NAME OF LIMITED LIABILITY COMPANY

The name of the limited liability company is SECURED LENDING LLC (the "Company").

ARTICLE II
PERIOD OF DURATION

The Company shall commence its existence on the date these Articles of Organization are filed with the Nevada Secretary of State. The term for which the Company is to exist shall be perpetual. The Company shall not dissolve except on such terms and conditions as shall be set forth in the Operating Agreement, as the same shall be modified from time to time.

ARTICLE III
PURPOSES AND POWERS

The Company is organized for any legal and lawful purpose for which a limited liability company may be organized in the State of Nevada. The Company shall have all the powers granted to a limited liability company under the laws of the State of Nevada.

ARTICLE IV
REGISTERED OFFICE AND AGENT

The name and address of the Company's initial Resident Agent in Nevada is:

CANE CLARK LLP
3273 E. Warm Springs Rd
Las Vegas, NV 89120

This same address shall be the address of the Company's initial Registered Office and the address of the Office where the Company's records will be maintained as required by NRS §86.241. The Resident Agent and the Resident Office may be changed by the manager(s) as provided in the Operating Agreement, as the same shall be modified from time to time.

ARTICLE V
<u>OPERATING AGREEMENT</u>

The Operating Agreement of the Company shall be executed by each member of the Company and shall set forth all provisions for the affairs of the Company and the conduct of its business to the extent that such provisions are not inconsistent with the law or these articles. The Operating Agreement may be amended from time to time in accordance with its provisions.

ARTICLE VI
<u>ADDITIONAL MEMBERS</u>

Additional members shall be admitted to the Company as provided in the Operating Agreement of the Company, as the same shall be modified from time to time.

ARTICLE VII
<u>ORGANIZER</u>

The name and address of the Organizer executing these Articles is as follows:

Bryan R. Clark
3273 E. Warm Springs Rd
Las Vegas, NV 89120

ARTICLE VIII
<u>MANAGEMENT OF COMPANY</u>

The Company shall be managed by a Manager or Managers selected by the Members in accordance with an Operating Agreement adopted by the Members for the management of the business and affairs of the Company, as the same shall be modified from time to time. The Operating Agreement may contain any provision for the management of the affairs of the Company not inconsistent with applicable law or these Articles of Organization. The name and address of the initial manager(s) of the Company who shall serve until the first annual meeting of members or until his successors are elected and qualified is as follows:

SECURED DIVERSIFIED INVESTMENT, LTD.
5205 EAST LINCOLN DRIVE
PARADISE VALLEY, AZ 85253

ARTICLE IX
MEMBERS

Except when these Articles of Organization or applicable law otherwise require, the right of any member to vote shall be as provided in the Operating Agreement of the Company, as the same shall be modified from time to time. No member who is not also a Manager shall have the right to contract debts or incur liability on behalf of the Company.

ARTICLE X
LIABILITIES OF MEMBERS AND MANAGERS

Members, managers and officers of the Company are not liable under a judgment, decree, order of any court or in any other manner, for a debt, obligation, or liability of the Company.

ARTICLE XI
INDEMNIFICATION

The Company shall indemnify an individual made a party to a proceeding because he is or was an organizer, manager, officer, employee or agent of the Company or any Manager against liability incurred in the proceeding if: he conducted himself in good faith; he reasonably believed that his conduct was in or at least not opposed to the Company's best interest; and in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The Company shall pay for or reimburse the reasonable expenses incurred by an organizer, manager, officer, employee or agent of the Company who is a party to a proceeding in advance of final disposition of the proceeding if: the individual furnishes the Company with a written affirmation of his good faith belief that he has met the standard of conduct described herein; the individual furnishes the Company with a written undertaking executed personally or on his behalf to repay the advance if it is ultimately determined that he did not meet the standard of conduct; and a determination is made that the facts then known to those making the determination would not preclude indemnification under the law. The indemnification and advance of expenses authorized herein shall not be exclusive to any other rights to which any manager; officer, employee or agent may be entitled under any bylaw, agreement, vote of members or disinterested managers or otherwise. The Articles of Organization shall not be interpreted to limit in any manner the indemnification or right to advancement for expenses of an individual who would otherwise be entitled thereto. These Articles of Organization shall be interpreted as mandating indemnification and advancement of expenses to the extent permitted by law.

ARTICLE XII
SERIES LIMITED LIABILITY COMPANY

The Company shall have more than one series of members and the debts and liability of any series are to be enforceable against the assets of that series only and not against the assets of another series or the Company generally. The relative rights, powers and duties of each series shall be established according to the procedures as set forth in the Operating Agreement, as the same shall be modified from time to time.

IN WITNESS WHEREOF, the undersigned Organizer has executed these Articles of Organization on May 9, 2006.

____
Bryan R. Clark

SECURED PROMISSORY NOTE

$250,000 **May __, 2006**

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, Secured Lending, LLC, a Nevada limited liability company, ("Maker") hereby promises to pay to the order of Secured Diversified Investment, Ltd., a Nevada corporation ("Holder") at Las Vegas, Nevada or at such other place as Holder shall designate, the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000) together with interest at the rate of EIGHT PERCENT (8%) per annum until paid. Payment of the principal and all accrued interest due May __, 2008 ("Maturity Date").

Interest shall be computed on the basis of a 365-day year or 366-day year as applicable, and actual days lapsed. Maker shall have the privilege of prepaying the principal and accrued interest under this Note in whole or in part, without penalty or premium at any time. All payments hereunder shall be applied first to interest, then to principal. All interest due and payable hereunder which is not paid when due for any reason shall be cumulated and accrue interest at the rate hereunder.

This Note is secured and payment hereof is assured by a Security Agreement entered into of even date herewith by and between Maker and Holder.

All parties to this Note herby waive presentment, dishonor, notice of dishonor and protest. All parties hereto consent to and Holder is herby expressly authorized to make, without notice, any and all renewals, extensions, modifications or waivers of the time for or the terms of payment of any sum or sums due hereunder, or under any documents or instruments relating to or securing this Note, or of the performance of any covenants, conditions or agreements hereof or thereof or the taking or release of collateral securing this Note. Any such action taken by Holder shall not discharge the liability of any party to this Note.

This Note shall be governed by and construed in accordance with the laws of the state of Nevada without regard to conflict of law principles. Maker shall also pay Holder any and all costs of collection incurred in connection with this Note, including court costs and reasonable attorney's fees.

MAKER

____

Secured Lending, LLC
By: ____________________
Its: ____________________

HOLDER

____

Secured Diversified Investments, Ltd.
By: ____________________
Its: President

SECURED DIVERSIFIED INVESTMENT, LTD.

Business Entity Information			
Status:	Active	File Date:	8/7/2002
Type:	Domestic Corporation	Corp Number:	C19626-2002
Qualifying State:	NV	List of Officers Due:	8/31/2009
Managed By:		Expiration Date:	

Registered Agent Information			
Name:	CANE CLARK AGENCY LLC	Address 1:	3273 E WARM SPRINGS RD
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89120
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Commercial Registered Agent - Limited-Liability Corporation		
Jurisdiction:	NEVADA	Status:	Active

Financial Information			
No Par Share Count:	0	Capital Amount:	$ 75,000.00
Par Share Count:	65,000,000.00	Par Share Value:	$ 0.001
Par Share Count:	10,000,000.00	Par Share Value:	$ 0.001

Officers			☑ Include Inactive Officers
Secretary - CLAIRE AMBROSIO			
Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	AZ
Zip Code:	85253	Country:	
Status:	Historical	Email:	
Treasurer - MUNJIT JOHAL			
Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	CA
Zip Code:	85253	Country:	
Status:	Historical	Email:	
Director - JAY KISTER			
Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	AZ
Zip Code:	85253	Country:	
Status:	Historical	Email:	
Director - WILLIAM O'HARA			
Address 1:	6980 O'BANNON DRIVE	Address 2:	
City:	LAS VEGAS	State:	NV
Zip Code:	89117	Country:	

Status:	Active	Email:	

Director - PETER RICHMAN

Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	AZ
Zip Code:	85253	Country:	
Status:	Historical	Email:	

President - ROBERT SAUCIER

Address 1:	6980 O'BANNON DRIVE	Address 2:	
City:	LAS VEGAS	State:	NV
Zip Code:	89117	Country:	
Status:	Active	Email:	

Secretary - ROBERT SAUCIER

Address 1:	6980 O'BANNON DRIVE	Address 2:	
City:	LAS VEGAS	State:	NV
Zip Code:	89117	Country:	
Status:	Active	Email:	

Treasurer - ROBERT SAUCIER

Address 1:	6980 O'BANNON DRIVE	Address 2:	
City:	LAS VEGAS	State:	NV
Zip Code:	89117	Country:	
Status:	Active	Email:	

Director - ROBERT SAUCIER

Address 1:	6980 O'BANNON DRIVE	Address 2:	
City:	LAS VEGAS	State:	NV
Zip Code:	89117	Country:	
Status:	Active	Email:	

President - JAN WALLACE

Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	AZ
Zip Code:	85253	Country:	USA
Status:	Historical	Email:	

Director - JAN WALLACE

Address 1:	5205 EAST LINCOLN DRIVE	Address 2:	
City:	PARADISE VALLEY	State:	AZ
Zip Code:	85253	Country:	
Status:	Historical	Email:	

Actions\Amendments

Action Type:	Amendment		
Document Number:	C19626-2002-003	# of Pages:	1
File Date:	08/07/2002	Effective Date:	

ACTUAL STOCKS ARE: 100,000,000 @ .001=100,000 AND 50,000,000 @ .01=500,000 KAB

Action Type:	Articles of Incorporation		
Document Number:	C19626-2002-001	# of Pages:	5
File Date:	08/07/2002	Effective Date:	

(No notes for this action)

Action Type:	Merger		
Document Number:	C19626-2002-004	# of Pages:	3
File Date:	09/04/2002	Effective Date:	
ARTICLES OF MERGER FILED MERGING BOOK CORPORATION OF AMERICA, A (UT) CORP.,			
NOT QUALIFIED IN NEVADA INTO THIS CORPORATION.			
(3)PGS. JEP			

Action Type:	Annual List		
Document Number:	C19626-2002-009	# of Pages:	2
File Date:	11/06/2002	Effective Date:	
(No notes for this action)			

Action Type:	Amendment		
Document Number:	C19626-2002-005	# of Pages:	22
File Date:	02/11/2003	Effective Date:	
CERTIFICATE OF DESIGNATION FILED DESIGNATION 7,500,000 SHARES INTO SERIES A			
CONVERTIBLE PREFERRED STOCK @ .01; 20,000,000 SHARES INTO SERIES B CONVERTIBLE			
PREFERRED STOCK @ .01; AND 22,500,000 SHARES INTO SERIES C CONVERTIBLE			
PREFERRED STOCK @ .01. ($150)(22PGS) AJW			

Action Type:	Annual List		
Document Number:	C19626-2002-008	# of Pages:	2
File Date:	10/06/2003	Effective Date:	
(No notes for this action)			

Action Type:	Annual List		
Document Number:	C19626-2002-002	# of Pages:	1
File Date:	09/20/2004	Effective Date:	
List of Officers for 2004 to 2005			

Action Type:	Registered Agent Address Change		
Document Number:	C19626-2002-006	# of Pages:	1
File Date:	09/20/2004	Effective Date:	
RONALD ROBINSON SUITE 10			
1725 E. WARM SPRINGS ROAD LAS VEGAS NV 89119 MLS			

Action Type:	Amendment		
Document Number:	C19626-2002-007	# of Pages:	1
File Date:	09/28/2004	Effective Date:	
AMENDMENT TO CERTIFICATE OF DESIGNATION FILED AMENDING ARTICLE II, SECTION			
4.01, SERIES B CONVERTIBLE PREFERRED STOCK (LANGUAGE). (1) PG. DEG			

Action Type:	Amendment		
Document Number:	20050163841-30	# of Pages:	2
File Date:	05/02/2005	Effective Date:	
05-05-05 REG MAIL/ALF			
Previous Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 Par Value Shares: 50,000,000 Value: $ 0.01 No Par Value Shares: 0 --- Total Authorized Capital: $ 600,000.00 New Stock Value: Par Value Shares: 300,000,000 Value: $ 0.001 No Par Value Shares: 0 --- Total Authorized Capital: $ 300,000.00			

Action Type:	Annual List		
Document Number:	20050473241-48	# of Pages:	2
File Date:	10/11/2005	Effective Date:	
(No notes for this action)			

Action Type:	Registered Agent Change		
Document Number:	20050498372-40	# of Pages:	1
File Date:	10/21/2005	Effective Date:	
RAC 102705JMV			

Action Type:	Registered Agent Address Change		
Document Number:	20060070123-91	# of Pages:	1
File Date:	02/03/2006	Effective Date:	
(No notes for this action)			

Action Type:	Correction		
Document Number:	20060491808-98	# of Pages:	1
File Date:	08/01/2006	Effective Date:	
Previous Stock Value: Par Value Shares: 300,000,000 Value: $ 0.001 No Par Value Shares: 0 --- Total Authorized Capital: $ 300,000.00 New Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 Par Value Shares: 50,000,000 Value: $ 0.01 No Par Value Shares: 0 --- Total Authorized Capital: $ 600,000.00			

Action Type:	Amendment		
Document Number:	20060494268-11	# of Pages:	1
File Date:	08/01/2006	Effective Date:	
Previous Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 Par Value Shares: 50,000,000 Value: $ 0.01 No Par Value Shares: 0 --- Total Authorized Capital: $ 600,000.00 New Stock Value: Par Value Shares: 5,000,000 Value: $ 0.001 Par Value Shares: 2,500,000 Value: $ 0.01 No Par Value Shares: 0 --- Total Authorized Capital: $ 30,000.00			

Action Type:	Annual List		
Document Number:	20060510872-91	# of Pages:	2
File Date:	08/09/2006	Effective Date:	
(No notes for this action)			

Action Type:	Amendment		
Document Number:	20060766626-21	# of Pages:	1
File Date:	11/30/2006	Effective Date:	
Previous Stock Value: Par Value Shares: 5,000,000 Value: $ 0.001 Par Value Shares: 2,500,000 Value: $ 0.01 No Par Value Shares: 0 --- Total Authorized Capital: $ 30,000.00 New Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 No Par Value Shares: 0 --- Total Authorized Capital: $ 100,000.00			

Action Type:	Annual List		
Document Number:	20070663233-12	# of Pages:	2
File Date:	09/28/2007	Effective Date:	
(No notes for this action)			

Action Type:	Correction		
Document Number:	20070666255-39	# of Pages:	1
File Date:	09/28/2007	Effective Date:	
(No notes for this action)			

Action Type:	Correction		
Document Number:	20070666256-40	# of Pages:	1
File Date:	09/28/2007	Effective Date:	
(No notes for this action)			

Action Type:	Correction		
Document Number:	20080365827-91	# of Pages:	1
File Date:	05/29/2008	Effective Date:	

Par Count: 100,000,000, Value: 0.001			
Par Count: 2,500,000, Value: 0.01			
Par Count: 2,500,000, Value: 1.00			
Par Count: 2,500,000, Value: 0.001			
Par Count: 2,500,000, Value: 1.00			
Previous Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 No Par Value Shares: 0 --- Total Authorized Capital: $ 100,000.00 New Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 Par Value Shares: 2,500,000 Value: $ 0.01 No Par Value Shares: 0 -- Total Authorized Capital: $ 125,000.00			
Action Type:	Annual List		
Document Number:	20080817480-98	# of Pages:	1
File Date:	12/15/2008	Effective Date:	
08-09			
Action Type:	Amended & Restated Articles		
Document Number:	20090076324-03	# of Pages:	27
File Date:	01/28/2009	Effective Date:	
Previous Stock Value: Par Value Shares: 100,000,000 Value: $ 0.001 Par Value Shares: 2,500,000 Value: $ 0.01 No Par Value Shares: 0 -- Total Authorized Capital: $ 125,000.00 New Stock Value: Par Value Shares: 65,000,000 Value: $ 0.001 Par Value Shares: 10,000,000 Value: $ 0.001 No Par Value Shares: 0 -- Total Authorized Capital: $ 75,000.00			
Action Type:	Exchange		
Document Number:	20090122723-28	# of Pages:	0
File Date:	02/10/2009	Effective Date:	02/09/2009
(No notes for this action)			
Action Type:	Amended List		
Document Number:	20090364084-06	# of Pages:	2
File Date:	04/24/2009	Effective Date:	
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Notes on Parish Medley

Jan Wallace met Parish at the Peninsula hotel in Beverly Hill, in the bar to discuss the merger. It was arranged by Parish and Kyleen Cane, **sec. counsel over**.

They agreed to go to Maestros Restaurant for dinner**, Jan changed a previously arranged meeting, Parish felt it was important to discuss deal points.** So we went to his house, he had just purchased from Richard Gere and Cindy Crawford. He showed Jan around and told her he was renovating. Jan left his home and promised to send him some design books, which she did (receipts are present).

The transactions were closed on June 24, 2004 in the Las Vegas office of Cane Clark. All terms were negotiated except one which was the understanding between the parties concerning Jan Wallace's last note with MW Medical. Then Kyleen Cane left the room for Parish and Jan to work out the deal.

Jan explained that the note was valuable because of the tacking period which would apply back to 2001. If someone wanted to use the notes monetary value and convert them to shares, it would be free trading, if the shares where distributed in under 10% holdings, per individual owner, Parish understood the process. The note was approximately 248,000. Jan Wallace agreed to reduce it to a flat 200,000USD. The deal was that Jan Wallace would sign a blank assignment to Parish Medley and or the company and he in turn would use the note and convert it to some value in shares. Jan Wallace would be issued at some point 250,000 shares of new Davi stock once the note shares were distributed. Jan Wallace signed the assignment with the specific understanding that the officer of the company was representing his statements on behalf of the company, and if anything went array, being a public company, the disclosure laws and the duties of an officer and a director would act as a check and balance. Any other actions would be monitored by the auditors and disclosed.

Jan Wallace was also a shareholder and believed that the company had a good plan and would be a good company to hold stock.

Jan believe that she would make more money in the stock than cashing a note that the new company had no ability to pay; as it was the stock opened at 5.00 a share. If that price was maintained Jan's shares would be valued at 1,250,000USD.

That evening Parish and Jan went to a restaurant at the Bellagio to have a bite to eat and to celebrate the deal. Jan Wallace had ordered one drink, while Parish had three drinks.

Jan Wallace had an 8 o'clock flight that night, and Parish explained that he had a 6 o'clock flight to Miami to meet some buddies for the weekend. It was not to be a long night.

He told Jan Wallace about his failed relationships, with his dancer girlfriend and how he was really going to miss the dog, a mastiff. He even told Jan how big the dog's feces were.

Wallace could tell that Parish was getting tipsy but Parish continued to drink

Cane called Wallace to see if she was making her plane, she said she would either get the later flight or stay over night and would call her later.

Wallace and Parish moved to the bar, Wallace had a second drink, while Parish was having more drinks and getting more drunk.

Parish liked the bartender and asked Jan's help in soliciting the girl for her number, she declined, stating she had a boyfriend.

Parish got annoyed and said that they should go to the Crazy Horse, for a drink; Wallace went along. When they got there, around midnight, Jan Wallace realized it was a strip club. Parish called some women over and Jan and he were seated. It was obvious to Jan Wallace that Parish knew some of the girls there and therefore was feeling uncomfortable.

Parish ordered drinks and continued drinking, while Jan Wallace was becoming tired.

She told Parish she wanted to go back to the hotel he said soon and agreed they would go when he got back.

Parish Medley was gone almost an hour in what was referred to as the VIP room. Jan Wallace was upset and wanted to go, and paid the bill she was left with.

A girl came out of no where and asked Jan Wallace if she was the one with Parish. Wallace said she had come with him and didn't know where he was. She said Parish told her to ask Jan for money for a bump. Jan Wallace did not know what she meant but another dancer, a black girl, told her it was slang for cocaine.

Jan Wallace was angry and told the girl she is not spending any more money and to go back to Parish and tell him she is leaving in a taxi.

Parish quickly came out of the back room with a blonde dancer. He was incoherent and wanted them to go back to the dancer's place.

Jan Wallace refused and headed for a taxi, it was about 1:40 in the morning

Parish followed Jan Wallace to the taxi and got in.

Jan Wallace went to the Bellagio, to get a room. Her luggage was in the parking area at the Bellagio in Parish's rental car. He had brought her there from Cane Clark. Jan Wallace asked Parish to go to the rental car and get her luggage while she arranged for a room to go to sleep.

Jan Wallace gave Parish Medley the room number and went to her room

At the knock of the door Jan Wallace who was already preparing for bed opened the door to find Parish with a blond and a brunette, pushing their way into the room.

Jan Wallace took her Vuitton luggage and told Parish to take his party else where.

Parish pushed past Jan Wallace and came into the room with the girls, they went into the bathroom.

Jan Wallace had about 250,000 dollars worth of personal effects in the room and started to pack them up.

Parish came into the bedroom half naked; the girls were also half naked. They went to the bed while Jan Wallace watched as the blond girl put cocaine on the bedside table before the three of them all snorted it up their noses.

The sex acts continued, the girls started to complain that Parish had used up all their drugs and wanted their money. They wanted 1000USD for their services,they were prostitutes Parish had picked up while getting Jan Wallace's luggage.

Parish said he had spent all his money and told Jan Wallace to give the girls money.

At this point Jan Wallace was absolutely horrified and feared she would be robbed for her Jewelry or beat up by some pimp.

Wallace took all the cash she had about 274 dollars and gave it to the hookers.

Parish told the hookers to go get more cocaine and take care of him and he would use his credit card to get more money from the ATM.

The blond girl left.

Wallace was petrified that the girl was coming back with a pimp. She rolled herself up with her possessions in the bed covers like a cocoon and lay by the windows so that she did not have to see anything and just wanted them to get out of the room. Parish was so wasted he did not listen to Jan Wallace's anguish and her repeated requests for them to leave the room. While the blond was down stairs the brunette and Parish left the bed and climbed on top of Jan Wallace and tried to pull her bed covers off saying that she should join the fun.

Jan Wallace begged them to leave her alone. Then the blond girl came back with more cocaine and again the three of them went into the bathroom.

The blond came out angry and demanded their money but Parish would not give his card to get the money out of the ATM as promised.

Jan Wallace was truly worried and felt completely trapped in a dangerous position. Parish pulled some money out of his pants and gave it to the girls. It was not very much. They came back to Jan Wallace, looking for more money. She had none left. Jan Wallace promised that she would take their information and make sure Parish would send the money. Parish was passed out. Jan Wallace just wanted the girls to leave.

It was around 5 am when the girls finally left.

Jan Wallace tried to wake Parish but to no avail. Jan Wallace lay on the sofa and tried to sleep. Parish woke up sometime after 6 am freaking out that he was missing his flight to Florida. He used his cell phone to book another flight and rushed to get dressed. Jan Wallace was exhausted and wanted him as far away as possible and she also had to get ready for her flight to phoenix at 11.

When Jan Wallace tried to tell him about the evening he put her through, he dismissed it and then asked her to loan him some more money because he had none for the taxi.

Then Jan Wallace yelled that he had used up all her cash on his partying. Parish got indignant and said he needed money. Wallace then had to go downstairs and get money from the ATM for Parish and herself to get to the airport.

After Parish had left Jan Wallace was feeling exhausted and emotionally drained. She then called Kyleen Cane and reported on what had happened during the evening and that she was leaving for the airport.

Jan Wallace did not return Parish's rental car like he had demanded

The next week she called Sue Johnson at Cane Clark and told her about Parish's car, she said she would handle it.

Wallace called Parish and left the message that the car was being handled by Sue Johnson

When Parish called Wallace he was ignorant and yelled at her that she should have returned the car and now he is going to have a big bill.

Jan did not hear from Parish Medley until 2005 when he needed an extension on the note assignment.

Claiming that he was raising money with several groups and would be using the notes, in the plan previously discussed, and that the blank assignment date had expired. Jan Wallace met with Parish Medley in LA at a restaurant out by the airport. Parish discussed openly the compensation he was willing to give to Jan Wallace for extending the Note. He was in the company of not only Jan Wallace but her attorney Claire and Claire's mother. Wallace wanted to know what was going on with the note and the company and when would these apparent Japanese investors be putting in the 10 million dollars, when would she get the stock and wanted 50,000USD to extend the note. **Parish went into dialogue disparaging Carlos Mondavi and the other junior** management, as to why things were taking so long, he continued in this form even though the other people present told him they knew Carlos.

Parish went on to explain that he would put the investor's names on the note but he could not spell their names.

Jan Wallace once again agreed to extend the assigned note for Parish and agreed to 10,000USD, once again believed in Parish as an officer.

Parish made an arrangement to meet Jan Wallace in Newport to sign documents and loaning funds.

The next day, Wallace who was still with Claire, told her of the meeting at Carls Jr. at the corner of 5030 Campus, near Jan Wallace's office. She also told Jim Brondino and Munjit Johal because she is always cautious of meeting Parish. Parish told Jan Wallace again at Carl's Jr. that everything was going well. He was closing 5 million and had his Japanese people and people in Texas giving him money, plus he could get more from **Mancuso** if he wanted. Parish pulled out the same assignment extension papers and Wallace signed **one or two extensions**. Wallace confirmed she was getting stock and Parish reached into his bag and instead of a cheque from Davi he gave Jan Wallace 10,000 in cash. Jan Wallace was surprised and took the money and deposited it in the Bank of America, in Scottsdale, Arizona. The next day Jan asked Parish Medley once again if things are going well in the company. He again complained about fellow officers, but assured Jan Wallace that they were going to make money. Davi was going to be successful.

Before or after or during the loan extension.

Parish called to ask if Jan wanted to raise 5 million for Davi. **Jan told him Kelly Black and she could do a raise, and outlined everything to him and told him they also had a product for him if Davi wanted to acquire a market ready product**. He said he was interested

Jan and Kelly went to San Diego, set up meetings, took people out as possible investors, introduced him to two groups in Phoenix that were ready to do 3 to 5 million dollars.

He flew to Phoenix and attended the first meeting.

Arranged a meeting with Michelle

Talked about acquiring Sedona Earth (mud) and **Manava,** a new men's product

Outlined the deal to him and he was all for it.

Jan and Kelly sent over the documents for the contract and the terms. He said that he would get back to Jan and Kelly after Vancouver

He did not call.

When Jan called him he was once again belligerent on the phone saying he is not paying any fees or expenses and that he was not interested in Jan and Kelly's funding. He never came back for any of the funding meetings and left Jan and Kelly to clean up the professional embarrassment.

Jan never spoke to Parish again

Around March 24^{th} Parish called Jan's cell phone and left his quaint message that he needed to talk to Jan.

Jan received the letters from the auditors of davi skin that they wish to know if it was Jan's note 200,000 + 30,000

Jan started to call Carlos

Mondavi or Joe Spellman I knew Parish had not done anything he said. I called the auditors

I called Parish and asked him what was going on. He said he needed to meet me. He was no longer with the company.

I spoke to Carlo and Josh and told them everything that has ever transpired with Medley. They were shocked but not totally surprised they were having their own problems with Parish

Parish agreed to meet Wallace at Carl's Jr. in Newport.

That day Claire, Munjit and Jim at 5030 Campus was shown the auditors letter by Wallace and told them what was going on. She also told them she was going to meet Parish at Carl's Jr. again.

Wallace called Carlos to let him know the meeting was happening

When Parish arrived he was trying to be charming

Then immediately wanted to know why I had called Carlos, Parish had a confidant in Davi. He was getting messages even though he was no longer employed as officer or director.

Wallace told Parish she will no longer believe what he says and why was the note still in her name. He wanted me to tell them I had transferred it and that he already had my signature in blank. He would do what he wanted. He tried to make some kind of deal with me. I told him I will not lie to the company or the auditors, he did not deliver my shares and if he tried to use my assignment in a fraud I will disclose everything to the company because it was obvious he would defraud me and Davi. He told me he was going to fill out today's date and assign the note. He did, he assigned it to Kagel, his attorney.

Wallace called the auditors and sent a response on the request they sent on ownership of the note and stated that I never assigned the note to Kagel and didn't ever know a Kagel and that the note if still in my name to stay that way. I also stated my opinion that Parish was a liar, cheat, and low moral character. I told Crystal to only pass the letter to upper management for Carlos or Joe Spellman. She passed it to the CFO.

Who sent it onto Parish (it was a confidential document). The CFO was also terminated with Parish but was only to stay to finish the annual reporting. She and her daughter were friends of Parish.

Parish sued Wallace for defamation

Kagel sued over the ownership of the note.

Wallace has never made a demand for the note.

Wallace/Black
Progress Report SDI
Time Period: April to June 30

Jan Wallace was hired into the position as President to guide the company's management and the Board of Directors to conduct the business of Secured Diversified Investment, Ltd. (SDI) as best represents a Publicly Traded company.

1. The first three months are to assess the viability of the company's mission statement as represented in its business plan, the management structure and the officers' ability to carry out this mission and the everyday running of the company.

2. Additionally, to assess the financial viability of the company; an examination of fiscal policy, assessment of cash flow, the company's balance sheet and the capability of the CFO to oversee auditors and legal council to guide them through the reporting structures required by the SEC.

3. Finally, an assessment of the contracts, obligations, assets, reporting structures, liabilities, stock positioning, share distribution and its values as they relate to the public market were determined.

   (1) The business plan of SDI is over-stated, lacking in detail, financial proformas and clearly is not a reliable product to release to the investor community. When asked, it was Gernot Trolf, the C.O.O., who over saw the creation of the business plan. Upon further investigation, as hard as he tries, Mr. Trolf was ill-equipped and ill-qualified to handle such a task and even though management is aware of his short comings, they still left it in his hands for years to accomplish. Wallace/Black tasked with the job of recreating a new business plan has been blocked because we are still to go through Mr. Trolf who does not want to step down. This work project has been on the agenda for 7 wks.

This same scenario exists with the website. Our receptionist, whose husband is a computer programmer, was asked to assist for a redesign of the website as a local solution, but once again, up to a week ago Mr. Trolf said he was in charge of it.

SDI committed $2,500+ $1,500 to Mr. Jamieson to write a business plan to no avail as the product was weak and thusly trashed at a loss to the company.

The management structure in the company is top-heavy "more Chiefs than Indians".

Cliff Strand, while qualified in the real estate market, is totally unqualified to run a public company. He lacks the knowledge to make sound decisions and looks to outside council for advice (an extremely costly burden to the company as demonstrated by Chris Wilson's bills.) Even then the advice cannot be assessed appropriately because he has no system of "checks and balances", the lack of personal prior experience makes it difficult for him to assess, rely or gauge the information. Thus, a chain of events, such as ill-fated contracts, deals with market makers, officers that have come and gone, and deal negotiations, has impacted the management down the chain of command and the whole company to its present dire condition.

I have yet to discover records from staff meetings, organizational plans, status reports or any other kind of reports or updates crafted by the CEO, the COO or the Vice President of this company as a regular course of business.

The personal business relationships between management, the Board, officers and outside contacts, are given priority when making business decisions resulting in financial harm to the company.

Examples:

Chris Wilson, lawyer, friend of Kachimata, the auditor, was instrumental in the "E" on the SDI trading symbol.

Don DuBeau, friends to Cliff and Bill. (the disastrous DuBeau deal.) cost the company $50,000USD.

Gernot Trolf: Mr. Trolf old shareholder of SCDI now C.O.O., has proven his consistent inability to handle just about every task under his management (T-Rex damage amounts to about $50,000 loss to the company. When I requested that Mr. Trolf be removed, I was met with opposition on that decision based on "oh, he will sue" or "he's been here so long, he drives all the way from San Diego," "why don't we just pay him and move him into NCB" or "let's just find something for him to do."

Gernot Trolf: Mr. Trolf has no fit in his role as C.O.O. or the ability to handle the majority of the tasks he considers under his job description. He has mishandled virtually every asset in the SDI family of properties. He just barely avoided the threat of a harassment suit from a former receptionist. He develops problematic relationships between he and property managers. He has caused rental losses from T-Rex. The company should remove this position, the title and eliminate the payroll burden.

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Cliff Strand: Mr. Strand CEO runs the company like that of a private entity. He does not grasp that the responsibility of a CEO is, "<u>the buck stops here</u>". No matter the prior management inabilities, the blame cannot be shifted. It cannot always be someone else's fault, never his. If he truly possesses the capabilities of his title and has the sufficient knowledge to counter poor decisions, he would have a better, more successful company. <u>He does not</u>.

Bill Biddle: Mr. Biddle serves as Vice President of Acquisitions. Bill Biddle's ability to harness "good properties" is not a sufficient qualification to retain him as a full-time employee or an officer of the company. First, he can do this from anywhere; instead he drives 2 days a week running up expenses for the company, commanding a large salary that the company cannot afford. There has been no activity for almost 2 years in acquisitions.

As a director he has no knowledge of the public market or the ultimate responsibility of holding a seat and the ramifications of his decisions on a public Board. His personal behavioral habits cannot be tolerated. His constant yelling and barrage of threats to fellow officers and employees, and his inability to follow procedure and guidelines is a recipe for disaster. His style of presentation does not instill outside investors with confidence. While his personal contributions are heart felt and personality charming, the company should take the appropriate business steps to neutralize the situation.

Munjit Johal: Mr Johal serves as CFO, and has demonstrated a high degree of competence and great patience in dealing with individuals who are inexperienced in understanding the financial processes necessary to keep this company reporting according to the rules set out by the SEC, or of even simple accounting practices. Poor legal counsel via Chris Wilson, and Cliff Strand, CEO, who wants to argue with procedures he does not understand, has stymied and put him in harms way, as a signing officer of the company. Cliff authorizes expenditures with little responsibility to its loss or consequence to the company's bottom line, or profitability.

It was Mr. Johal who was first to forgive accruals, and took no personal stock incentive to reduce the debt of the company. It took 6 weeks to work out contracts that reduced approximately $750,000 dollars of debt off the books of the company, which will result in a positive quarter for the first time on the company's books. Mr. Johal is an officer of this company and deserves his salary.

Jim Brondino: Mr. Brondino is a consultant to the company. M r. Brondino brings some much needed conservatism and organization to the company's property acquisitions and on-going property management. He is focused and diligent in his tasks and has the experience to make sound decisions. He is instrumental in delivering a high quality work product that will help the company to become more efficient and consistent in its documentation. These products will move the company forward while, removing the ill-fated guess work that presently exists

. (2) Financially the company is virtually insolvent. Its debts cannot be serviced by its income stream. The auditors also have a "going concern" on the books. The company has just come off of an "E" on its symbol, which impedes the company's ability to raise capital. The stock is depressed with no trading

volume. The float of the company, (2 million shares), has been impaired, which makes it impossible to make a market in the stock. Millions of shares of stock will be free-trading shortly, which will once again put pressure on the stock.
Munjit, the CFO, the auditors and Kyleen Cane, the company's present S.E.C. attorney, are poised to file the needed amendments, because of the "E," to get the company back in proper reporting order. The shortage of capital requires that Munjit has no choice but to freeze company funds in order to use cash proceeds where it is most needed. He is ultimately tasked to take care of the financial status of the company and is personally libel under the Sarbanes-Oxley Act. His decisions must be heeded, as it is his responsibility. I support him 100%.

The Board must look at all alternatives, including a Chapter 11 re-organization in order to protect the company's assets if so required. The Board cannot sit back and wait for $2 million "on the come" from the sale of the Cannery as a solution.

Part of my mandate is to bring capital into the company. The "E"on our symbol was our first impediment to bring investors. The second was the heavy burden of the payroll debt of the company and the over inflated salaries. Every investor Wallace/Black introduced to SDI was not interested in putting "new money to pay old debt" All of this was relayed to Cliff and Bill and Gernot. Actions were taken to re-write contracts. Bill said he would not sign and give up anything unless he sees an investor that can deliver. Against my better judgment, I brought in an investor, Mr. Leonard Yablon, at my own expense. My assessment was that the company, under due diligence would not stand up, the enclosed report is the outcome.

Immediate cash infusion is mandatory to the survival of SDI

(3) Following are contracts, liabilities, shares and law- suits on going and or settled.

-Duane Schwaab- settled at a cost of $1,800 gain to the company, plus share certificates were issued dating back 16 months.

-Carlos Royal- Approximately $21,000 of an outstanding commission payment was settled for $10,000 cash $5K+$5K over two months and the rest in stock certificates which were delivered.

Bob Jaimieson (on-going) $1,500 for a business plan this is still outstanding, but feel very confident that we will lower it by half.

-Louis Leon law-suit is on going. $15,000 has already been spent. We are looking for a summary judgment. The suit is dependant on Cobra issues

The release of the services by Chris Wilson, attorney, who was a totally ineffectual attorney for SDI. His poor advice will be felt through this company for a while.

- He has moved out of our offices. He owes rent and is holding over $5,000.00 deposited in our trust account and will not release these fund. Presently, SDI is getting the documents to file a complaint to the Bar in California.

- REIT shares; the float of the company shall be restated on the company's books to add 2 million free-trading shares. This may create a negative impact on the share holdings of Cliff Strand, Bill Biddle, Bob Leonard, Sumy Leonard and Wayne Sutterfield, but is a great positive impact to the company. It will be placed back to where it should have always been. It allows the company to access market makers to make a market in the companies stock, which will add value to the company and its shareholders.

- A new competent SEC. attorney is in place, and will reduce costs associated with the filings of the company by half over that of last years costs, under Chris Wilson.

- Also on going corporate counsel has been retained and available to the company for only $2,000.00 per month.

- Installed organizational charts and documents to assist with due diligence pertaining to our present and future properties, including financial forms to track our monthly rent rolls.

- Removed old employment contracts and accruals to a reduction of debt of over approximately $750,000USD.

- Issuance of stock to multiple parties that have been outstanding for over a year.

- Clarification of the company's bylaws, compensation and audit committee for the officers and directors to properly account for the company.

    - T-Rex (on going) The company is in a default position of about $46,000.00. Notice has been given by Gary Vandenberg. Company has set up a task force to handle the problem: Jan Wallace – negotiation

- Jim Brondino – day to day monitoring of T-Rex Business.
- Cliff Strand - to market and rid the company of the T-Rex from SDI It is presently on the book at zero valuation. Presently Jan has negotiated a stand still until after the board meeting (E-mails enclosed).

- A standstill oral agreement is in place over a 30,000USD agreement with a marketing company that was signed a year ago by Mr. Strand. We have informed the company that we will not pay towards this agreement. At best, they may want to accept 3,000USD as a form of settlement.

Every day more issues come up and is handheld swiftly there is no longer any time to leave issues to ponder.

In closing, I was hired to spend 3 days a week on the business of SDI at $8,500 a month. I presently spend twice that time on the business of SDI and have the cell phone and office phone records to prove it. The present management of SDI is ineffectual. What they don't know or understand, their inability to change to formal structure, to remove personal involvement from business issues, which only clouds their ability to make decisions to problems that present themselves on a daily basis, will only bring further harm to the company.

My first 3 months and my ability to effectuate change could have taken much less time than it has, if the education process with management had not been so consuming. So, all personalities aside, this Board is presented with hard business decisions. This is a public company and an on-going business. My recommendation is to create a plan to remove Cliff Strand as CEO, Bill Biddle as Vice President of Acquisitions and Gernot Trolf as COO of SDI. Munjit to immediately put tight financial constraints in place to reduce overhead and personel until the company has cash infusion.

-Allow Jan Wallace to work with Jim Brondino to assess the company's assets and fix, sell or renegotiate leases for the company's properties.

-Allow Jan Wallace to run the day to day operation of the business as is necessary in a public company.

Otherwise leave everything status quo and proceed as you see fit.

Yours respectfully

Jan Wallace
Chairman, Wallace/Black

From: jardin wallace [jardin.wallace@gmail.com]
Sent: Tuesday, March 25, 2008 3:26 PM
To: Mark E. Phillips
Subject: Re: Panama

i want to fly by private plane. kyleen and i have been planning i also want to sell the cayman property, now in the works, and buy citizenship thru natural resourse support to the country you can come

From: Leanne Perrin [Leanne.Perrin@yorkstreet.bm]
Sent: Wednesday, March 15, 2006 10:27 AM
To: jan wallace
Subject: RE: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

These amounts were paid feb 21, 06

Thanks,
Leanne

-----Original Message-----
From: jan wallace [mailto:janwallace@att.net]
Sent: Wednesday, March 15, 2006 12:35 PM
To: Leanne Perrin
Subject: RE: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

Leanne I will send the 5000usd today for the accounts jan

-----Original Message-----
From: Leanne Perrin [mailto:Leanne.Perrin@yorkstreet.bm]
Sent: Tuesday, January 31, 2006 10:24 AM
To: janwallace@att.net
Subject: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

Please find attached invoices for the above company's along with wire instructions for your convenience.

Regards,

Leanne Perrin CA
27 Reid Street, 1st Floor
P.O. Box HM 3051
Hamilton HM NX
Bermuda

Telephone: (441) 295-4754 or (441) 295-1820
Facsimile: (441) 295-5491
Email: leanne.perrin@yorkstreet.bm
Website: www.st-georges.com or www.water-street.com

<<BSS USD wire transfer instructions.pdf>> <<1374 Arch Ltd.pdf>> <<1236 Sunshine Ltd.pdf>>

BRIDGE STREET SERVICES LIMITED

USD WIRE TRANSFER INSTRUCTIONS

Correspondent Bank:	HSBC Bank USA 452 Fifth Avenue New York, NY 10018 U.S.A. SWIFT Code: MRMDUS33 FED ABA: 021001088 CHIPS ABA: 0108
Beneficiary Bank:	The Bank of Bermuda Limited 6 Front Street Hamilton HM 11 Bermuda SWIFT Code: BBDA BMHM
Beneficiary Account Number:	1010-956504
Beneficiary Account Name:	Bridge Street Services Limited Reference: Client and/or Company Name

Bridge Street Services Limited

Marquee Place, Suite 300
430 West Bay Road
P.O. Box 30691 SMB
Grand Cayman
Cayman Islands, BWI

INVOICE

Our ref: 8ULNN8G9/1236	01/11/2005

LOM Securities (Cayman) Limited
Buckingham Square, Penthouse
P.O. Box 30997SMB
West Bay Road, SMB
Cayman Islands

Sunshine Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00
Grand Total:	USD 2,500.00

Invoice is payable upon receipt
Please ensure prompt payment on or before January 31, 2006
to avoid penalty fees

Bridge Street Services Limited

Marquee Place, Suite 300
430 West Bay Road
P.O. Box 30691 SMB
Grand Cayman
Cayman Islands, BWI

INVOICE

Our ref: 8UML06T4/1374	01/11/2005

Ms. Devi JOHAL
LOM Securities (Bermuda) Limited
The LOM Building
27 Reid Street
Hamilton HM 11
Bermuda

Arch Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00

Grand Total:	USD 2,500.00

Invoice is payable upon receipt
Please ensure prompt payment on or before January 31, 2006
to avoid penalty fees

From:	Kelly Black
To:	janwallace@att.net; jwallace@att.net
Subject:	FW: Listings
Date:	Wednesday, July 12, 2006 9:56:56 AM
Attachments:	Agreement Secured Diversified Investment Ltd.doc Freiverkehr Trading Segment.pdf FWBe10 06-05-29.pdf

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From: Sebastian Ostermann [mailto:Sebastian.Ostermann@rg-securities.com]
Sent: Monday, July 10, 2006 11:53 PM
To: kblack@premierfundingservice.com
Cc: 'Rainer Bergmann'; 'Sergey Kozlov'
Subject: Listings

Hi Kelly,

hope everything is fine?

Regarding your request, please find the agreement for **Secured Diversified Investment Ltd.**, information about the trading segment and the official rules and regulations of the Frankfurt Stock Exchange for your information attached.

Can you please take care, that we get the signed agreements for your other companies asap.

We did send you the sample (see attached), normally we prepare the agreement for you but in this case we are not able to get all the information about the company.

Please take care that the company sets up regular homepages for the investors to have a look at the company.

Thx in advance.

Bets Regards
Sebastian

Sebastian Ostermann
Assistant

RG Securities AG
Wertpapierhandelsbank
Goetheplatz 4
D-60311 Frankfurt am Main

Fon: +49 (0) 69 / 92 18 93 214
Fax: +49 (0) 69 / 92 18 93 5214
Email: sebastian.ostermann@rg-securities.com
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Financial Crimes Enforcement Network

The Role of Domestic Shell Companies in Financial Crime and Money Laundering:

Limited Liability Companies

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Department of the Treasury
Financial Crimes Enforcement Network

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► Executive Summary and Key Findings

By virtue of the ease of formation and the absence of ownership disclosure requirements, shell companies – generally defined as business entities without active business or significant assets – are an attractive vehicle for those seeking to launder money or conduct illicit activity. While business entities generally, and shell companies specifically, have legitimate commercial uses, this lack of transparency in the formation process poses vulnerabilities both domestically and internationally.

The advantages of using these business entities for legitimate business purposes are in some senses outweighed by the potential for abuse presented by some entities, and by the risks to and potential deleterious effects on the financial system that result from lack of transparency regarding beneficial ownership.

Although the focus of this paper is on limited liability companies, other business entities, including trusts, business trusts, and corporations, are also vulnerable to abuse. The intent is to demonstrate the nature of the vulnerabilities that limited liability companies present, provide examples of known abuses, and present some specific steps which can be taken to reduce the risk to the financial system while preserving the advantages of limited liability companies for legitimate business use.

It is anticipated that attention will be given in the future to studying other business entities which are subject to abuse and illicit use as shell companies or to otherwise mask ownership for illicit purposes.

This report does not attempt to address tax policy issues regarding shell companies. The vulnerabilities addressed are those that relate to the use of shell companies to facilitate money laundering and financial crime in general.

Key findings

The following key findings demonstrate the vulnerability of shell companies to misuse, and the imperative to formulate appropriate responses to address the issue.

- Domestic shell companies (LLCs and other varieties) have some legitimate and legal uses, but the ability to abuse such vehicles for illicit activity must be continually monitored.
- Domestic shell companies can be and have been used as vehicles for common financial crime schemes such as credit card bust outs, purchasing fraud, and fraudulent loans.
- The use of domestic shell companies as parties in international wire transfers allows for the movement of billions of dollars internationally by unknown beneficial owners. This could facilitate money laundering or terrorist financing.
- Company formation agents and similar service providers play a central role in the creation and ongoing maintenance and support of domestic shell companies, some of which appear to be used for illicit purposes domestically and abroad.
- Based on our research, states do not appear to impose effective accountability safeguards on company formation agents and similar service providers to ensure that the business entities they create, buy, sell, and support are not violating state laws

specifying that the companies be used only for lawful and allowable purposes.[1]

- There is currently no requirement that these service providers report suspicious activity involving the shell companies they have created, bought, sold, or supported, nor are there requirements or procedures to identify beneficial owners in certain jurisdictions if illicit activity is suspected.

- Certain domestic jurisdictions, especially when serviced by corrupt or unwitting service providers, are particularly appealing for the creation of shell companies to be used for illicit purposes.

- The LLC, particularly when organized in a state which does not require reporting of information on ownership,[2] provides an attractive vehicle for a shell company because it can be owned or managed anonymously and is inherently vulnerable to abuse.

Steps Forward

FinCEN is undertaking three key initiatives to deal with the issues addressed in this report and to mitigate risks posed by shell companies:

1. Concurrent with this report, FinCEN is issuing an advisory to financial institutions highlighting indicators of money laundering and other financial crime involving shell companies, and reminding financial institutions of the importance of identifying, assessing, and managing potential risks associated with providing financial services to such entities.

2. FinCEN is continuing its outreach efforts and communication with state governments and trade groups for corporate service providers to discuss identified vulnerabilities, and to explore ways to address vulnerabilities in the state incorporation process, particularly with respect to the lack of public disclosure and transparency regarding beneficial ownership of shell companies and similar entities.

3. FinCEN is continuing to collect information and studying how best to address the role of certain businesses specializing in the formation of business entities in its effort to reduce money laundering and related vulnerabilities in the financial system through the promotion of greater transparency.

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[1] A few states – most notably Delaware — impose "standards of conduct" on persons serving as "registered agents." For example, the Court of Chancery in Delaware can enjoin a person from serving as a "registered agent" if the person has engaged in criminal conduct or in conduct that is likely to deceive or defraud the public. Service as a "registered agent" forms only part of the services that company formation agents and similar service providers often offer their clients. Moreover, a business entity need not organize or conduct activities in Delaware or any other state that imposes "standards of conduct."

[2] Although some states require the reporting of information on ownership, no state requires the reporting of information on beneficial ownership. An individual may own an LLC indirectly, through nominees and other business entities. The Securities and Exchange Commission (SEC) addresses the potential through the concept of beneficial ownership, which the SEC defines as holding the rights of ownership "directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise." The concept of beneficial ownership would require an LLC – when reporting information – to "look through" nominees and business entities.

► Uses and Abuses of Domestic Shell Companies

The term "shell company" generally refers to limited liability companies and other business entities with no significant assets or ongoing business activities. Shell companies – formed for both legitimate and illicit purposes – typically have no physical presence other than a mailing address, employ no one, and produce little to no independent economic value. Shell companies are often formed by individuals and businesses to conduct legitimate transactions, such as domestic and cross-border currency and asset transfers, or to facilitate corporate mergers and reorganizations.

Shell companies can be publicly traded or privately held. Although publicly traded shell companies can be used for illicit purposes, the vulnerability of the shell company is greatly compounded when it is privately held and beneficial ownership can more easily be obscured or hidden. Lack of transparency of beneficial ownership can be a desirable characteristic for some legitimate uses of shell companies, but it is also a serious vulnerability that can make some shell companies ideal vehicles for money laundering and other illicit financial activity.

One of the common uses for a shell company is in the *reverse acquisition*.[3] The procedure will often involve a simple acquisition of a shell company, with shares of a private company used as consideration. The shell company, which at one point may have been an active company publicly traded on a stock exchange, issues shares to the shareholders of a private company sufficient to give those shareholders a majority interest in the shell company, thereby effectively taking the private company public without the usual costs associated with an initial public offering, and giving shareholders of the private company control over the shell company. It should be noted that the shell company in the reverse acquisition is often a formerly active company, not one created solely to be a shell.

[3] Also known as a *reverse merger or takeover*.

The reverse acquisition process has in the past been subject to abuse. For example, if the expected value of the private company is fraudulently exaggerated, investors buying into the company may lose a considerable percentage of their investments when the company turns out to be worth much less. Those who fraudulently promoted the company have at that point already sold their stock and made a handsome profit. These "pump and dump" schemes often involve shell companies with low market capitalization whose stock trades at pennies per share on the "pink sheets" (www.pinksheets.com), OTC Bulletin Board, or other over-the-counter trading and information systems. One indicator of this scheme is concentrated trading in normally thinly traded stocks. Ralph A. Lambiase, former president of the North American Securities Administrators Association (NASAA) and director of the Connecticut Division of Securities, noted in 2004 the existence of "a steady stream of fraud and misconduct in the distribution and manipulation of shares of shell companies and the companies that combine with shell companies."[4]

Some steps have been taken to prevent this type of abuse. For example, the SEC adopted rules on June 29, 2005 designed to protect investors in the securities markets from fraud and abuse involving the use of shell companies, while allowing the use of shell companies for legitimate corporate structuring purposes.[5] The SEC's rules are disclosure-oriented

Shell Company Domestic Abuses

Pump and dump	Over invoicing
Credit card bust out	False invoicing
Fraud	

[4] "NASAA Wants All Merged Shell Companies to Provide Full Disclosure, Transparency," *M2 Financial Wire*, 06/28/2004.
[5] SEC Release Nos. 33-8587; 34-52038; International Series Release No. 1293; File No. S7-19-04, "Use of Form S-8, Form 8-K, and Form 20-F By Shell Companies," 70 FR 42233 (July 15, 2005).

and require the public reporting of information that would then be accessible through the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR). The SEC acknowledged in its rulemaking that companies and their professional advisors often use shell companies for many legitimate corporate structuring purposes, such as certain change of domicile or business combination transactions.

Shell companies may play a role in common financial crime schemes such as the credit card bust-out, whereby credit is built up on cards using false identities, then phony transactions with cooperating businesses or shell companies are made and the phony charges are received as payments from the unsuspecting credit card companies. Referring to a case involving a foreign national who is suspected of providing bust-out proceeds to terror groups, FBI Intelligence Analyst Joseph Enright said, "one of the co-conspirators in the bust-out case linked to the New York case had an American identity under one name, with which he incorporated shell businesses and obtained checking accounts, and a completely different 'new name' under which he obtained a passport from his native country."[6] Additionally, the complicit businesses may change names, director names, and addresses on official documents to throw investigators off the track.

A technique commonly seen by corporate accountants involves an employee over-invoicing or creating false invoices and pocketing the difference. The director of a nutritional supplement company was convicted of money laundering in 2004. He had set up a shell company and was paying false invoices for the purchase of nutritional supplements. In addition, he received kickback payments from another nutritional supplement company in exchange for purchasing their products. His company was established by a service provider that also provided mail and phone forwarding for the shell company.[7]

The latter example indicates that the individuals or companies that create shell companies may play a significant role even after the shell is created and sold. In fact, a convenient and popular service combines formation with ongoing support.

One Delaware-based service provider provides formation services as well as mail forwarding services, telephone lines, e-mail accounts, and accounting services to file tax returns. A number of suspected shell companies created by this firm appear in Suspicious Activity Reports.

Forming and supporting small companies is neither difficult nor expensive, and requires no special skill other than understanding the laws in the various states. The majority of shell companies sold to foreign interests appear to differ significantly from those used in reverse acquisitions, for example, in that they appear to have been set up solely for purchase and were not "aged" or put on the shelf after some period of actual operation (though they, too, may not be used immediately). This type of shell appears to have few legitimate uses, and can fairly easily be employed to disguise ownership or movement of assets or to facilitate illicit activity.

A report by the U.S. General Accounting Office (now the Government Accountability Office) in 2000 provided information on another service provider whose business provided approximately 2,000 shell companies to clients based in Moscow, Russia. The report did not uncover the purpose of these companies, but did describe some interesting aspects of a phenomenon that appears to be continuing today on a large scale – the use of domestic shell companies to hide the ownership and purpose of billions of dollars in international wire transfers. This phenomenon has been drawing increasing attention both domestically and abroad due to the large amounts of money involved and the secretive nature of the companies and their transactions. The Financial Crimes Enforcement Network has previously examined the use of domestic shell companies in these transactions and has provided input to the Financial Action Task Force (FATF).

► Advertised Services for Shell Companies

Internet searches reveal that numerous service providers advertise services for shell companies, such as resident agent and mail forwarding services. Shell companies may also purchase corporate office service packages in order to establish a more significant local presence. Advertised prices for these packages, which often include a state business license, a local street address and an office that is staffed during business hours, a local telephone listing with a live receptionist, and 24-hour

[6] "Are bust-out schemes financing terror?," *Vision*, FBI New York, 04/07/2005.

[7] "Information issued by U.S. Attorney's Office for the Northern District of Texas on March 11: Former director of sports nutrition at Texas Tech University sentenced to 33 months in federal prison," *US Fed News*, 03/11/2005.

personalized voicemail, range from $900 to $1950 per year in the research sampling. In addition, service providers may offer assistance in opening local and foreign bank accounts for the shell company. For example, in the GAO report cited earlier, it was revealed that two service providers created 236 accounts at two U.S. banks which were the recipients of about $1.4 billion in wire transfers.

Service providers may also sell aged "shelf companies." Prices for these companies vary depending on the year and state of organization (older companies commanding higher prices), as well as factors such as whether the shelf company has an employee identification number (EIN), received a Paydex score, filed non-activity tax returns, previously had a bank account, or currently maintains a bank account. Advertisements by some service providers contend that the main advantage for purchasing a shelf company is to provide the appearance of longevity to the business, particularly for the purpose of meeting minimum age requirements when obtaining leases, credit, and bank loans.

In order to preserve a client's anonymity, some service providers promote a variety of nominee services including:

- **Nominee EIN**: Shell companies may obtain an EIN without providing the client's EIN on the application.

- **Nominee officers and directors**: Service providers may set up nominees for those offices in the shell company that appear on the public record in order to eliminate the client's name from secretary of state records. In addition, a client can retain ownership and operational control through confidential stock ownership or appointment to offices that do not appear on the public record (*e.g.*, vice president).

- **Nominee stockholders**: The client may use nominee stockholders to create an additional layer of privacy while maintaining control through an irrevocable proxy agreement.

- **Nominee bank signatory**: A nominee appointed as the company accountant accepts instructions from the client.

► Limited Liability Companies

Though there are other types of business entity available, a very common type formed and operated as a shell company is the limited liability company (LLC). In fact, the LLC makes an attractive vehicle for a shell company. Some LLCs can be owned or managed anonymously, and are therefore inherently vulnerable to abuse. Virtually anyone can own or manage an LLC, including foreign persons and other business entities. A *member* of an LLC is equivalent to a shareholder in a corporation. A *manager*, on the other hand, is equivalent to an executive officer or a member of the board of directors. An LLC may lack managers, in which case the members would manage the LLC. Some states do not require the names or addresses of members or managers. In some cases, only the names of managers and not members (owners) are reported.

According to the International Association of Commercial Administrators (IACA), an organization that solicits annual reporting from the states, of the states reporting, there were more than 4.9 million LLCs active or in good standing at the end of 2005 (See Figure 1).[8]

[8] Referenced figures and tables are located at the end of the report.

LLCs

Limited liability companies first became widely available in the U.S. in the early 1990s. The German version (GmbH, or *Gesellschaft mit beschränkter Haftung*) has been in existence since the late 1800s. The LLC is a hybrid form of business entity that can protect the owners effectively in the case of legal action. Like a corporation the LLC structure removes the members and managers from liability, and, like a partnership, it provides certain tax benefits. It is considered a "pass-through" arrangement because the individuals are taxed rather than the company (unless the company elects to be taxed as a corporation.). An LLC is easier to set up than a corporation and LLCs are subject to relatively few procedural requirements relating to the governance of the business entity.

As reported to IACA, the following five states had the most LLCs active or in good standing in 2005 (AK, IN, NM, PA, and WY did not report this statistic):

State	LLCs Active or in Good Standing (2005)
Delaware	333,565
California	325,738
Florida	293,845
New York	275,503
Michigan	274,940

Out of 35 states reporting (Michigan and Florida, among others, did not report this statistic), the top five states for revenue collected from LLC initial filings in 2005 were:

State	Revenue Collected in 2005 (initial filings)
Illinois	$13,639,250
Texas	$12,021,100
New York	$11,281,600
Delaware	$8,779,200
Massachusetts	$7,184,000

California was ninth with $4,901,680 collected. See Figure 2 for an example from Nevada of the various fees which contribute to the revenue generated by LLCs.

Illinois reported 138,256 LLCs active or in good standing in 2005. All of the above figures include both domestic and foreign LLCs. States use the term *domestic* to refer to business entities formed in their state. A *foreign* business entity is considered one formed in a state or jurisdiction other than the one to which it is applying for registration. A foreign LLC must file with the state in order to "do business" in that state. It is important to understand that companies owned by out-of-state or foreign persons or entities are formed as domestic LLCs unless they were originally formed in another jurisdiction. Therefore, newly created shell companies owned by such persons or entities will often fall into the domestic classification.

Reporting to IACA shows an increase for most states in the number of new LLC filings in the last five years (see Figure 3), with Florida posting the greatest percentage increase – 410.67% – from 2001 to 2005. Pennsylvania is next with 215.08%. For 2005, IACA reports show that Florida was the leader for new domestic LLCs (123,437 compared to the next highest by Delaware at 87,360) and the leader in total LLCs formed between 2001 and 2005 – 357,239. California was the leader in registration of foreign LLCs in 2005 (10,593 reported, compared to the next highest by Florida at 7,121).

► The Vulnerability of Certain States based on their Laws

Figures 4 through 8 illustrate the trends in LLC formation in four states – Delaware, Nevada, Oregon, and Wyoming – that are representative of those that have formation and reporting requirements which may be attractive to those persons seeking to hide illicit activity within the framework of shell companies. It is important to note that these same requirements also attract legitimate business activity. A comparative discussion of the formation of limited liability companies in these and other states follows.

► Limited Liability Company Requirements

Limited liability companies in Delaware, Nevada, Oregon, and Wyoming may be formed by one or more persons. See Table 1 for a comparison of the four states' initial formation requirements and fees. The certificate of formation required to form LLCs in these states must include the name of the LLC and the name and address of the registered agent and registered office. See Figure 9, Delaware's Certificate of Formation, for an example.

A critical element in the formation of a shell company to be used for illicit purposes is the lack of transparency regarding ownership. States whose laws do not require LLCs to report the identities of members or managers will be most attractive to persons seeking to form a shell company for illicit purposes. (However, even a requirement to identify a member or manager can be thwarted through the use of nominees or fictitious identities.)

The categories that follow are based on degrees of transparency assigned on the basis of FinCEN's preliminary understanding of each state's reporting requirements. The states in the first category offer the least transparency. All limited liability companies organized or "doing business" in a state must file one or more of the following documents – articles or a certificate of formation or organization, periodic reports, and an application for registration as a foreign entity. We have placed states in categories based on whether a limited liability company must report information in at least one of these documents. In addition, we have placed states in categories based on whether the limited liability company must report information on at least one person – and not all of them. To illustrate, if a state requires a limited liability company to report in a certificate of formation the identity of only one member and only one manager – and requires reporting of the information in no other document -- then the state will have been placed in the last category.

The statutes of a few states include language requiring the execution or signing of a document by a person whose identity the limited liability company need not report in the body of the document itself. For example, a statute may impose no requirement to report the identities of either members or managers. The statute may nevertheless indicate that "a member or manager must sign documents filed with the Secretary of State." Since the language is intended to ensure that the filing of a document is duly authorized – and not to ensure that the limited liability company includes information on members or managers – the language has no effect on the category in which the state would fall.

Fourteen states impose no requirement to report the identities of either members or managers. These states are listed below:

Arkansas	Mississippi
Colorado	Missouri
Delaware	New York
Indiana	Ohio
Iowa	Oklahoma
Maryland	Pennsylvania
Michigan	Virginia

Eight states and the District of Columbia require a limited liability company to report the identities of managers only. These jurisdictions do not require a limited liability company to report the identities of members, even when the limited liability company has no managers:

Massachusetts	Tennessee
North Carolina	Vermont
Rhode Island	Wisconsin
South Carolina	District of Columbia
South Dakota	

Twenty-four states require a limited liability company to report the identities of members, but only when the limited liability company lacks managers. These states are listed below:

California	Nebraska
Connecticut	Nevada
Florida	New Hampshire
Georgia	New Jersey
Hawaii	New Mexico
Idaho	North Dakota
Illinois	Oregon
Kentucky	Texas
Louisiana	Utah
Maine	Washington
Minnesota	West Virginia
Montana	Wyoming

The following four states are the only ones that require a limited liability company to report the identities of members regardless of the existence or number of managers:

Alabama	Arizona
Alaska	Kansas

Therefore, 47 jurisdictions in the U.S. exist in which ownership of an LLC may legally remain unreported, depending on how the LLC is structured. (And, as noted above, the conclusion does not address the potential for concealing identity through the use of nominees or similar mechanisms.)

The 14 states that impose no requirement to report the identities of either members or managers provide the least transparency. The following table identifies their ranking in terms of number of new LLCs formed in 2005 and the percentage increase (if available) from 2001 to 2005 according to reporting to IACA (also see Figure 3):

States with Lesser Transparency	Rank (of 47 reporting): New LLCs - 2005	% Increase in New LLCs 2001-2005
Delaware	2	102.13%
New York	5	111.87%
Michigan	8	86.28%
Colorado	9	133.37%
Ohio	11	92.77%
Virginia	13	136.08%
Maryland	15	106.81%
Missouri	16	N/A
Pennsylvania	19	215.08%
Oklahoma	30	N/A
Mississippi	32	N/A
Arkansas	35	107.29%
Iowa	37	109.20%
Indiana	N/A	N/A

Similarly, taking the average increase for each of the four groups of states yields the following comparison:

Comparison of states	
Level of Transparency (Least to Most)	**% Increase in New LLCs 2001-2005**
No Reporting of Managers or Members	120.09%
Reporting of Managers Only	112.00%
Reporting of Members When an LLC Lacks Managers	146.68%
Reporting of Managers and Members	138.75%
Average of all states reporting:	133.37%

- The average increase in new LLCs from 2001 to 2005 for the states with the least transparency was 120.09%.
- The states that provide the next level of transparency averaged a 112.00% increase from 2001 to 2005.
- The states that require information on members only when an LLC lacks managers had an average increase of 146.68%.
- The four states that provide the greatest level of transparency averaged an increase of 138.75%.
- The average increase in number of LLCs (2001-2005) for all states reporting to IACA was 133.37%.

In terms of percentage increase in new LLC filings there appears to be no definitive correlation between level of transparency and preference of a state for LLC formation. States with more transparency have exhibited slightly higher growth on average than states with less transparency, but there is much variation within each category. Other factors appear to account for the relative popularity of certain states over others.

Of the four states which are often recognized as being particularly appealing for the formation of shell companies (Oregon, Wyoming, Nevada, and Delaware)[9], only Delaware falls in the group offering the least transparency. The other three states fall in the group offering a moderate level of transparency.

A preliminary conclusion based on the above information suggests that having all states require LLCs to report the identities of members and managers would not significantly affect the number of LLCs formed or the relative balance among states. Therefore, it appears that the vulnerabilities of the states which provide less transparency could be reduced through requiring greater transparency without a major effect on revenue generated for those states. In contrast, the ensuing benefits to law enforcement and regulatory entities of greater transparency could prove significant.

[9] *See, e.g.,* Money Laundering Threat Assessment Working Group, "U.S. Money Laundering Threat Assessment," (Dec. 2005) at pp.47-50; U.S. Government Accountability Office Report No. GAO-06-376 to the Permanent Subcommittee on Investigations, U.S. Senate, "Company Formations: Minimal Ownership Information is Collected and Available" (April 2006).

Abuse of LLCs

The LLC can be used as a vehicle or tool in a wide range of illicit activity. The potential lack of transparency and ease of formation could make it useful for money laundering and other financial crime. Examples include:

Becs International LLC was a key company in a high profile case which broke in 1999 involving Russian money moved through the Bank of New York and a large network of shell companies.

Capital Consultants, LLC was at the center of an elaborate scheme to defraud benefit plan investors of hundreds of millions of dollars. Investigations started in 1993 and ended with the indictment of 11 individuals, seven of whom pled guilty and one of whom was convicted in a bench trial. Several shell companies were involved, including **Sterling Capital LLC**, **Brooks Financial LLC**, and **Beacon Financial LLC**. In a statement given to the Senate on June 9, 2005, Alan D. Lebowitz, Deputy Assistant Secretary for the Department of Labor's Employee Benefit Security Administration (EBSA) said, "The scheme was of great sophistication and had a veneer of respectability provided by the cooperation of so many professionals including attorneys, accountants, and investment advisors. EBSA's investigation uncovered a complex scheme to defraud investors through the unprecedented use of newly created shell companies, paper transactions, and false reports."

A lawyer in Oregon was sentenced to prison in February 2004 and forced to pay restitution of more than $400,000 for engineering several fraudulent loan schemes. He used a shell company to help defraud five different financial institutions.

Again, other factors may be at work in determining the preference of one state over another for the organization of a shell company. These might include considerations of convenience as well as availability. For illicit purposes, the services and advice of particular service providers may be another key factor.

There are additional issues concerning business activity conducted by LLC shells. While a shell company by definition has little or no assets, it may act as a conduit for the transfer of funds between third parties and members of the company. There are no requirements that the company report activity as a conduit. Many states do not consider the LLC to be "doing business" in the state simply because it maintains an account at a bank in that state. In that case, the LLC need not be registered with the state as a foreign business entity if it is not otherwise active there. Similarly, many states consider "isolated transactions" as falling outside the definition of "doing business" in the state. Therefore, an LLC conducting isolated transactions as a conduit may have no obligation to register as a foreign business entity. The LLC could organize in a state offering the least transparency and conduct activities in a number of other states without reporting the identities of members or managers.

There are additional ways to further obscure ownership and activity. For example, because an LLC can be owned or managed by one or more other business entities – a corporation, a limited partnership, a general partnership, a trust, or even another LLC – layers of ownership can be devised which make it highly unlikely that relations between various individuals and companies can be discerned, even if one or more of the beneficial owners are actually known or discovered. In Delaware and other states, an LLC serving as a member or manager for another LLC is not considered to be "doing business" in the state solely by reason of being a member or manager of the other LLC. An LLC serving as member or manager of another LLC could organize in a state offering the least transparency and conduct activities in a number of other states without reporting the identities of members or managers.

An additional benefit that applies equally to LLCs (or corporations) formed in any state is the air of legitimacy afforded foreign owners in operating a U.S.-based company. Further legitimacy may possibly be obtained by organizing in a state without an international reputation for privacy of ownership.

► Suspicious Activity Reporting

Research in the FinCEN Financial Database found 1,002 Suspicious Activity Reports (SARs) filed from 1996 through the beginning of 2005 which identify activity that appears to be related to shell companies. This is a sampling which almost certainly does not contain all of the SARs related to domestic shell company activity. The filing institution may not recognize the involvement of shell companies or may not indicate its suspicions clearly in the SAR. Preliminary analysis of SARs filed since this research was conducted indicates that financial institutions continue to file SARs on shell company activity. Much of the increase in the last several years may be attributable to heightened awareness of shell company "red flags" (see *The SAR Activity Review*, Issue 7, Aug. 2004, p. 7) as well as to agreements entered into by several major banks with their primary federal or state bank regulators to address deficiencies relating to compliance with applicable federal and state anti-money laundering laws, rules, and regulations.

These SARs reveal a wide variety of domestic and offshore financial center activity. Suspected shell company locations include the United States, the Cook Islands, Vanuatu, Bahamas, the United Kingdom, Panama, the Cayman Islands, Nigeria, and Antigua. 932 SARs identify activity involving suspected U.S.-based shell companies. 67 SARs identify activity primarily involving shell companies in typical offshore financial centers with some connection to a U.S. entity or financial institution. (38 of these SARs identify suspected shell banks in foreign locations such as Uruguay, the Cook Islands, St. Lucia, and St. Vincent/Grenadines.) The activities or location of the suspected shell companies in the SARs have some nexus with the United States. Because the SAR filers frequently do not or cannot provide information regarding the location of suspected shell companies (business location, mailing address, address of registered agent), the actual number of U.S.-based shell companies cannot be accurately determined. Many of the SARs identify multiple companies as possible shell companies.

Of the SARs describing recent domestic shell company activity in the United States, there are examples of a suspected Ponzi scheme, pump-and-dump stock fraud, telephone "cramming" by organized crime, possible money laundering by politically exposed persons, and various other suspected frauds and suspicious movements of money, particularly through wire transfers.

Foreign Abuse of U.S. Shell Companies

A review of SAR data on both a macro and micro scale indicates that suspected shell companies incorporated or organized in the United States have moved billions of dollars globally from accounts at banks in foreign countries, particularly those of the former Soviet Union, and predominantly the Russian Federation and Latvia. Most of these companies are LLCs and corporations.

Many of the U.S.-based suspected shell companies were observed to maintain banking relationships with Eastern European financial institutions, particularly in Russia and Latvia. Of the 1,002 SARs identified, 768 involved suspicious international wire transfer activity involving domestic shell companies which follow certain recurring patterns and share common characteristics. These SARs identify what appear to be 1,361 different suspect individuals and business entities, including 329 U.S.-based LLCs, as SAR suspects.[10] In addition, 504 of the SARs identify Russia and 449 identify Latvia as locations of activity in the narrative portion. See Figure 10 for a breakdown of countries frequently associated with activity in these SARs. The aggregate suspected violation amount reported by these SARs is nearly $18 billion.[11]

In contrast to the SARs identifying domestic or typical offshore center activity, these 768 SARs provide even less information on suspects owing to the lack of information provided in wire transfer communications and the anonymity provided by the use of shell companies.

The wire transfers described in many of these SARs originated at accounts in Russia or Latvia held by

[10] The number of truly unique subjects is probably slightly less due to alternate spellings, misspellings, incomplete identification, etc.
[11] As with the other SARs in this sampling, the actual total is somewhat less.

what appear to be U.S. shell companies, passed through the correspondent accounts of major U.S. banks or branches of foreign banks, usually in New York, and then were sent back overseas, often to a wide variety of beneficiaries in many locations. There are many variations of this basic flow. See Figure 11 for a model of the typical flow of funds in this pattern. Reporting of such activity has increased considerably since 1999 – see Figure 12.

Because this type of SAR is only filed if a U.S.-based bank or branch is involved in the wire transfer chain, it is conceivable that banks outside of the United States may be handling similar activity that is not being reported through the U.S. system.

The following elements of suspicious activity in these SARs are cited repeatedly:

- Insufficient or no information available to positively identify originators or beneficiaries of wire transfers (using Internet, commercial database searches, or direct inquiries to a correspondent bank). The lack of identifying information on the transactors is one of the most frequently cited concerns

- U.S. company with Latvian or Russian bank account in U.S. dollars formed in U.S. state that does not require the reporting of information on ownership

- Foreign correspondent bank exceeds its client profile for wire transfers in a given time period or individual company exhibits unusually high amount of activity, sometimes in bursts inconsistent with normal business patterns

- Payments have no stated purpose, do not reference goods or services, or identify only a contract or invoice number

- Goods or services, if identified, do not match profile of company provided by correspondent bank or character of the financial activity; companies reference remarkably dissimilar goods and services in related wire transfers (for example, computers, footwear, steel, meat products, dairy products, sporting goods, lids, auto parts, film extruders, sugar, coolers, pet resins, tissue, furs, mining machinery, maintenance and support, tutoring, marketing); explanation given by foreign correspondent bank is inconsistent with observed wire activity

- Transacting businesses share the same address, provide only a registered agent's address, or other address inconsistencies

- Many or all of the wires are sent in large, round dollar, hundred dollar, or thousand dollar amounts

- Unusually large number and variety of beneficiaries receiving wires from one company

- Frequent involvement of high-risk offshore financial centers, especially as location of beneficiaries; sometimes many jurisdictions involved

- Use of nested correspondent banking situations in Russia or Latvia[12]

- Repeated SAR filings on same suspects (i.e., ongoing activity over a period of months)

Many additional suspect entities (business entities and individuals) are identified by name in the SAR narratives, which often contain what limited originator, beneficiary, and wire reference information may be available to the U.S.-based bank filing the SAR. Because in most cases the filing bank is simply a middle link in the wire transfer chain, there is little information on the originator and beneficiary entities – often just a company name with no other identifying information. Definitive identification of shell companies solely from wire transfer records is therefore rarely possible.

The owners of the companies involved in these transactions are very difficult or impossible to identify. However, it is possible that some identification may be made by correspondent banks, though this information is often considered by the filing institution to be insufficient proof that the transactions are legitimate.

The combination of correspondent banking and domestic shell companies provides an opportunity for foreign or domestic entities or individuals to move money via wire transfers or other methods without disclosing their true identities or the nature or

[12] "Nesting" refers to the use of a foreign bank's correspondent account with a U.S. bank by another foreign bank to gain access to the U.S. banking system.

purpose of the transactions. In effect, the domestic shell company could be a vehicle to launder money, move money derived from crime, or finance terrorist activities and groups, all completely anonymously. SAR information indicates that some U.S. banks have closed their correspondent accounts with foreign banks which did not provide adequate identification of the wire transactors or purpose of the wires.

Requests from Foreign FIUs

Case data suggests that foreign Financial Intelligence Units (FIUs) have an interest in U.S. companies that may be shells. For example, through the first half of 2005, 15% of research requests made to FinCEN from the Latvian FIU, 21% from the Bulgarian FIU, 25% from the Slovakian FIU, 33% from the Russian FIU, and 55% from the Ukrainian FIU identified an LLC as the primary subject.

Because of the lack of ownership information for these companies, U.S. banks holding correspondent accounts for foreign banks will have difficulty corroborating the foreign banks' claims that the foreign correspondent banks know their customers. In addition, law enforcement often is forced to investigate these companies through requests to Financial Intelligence Units (FIUs) in the appropriate countries. Despite these companies being formed in the United States, successful identification and research sometimes may be possible only through requests for investigative efforts overseas.

Various reports provide a further indication of the level of foreign concern about the abuse of U.S. shell companies. A lawsuit filed in Delaware's Chancery Court alleges that the Russian Izmailova "mafia" laundered millions of dollars through U.S. shell companies.[13] The *Wall Street Journal* reported that law enforcement agencies in Russia and 13 other countries made more than 100 requests to obtain subpoenas on Delaware companies in a four-year period ending in September 2004.[14]

[13] "Is Russian mob exploiting Del. law?; Chancery Court lawsuit claims criminals are using 'corporate veil' to launder money," *The News Journal* (Wilmington, DE), 11/26/2004.
[14] "Laundering queries focus on Delaware," *Wall Street Journal*, 09/30/2004.

A possible solution which tackles the problem at its root is to examine the laws and requirements which prevent law enforcement and regulatory authorities from conducting effective investigations into the ownership of business entities. Such steps as requiring company formation agents and similar service providers to obtain and maintain records of beneficial ownership for the companies they service could be considered. The information could then be made available at the request of government authorities under appropriate circumstances. In addition, greater transparency in reporting requirements under state law could reduce the value of business entities as vehicles for illicit activity.

► Steps Forward

FinCEN is undertaking three key initiatives, set forth below, to deal with the issues addressed in this report and to mitigate risks posed by shell companies,.

1. **Issue an advisory to alert financial institutions maintaining accounts for domestic non-publicly traded business entities about the particular risks associated with domestic shell companies.**

To assist U.S. financial institutions in identifying and mitigating potential risks associated with accounts maintained for shell companies, FinCEN is issuing, concurrent with this report, an advisory that highlights some indicators of money laundering and other financial crime involving such entities.

The advisory provides an overview of shell companies and agent and nominee service providers, describe some of the vulnerabilities posed by these business entities and service providers, describes indicators of money laundering, highlights published reports concerning shell companies, and outlines how to manage the risks of providing services to shell companies by reference to the provisions of the Business Entities (Domestic and Foreign) section of the FFIEC BSA/AML Examination Manual, dated July 28, 2006.[15]

[15] http://www.ffiec.gov/pdf/bsa_aml_examination_manual2006.pdf.

2. **Conduct outreach to state governments and appropriate trade groups.**

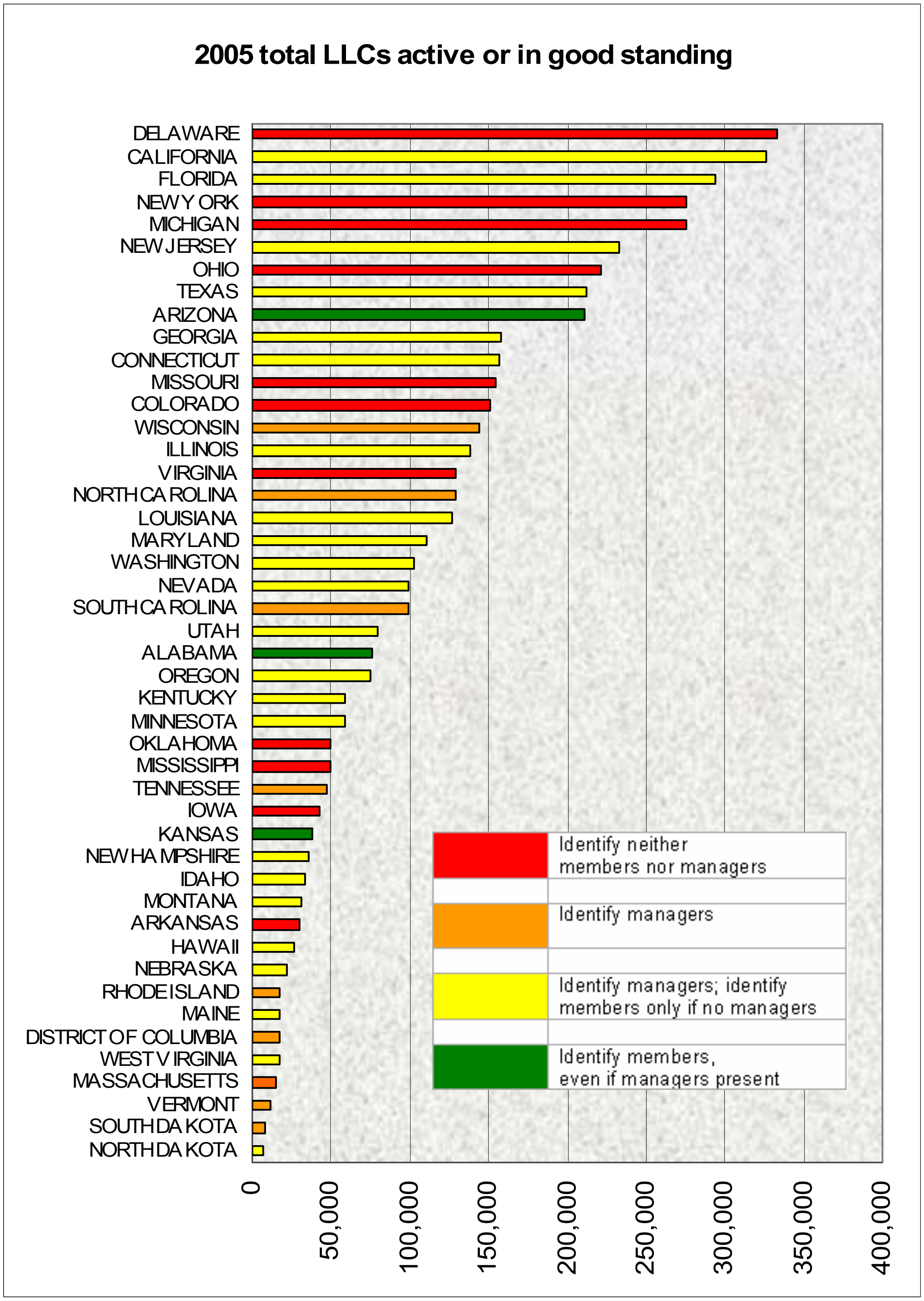
FinCEN continues its outreach to financial institutions, state governments and appropriate trade groups to explore ways to address vulnerabilities in the state incorporation process, particularly with respect to the lack of public disclosure and transparency regarding beneficial ownership of shell companies and similar entities. Positive experiences with Delaware on the issue of bearer shares lead us to believe that some states could be motivated to take prompt steps to remedy weaknesses in their statutory schemes. Other states may be less willing to take those steps.

3. **Continue to study what role certain businesses specializing in the formation of business entities may play in addressing existing vulnerabilities.**

FinCEN is continuing to collect information and studying how best to address the role of certain businesses specializing in the formation of business entities in its effort to reduce money laundering and related vulnerabilities in the financial system through the promotion of greater transparency.

Given their role in forming and supporting business entities, these service providers – which could include attorneys, trustees, and other intermediaries specializing in the business of providing services relating to the formation and support of business entities – are in a unique position to know and obtain information about beneficial owners, to determine whether these entities are to be used illicitly, and to recognize suspicious activity. They have information that can be critical to law enforcement, regulatory authorities, and other financial institutions in combating the use of shell companies to promote illicit finance. Moreover, they are in the best position – in the first instance – to discourage abuses by reducing the ability of the beneficial owners of these entities to operate anonymously (and, consequently, with relative impunity).

Figure 1



Source of data: International Association of Commercial Administrators (IACA), Annual Report of the Jurisdictions, 2006. AK, IN, NM, PA, and WY did not report this statistic.

Figure 2

DEAN HELLER
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
Phone: (775) 684 5708
Website: secretaryofstate.biz

Limited-Liability Company Fee Schedule Effective 10-1-05

LIMITED-LIABILITY COMPANY FEES: Pursuant to NRS 86 for both Domestic and Foreign Limited-Liability Companies.

Articles of Organization	$75.00
Registration of Foreign Limited-Liability Company	$75.00
Reinstatement Fee	$300.00
Certificate of Amendment	$175.00
Restated Articles	$175.00
Certificate of Correction	$175.00
Certificate of Termination (pursuant to NRS 86.226)	$175.00
Merger	$350.00
Termination Pursuant to NRS 92A	$350.00
Dissolution of Domestic Limited-Liability Company	$75.00
Dissolution of Foreign Limited-Liability Company	$75.00
Preclearance of any Document	$125.00
Articles of Conversion – contact office for fee information	
Articles of Domestication – contact office for fee information	
Revival of Limited-Liability Company – contact office for fee information	
24-Hour Expedite fee for above filings	**$125.00**
Change of Resident Agent/Address	$60.00
Resident Agent Name Change	$100.00
Resignation of Manager or Managing Member	$75.00
Resignation of Resident Agent (plus $1.00 for each additional entity listed)	$100.00
Name Reservation	$25.00
24-Hour Expedite fee for above filings	**$25.00**
Apostille	$20.00
Certificate of Good Standing	$50.00
Initial List of Managers or Members	$125.00
Annual or Amended List of Managers or Members	$125.00
24-Hour Expedite fee for above filings	**$75.00**
Certification of Documents – per certification	$30.00
Copies – per page	$2.00
Late Fee for List of Managers or Members	$75.00

2-Hour Expedite is available on all of the above filings at the fee of $500.00 per item.

1-Hour Expedite is available on all of the above filings at the fee of $1000.00 per item.

PLEASE NOTE: the expedite fee is in addition to the standard filing fee charged on each filing and/or order.

24-HOUR EXPEDITE TIME CONSTRAINTS:

Each filing submitted receives same day filing date and may be picked up within 24 hours. Filings to be mailed the next business day if received by 2:00 pm of receipt date and no later than the 2nd business day if received after 2:00 pm. Expedite period begins when filing or service request is received in this office in fileable form. The Secretary of State reserves the right to extend the expedite period in times of extreme volume, staff shortages, or equipment malfunction. These extensions are few and will rarely extend more than a few hours.

Nevada Secretary of State Form Fee Schedule-LLC 2003
Revised on: 09/20/05

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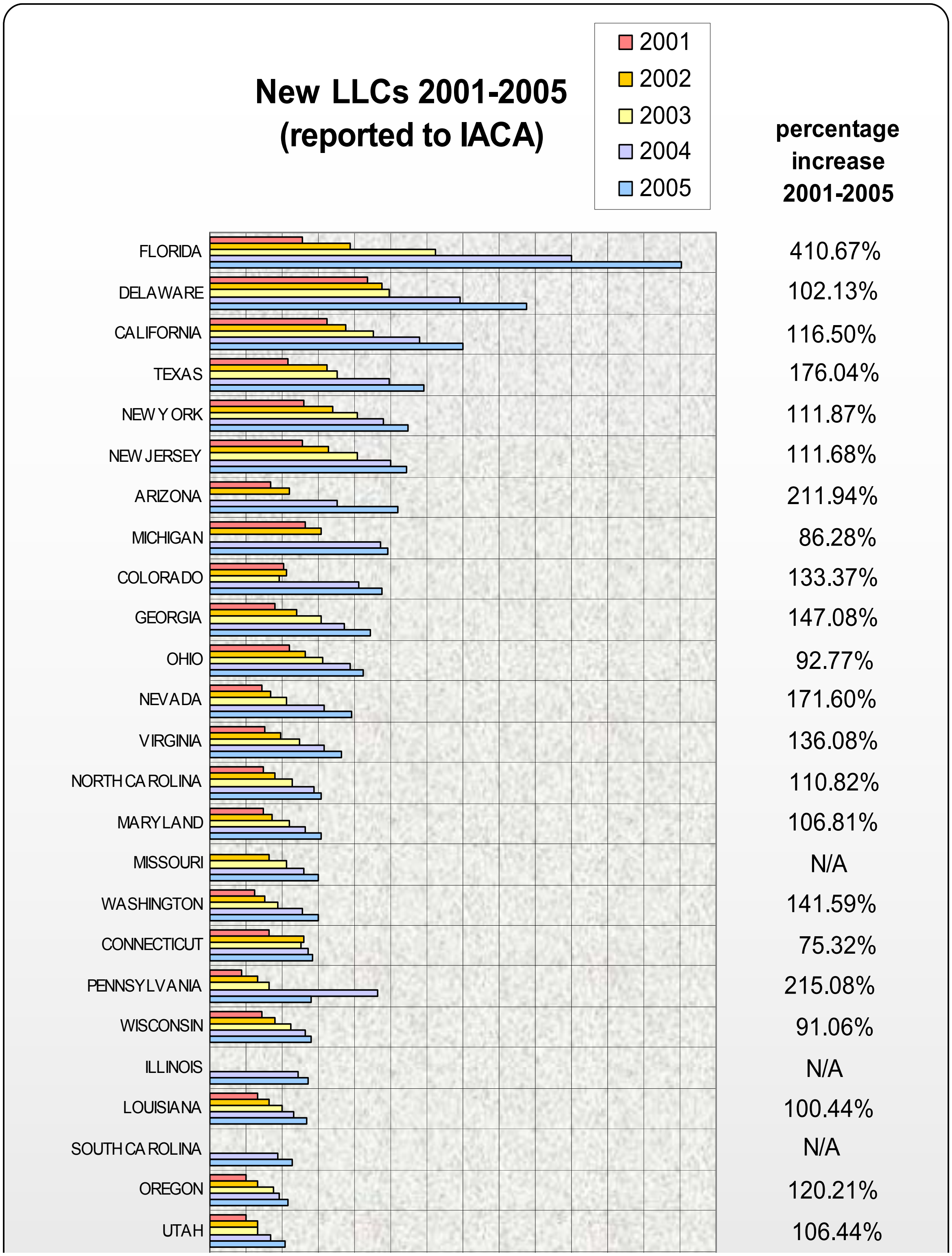
Figure 3



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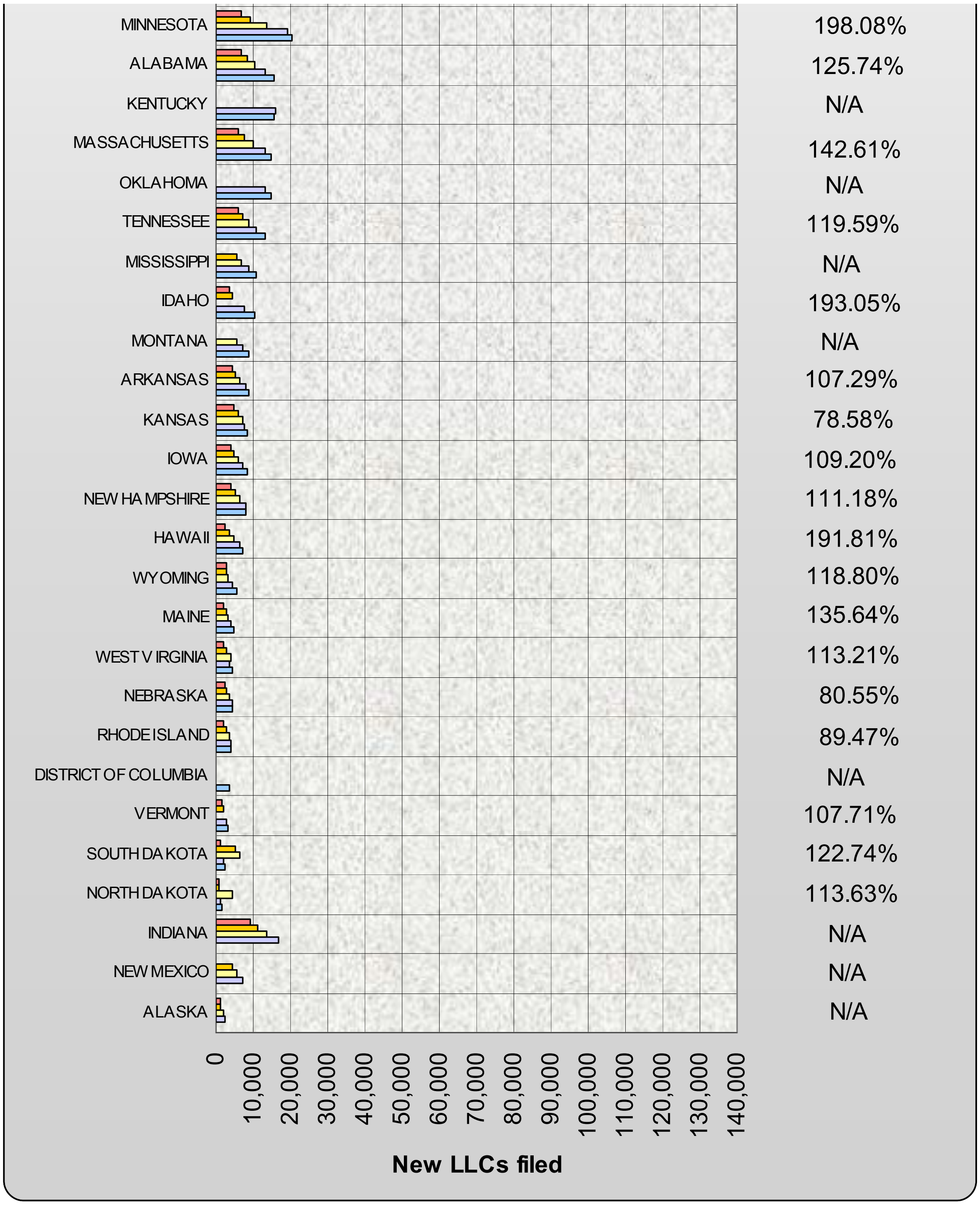


Source of data: International Association of Commercial Administrators (IACA), Annual Reports of the Jurisdictions covering 2001-2005 Missing data bars indicate the data was not reported to IACA for that year.

Figure 4

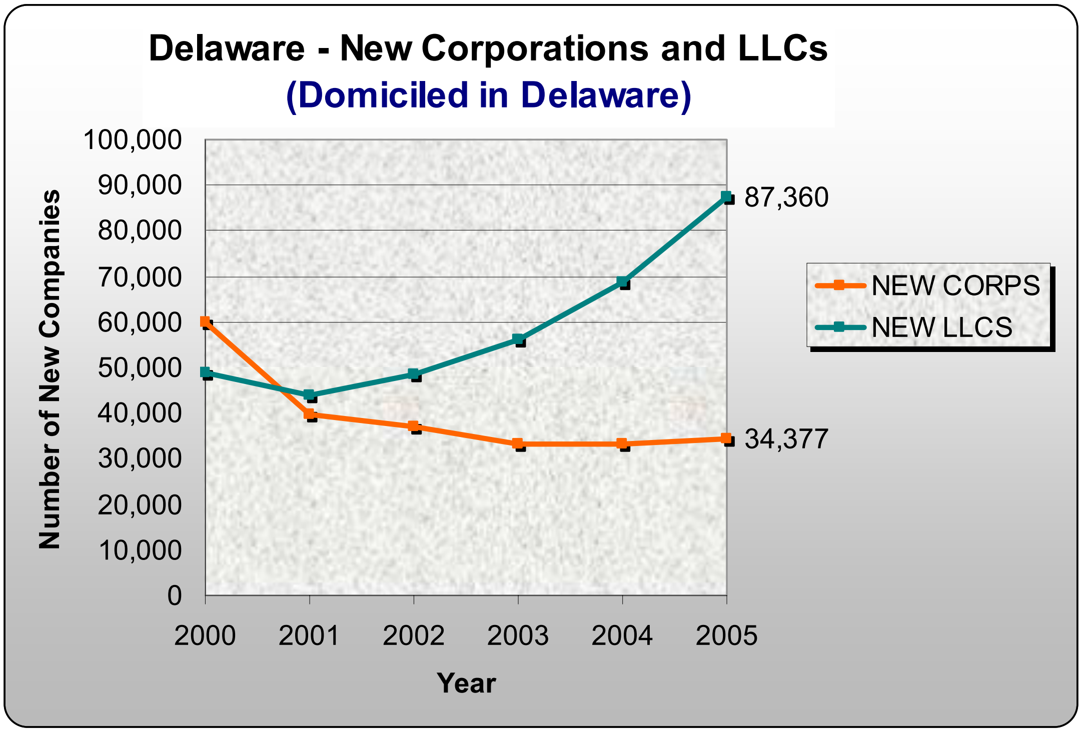
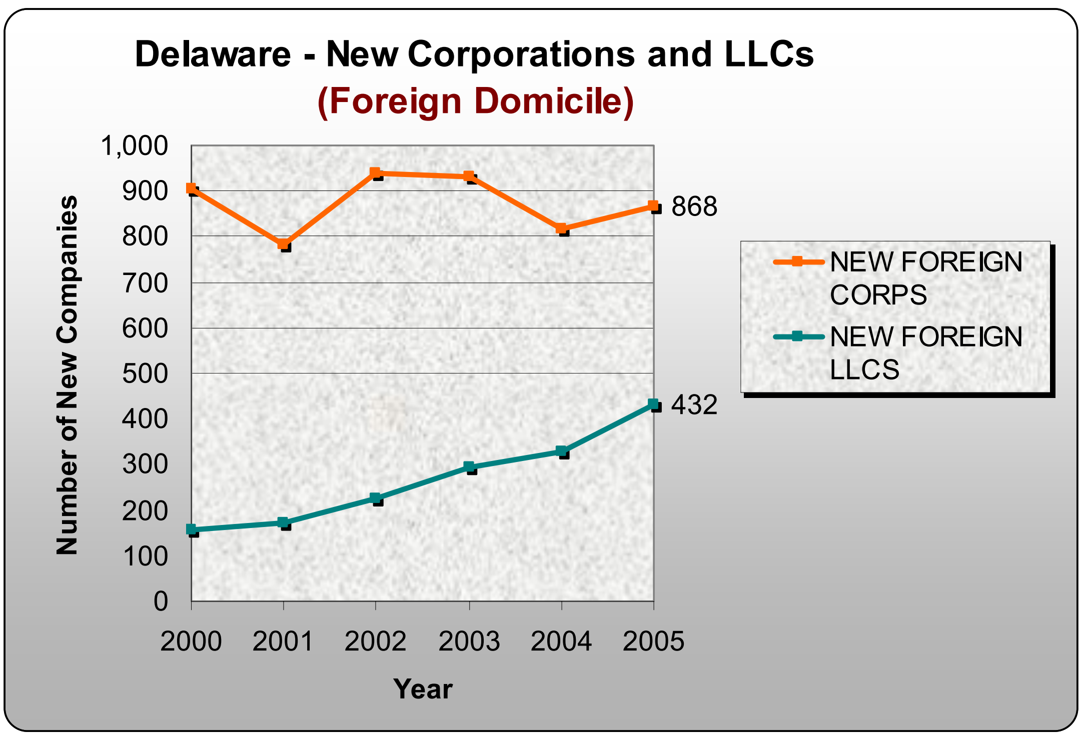


Figure 5



Source of data: Delaware Department of State (2000-2003), IACA Annual Reports of the Jurisdictions (2004-2005)

Figure 6

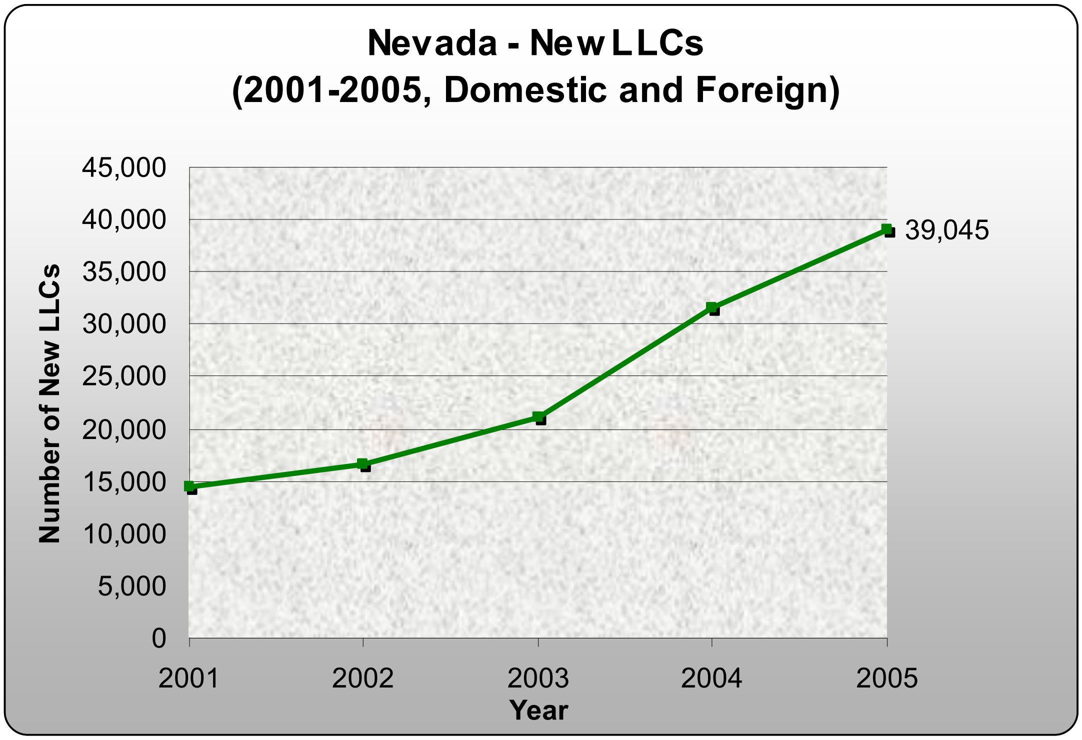
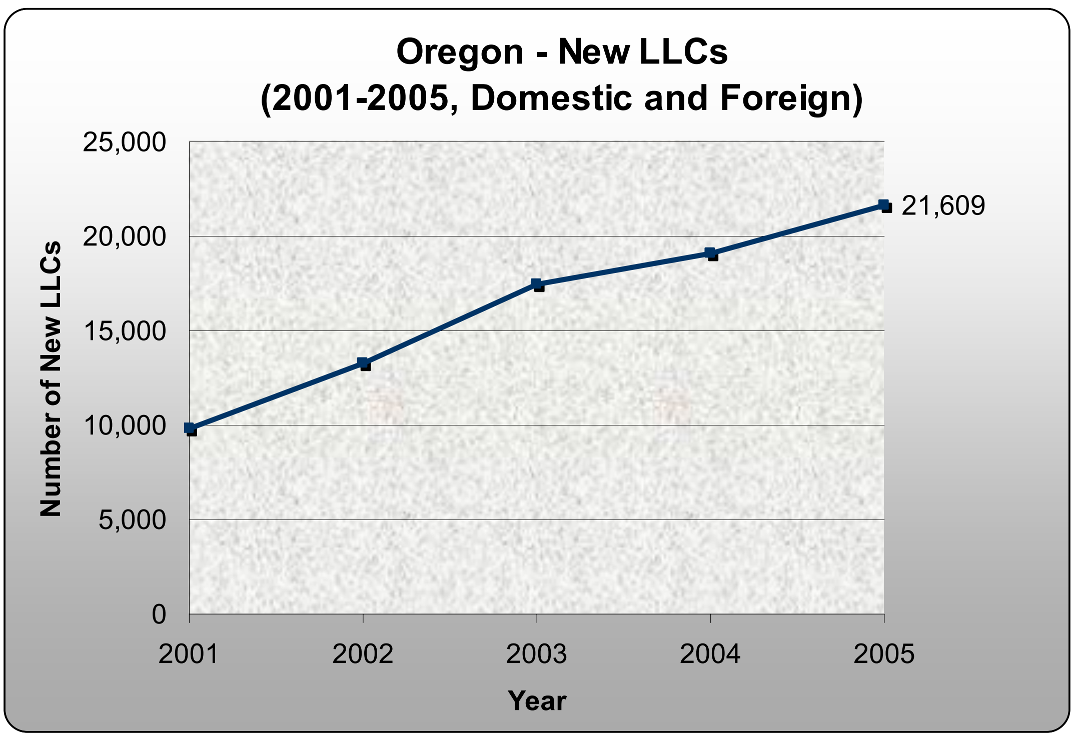
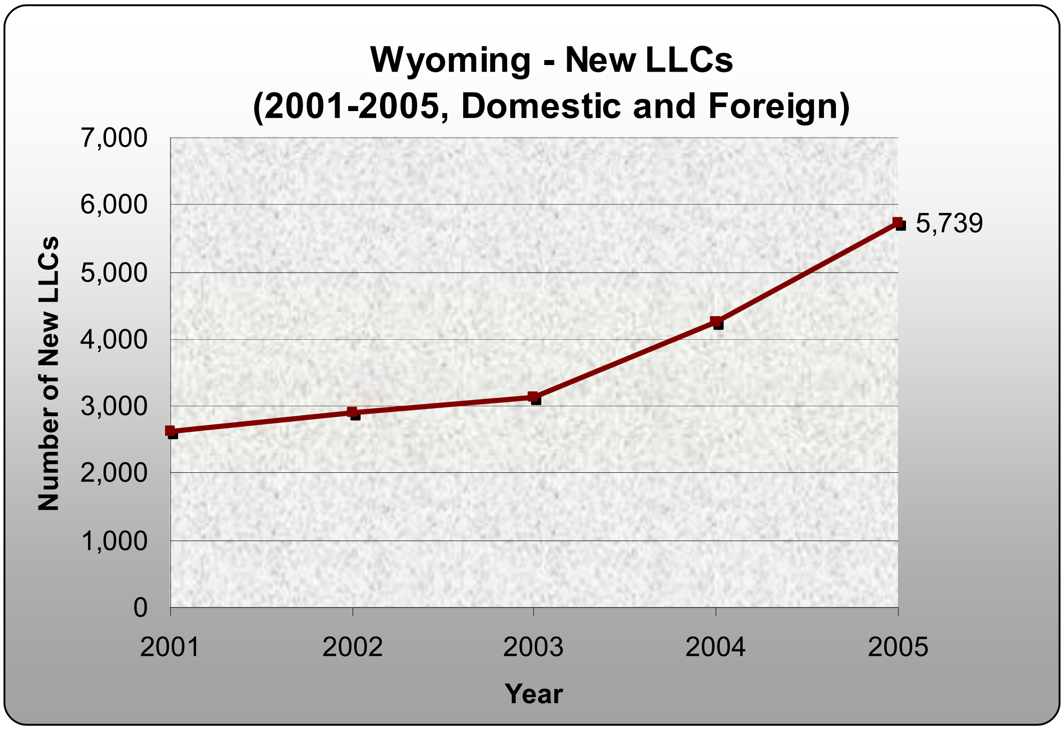


Figure 7



Source of data: IACA Annual Reports of the Jurisdictions, 2003-2006

Figure 8



Source of data: IACA Annual Reports of the Jurisdictions, 2003-2006

Table 1 – LLC formation requirements comparison

Requirements:	**Delaware**	**Nevada**	**Oregon**	**Wyoming**
Number of Organizers	One or more	One or more	One or more	One or more**
Name/Address of Registered Agent/Office	Yes	Yes	Yes	Yes
Name and Address of Members*	No	Yes	Yes***	Yes
Name/Address of Beneficial Owner(s)	No	No	No	No
Cost to File (2005)	$90 ($100 foreign)	$75**** ($75 foreign)	$50 ($50 foreign)	$100 ($100 foreign)

*Management by members is optional. To protect the identity of members, managers can assume management responsibility.
**One person may form the LLC, but it must have two or more members, unless it is a *flexible* LLC, in which a member may assign his/her interest to another person.
***The name of one member or manager is also required for a foreign LLC.
****This fee was lowered from $175 in 2003.

Figure 9

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

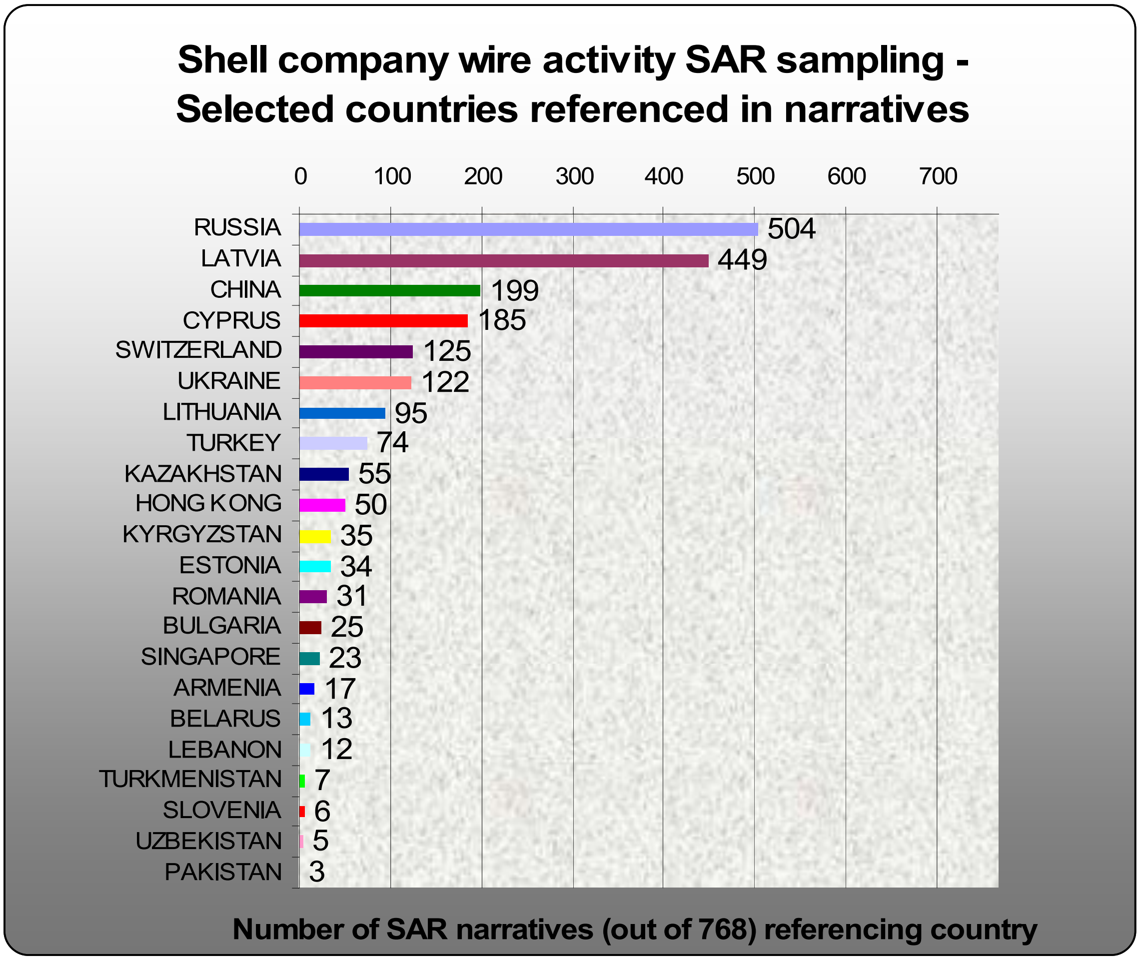
- **First:** The name of the limited liability company is ___________________________
  ____
- **Second:** The address of its registered office in the State of Delaware is ___________
  _______________________________ in the City of ___________________. The name of its Registered agent at such address is ______________________________
  ____
- **Third:** (Use this paragraph only if the company is to have a specific effective date of dissolution: "The latest date on which the limited liability company is to dissolve is _____________.")
- **Fourth:** (Insert any other matters the members determine to include herein.)
  ____
  ____
  ____
  ____
  ____
  ____
  ____

In Witness Whereof, the undersigned have executed this Certificate of Formation this __________ day of ______________, 20_______.

By:_____________________
Authorized Person(s)

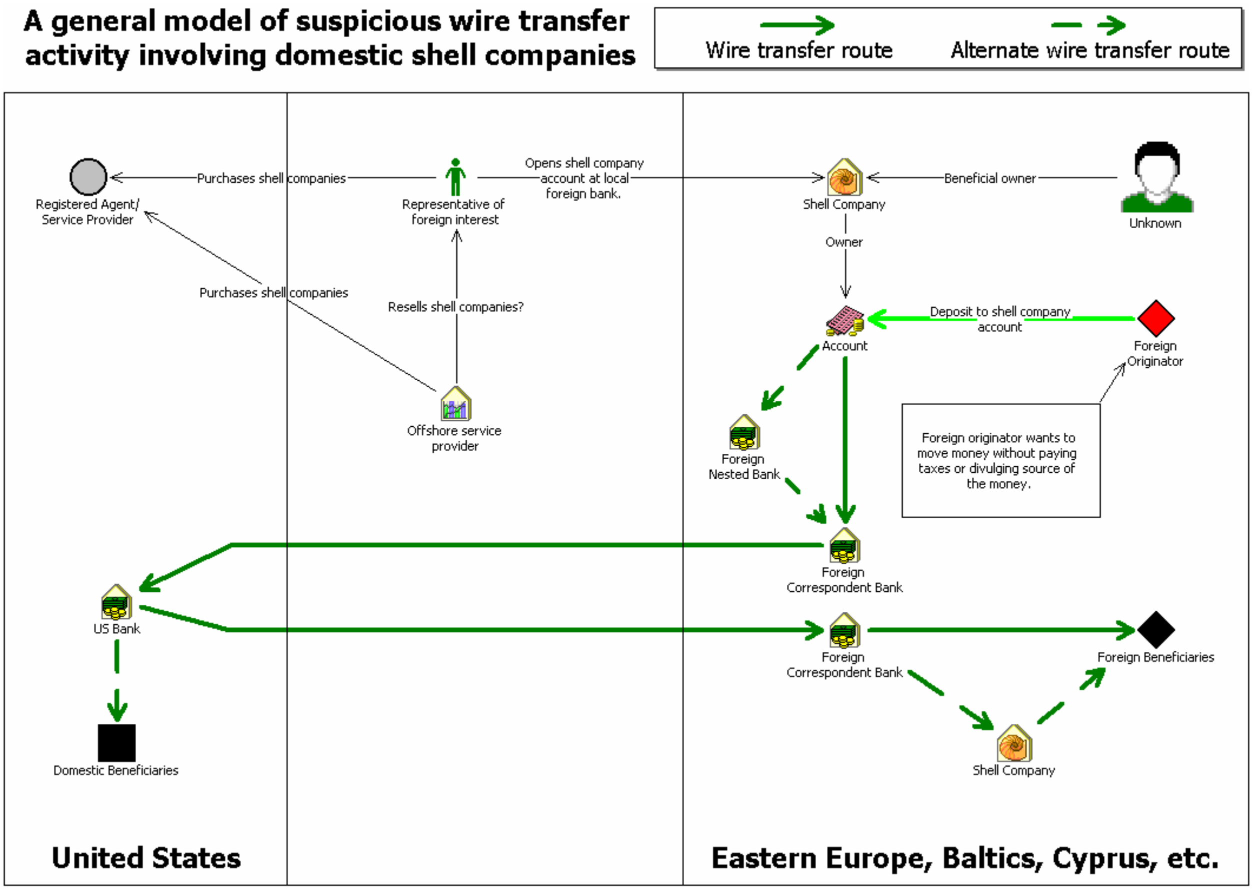
Name:____________________
Typed or Printed

Figure 10



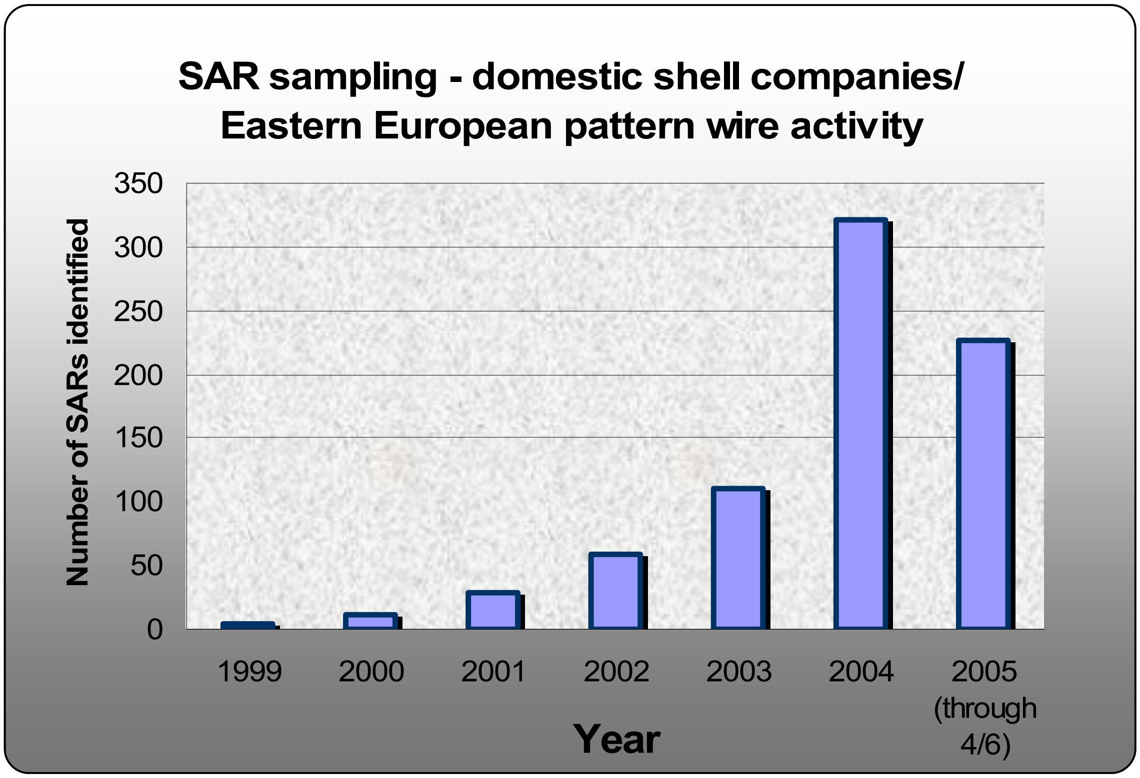
Note the frequency of occurrence for China, Cyprus, and Switzerland, which were often identified in the SARs as destinations of wire transfers from suspected shell companies formed in the United States that had opened accounts in Eastern Europe.

Figure 11

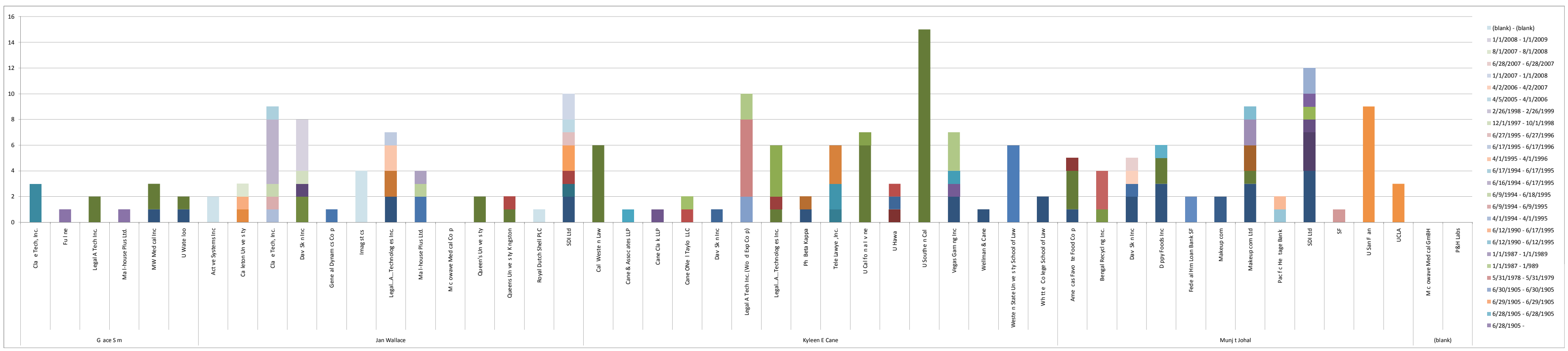


The movement of money may vary. However, the flow typically described by the majority of SARs filed on this pattern of activity begins with a foreign account owned by a U.S.-based shell company, often in Russia or Latvia, is sent through the correspondent account of a major U.S. or U.S.-based bank, and goes back overseas to various individual and/or company beneficiaries. The domestic shell company can serve as originator or beneficiary. Additional intermediary banks are often involved.

Figure 12



The apparent increase does not necessarily indicate an increase in activity of the magnitude shown, but simply reflects an increase in filing of SARs on this type of activity and the increased ease of identifying activity as being related to domestic shell companies. More likely this is a graphic representation of the lack of reporting in earlier years, as many of the SARs are reviews of past activity filed after the fact. Regulatory and other actions involving ABN Amro Bank, NY and Union Bank of California, for example, have caused those banks to review their records and file more SARs on this activity. These two banks filed 290 of the 768 SARs (37.76%) in the Eastern European/U.S. shell pattern sub-group of the sampling. In addition, a lawsuit filed by a Hong Kong investment group against ABN Amro Bank alleged the bank allowed itself to be used by First Merchant Bank (based in the "Turkish Republic of Northern Cyprus") for money laundering. FinCEN issued a proposed rule regarding First Merchant Bank in August 2004: see http://www.fincen.gov/waisgate1.pdf and http://www fincen.gov/311fmbextension.pdf.



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8/1/2007 - 8/1/2008
6/28/2007 - 6/28/2007
1/1/2007 - 1/1/2008
4/2/2006 - 4/2/2007
4/5/2005 - 4/1/2006
2/26/1998 - 2/26/1999
12/1/1997 - 10/1/1998
6/27/1995 - 6/27/1996
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4/1/1995 - 4/1/1996
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6/16/1994 - 6/17/1995
6/9/1994 - 6/18/1995
6/9/1994 - 6/9/1995
4/1/1994 - 4/1/1995
6/12/1990 - 6/17/1995
6/12/1990 - 6/12/1995
1/1/1987 - 1/1/1989
1/1/1987 - 1/989
5/31/1978 - 5/31/1979
6/30/1905 - 6/30/1905
6/29/1905 - 6/29/1905
6/28/1905 - 6/28/1905
6/28/1905 -
Jan Wallace
Kyleen E Cane
(blank)
P&H Labs

Individual	Entity Name	Type	Position	Date
Kyleen E Cane	ACCELERON GROUP I, LLC	Domestic Limited-Liability Company	Registered Agent	7/1/2009
Kyleen E Cane	ACCELERON GROUP, LLC	Domestic Limited-Liability Company	Registered Agent	7/2/2009
Kyleen E Cane	AMARIUM TECHNOLOGIES, INC.	Domestic Corporation	Registered Agent	7/3/2009
Kyleen E Cane	AMERIBID FUND MANAGEMENT LLC	Domestic Limited-Liability Company	Registered Agent	7/4/2009
Kyleen E Cane	AMERIBID OPPORTUNITYFUND, LLC	Domestic Limited-Liability Company	Registered Agent	7/5/2009
Kyleen E Cane	AMERICHIP INTERNATIONAL INC.	Domestic Corporation	Registered Agent	7/6/2009
Kyleen E Cane	ASPEN ASSET MANAGEMENT SERVICES, LLC	Domestic Limited-Liability Company	Registered Agent	7/7/2009
Kyleen E Cane	ASSURED PHARMACIES NORTHWEST, INC.	Domestic Corporation	Registered Agent	7/8/2009
Kyleen E Cane	ASSURED PHARMACYGRESHAM, INC.	Domestic Corporation	Registered Agent	7/9/2009
Kyleen E Cane	ASSURED PHARMACYIRVINE, INC.	Domestic Corporation	Registered Agent	7/10/2009
Kyleen E Cane	ASSURED PHARMACYLAS VEGAS, INC.	Domestic Corporation	Registered Agent	7/11/2009
Kyleen E Cane	ASSURED PHARMACYLOS ANGELES 1, INC.	Domestic Corporation	Registered Agent	7/12/2009
Kyleen E Cane	ASSURED PHARMACY, INC.	Domestic Corporation	Registered Agent	7/13/2009
Kyleen E Cane	AVENCIA PARTNERS, LLC	Domestic Limited-Liability Company	Registered Agent	7/14/2009
Kyleen E Cane	BAY LEAF HOLDINGS, LLC	Domestic Limited-Liability Company	Registered Agent	7/15/2009
Kyleen E Cane	BG-00 LIMITED PARTNERSHIP	Domestic Limited Partnership	Registered Agent	7/16/2009
Kyleen E Cane	BG-01 LIMITED PARTNERSHIP	Domestic Limited Partnership	Registered Agent	7/17/2009
Kyleen E Cane	BG-02 LIMITED PARTNERSHIP	Domestic Limited Partnership	Registered Agent	7/18/2009
Kyleen E Cane	BG-99 LIMITED PARTNERSHIP	Domestic Limited Partnership	Registered Agent	7/19/2009
Kyleen E Cane	BIOMAGNETICS DIAGNOSTICS CORPORATION	Domestic Corporation	Registered Agent	7/20/2009
Kyleen E Cane	BK CAPITAL LLC	Domestic Limited-Liability Company	Registered Agent	7/21/2009
Kyleen E Cane	BLUESTAR OPPORTUNITIES CORP.	Domestic Corporation	Registered Agent	7/22/2009
Kyleen E Cane	CANA 1 LLC	Domestic Limited-Liability Company	Registered Agent	7/23/2009
Kyleen E Cane	CANA RESTAURANT GROUP, INC.	Domestic Corporation	Registered Agent	7/24/2009
Kyleen E Cane	CANE CLARK AGENCYLLC	Domestic Limited-Liability Company	Registered Agent	7/25/2009
Kyleen E Cane	CANE CLARK LLP	Domestic Limited-Liability Partnership	Registered Agent	7/26/2009
Kyleen E Cane	CANE CLARK PRODUCTIONS, LLC	Domestic Limited-Liability Company	Registered Agent	7/27/2009
Kyleen E Cane	CASCADESOLAR CORP.	Domestic Corporation	Registered Agent	7/28/2009
Kyleen E Cane	CASCADE-NEVADA DEVELOPMENT, LLC	Domestic Limited-Liability Company	Registered Agent	7/29/2009
Kyleen E Cane	CAVALRYCAPITAL GROUP, LLC	Domestic Limited-Liability Company	Registered Agent	7/30/2009
Kyleen E Cane	CES INTERNATIONAL, INC.	Domestic Corporation	Registered Agent	7/31/2009
Kyleen E Cane	COINMERCANTILEEXCHANGE,LLC	Domestic Limited-Liability Company	Registered Agent	8/1/2009
Kyleen E Cane	COLLEXISHOLDINGS,INC.	DomesticCorporation	Registered Agent	8/2/2009
Kyleen E Cane	CORERELATIONSDEVELOPMENTCORP.	DomesticCorporation	Registered Agent	8/3/2009
Kyleen E Cane	CROSSOVERAIR,INC.	DomesticCorporation	Registered Agent	8/4/2009
Kyleen E Cane	DAVIESPROPERTIES,L.L.C.	DomesticCorporation	Registered Agent	8/5/2009
Kyleen E Cane	DEBUTBROADCASTINGCORPORATION,INC.	DomesticCorporation	Registered Agent	8/6/2009
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Kyleen E Cane	DKMDEVELOPMENT,LLC	DomesticCorporation	Registered Agent	8/8/2009
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Kyleen E Cane	DONEYENTERPRISES,LLC	DomesticCorporation	Registered Agent	8/10/2009
Kyleen E Cane	DPD&AKDINVESTMENTS,LLC	DomesticCorporation	Registered Agent	8/11/2009
Kyleen E Cane	DSDKRENTALSII,LLC	DomesticCorporation	Registered Agent	8/12/2009
Kyleen E Cane	EARTHCOMPATIBLELLC	DomesticCorporation	Registered Agent	8/13/2009
Kyleen E Cane	EBIOGRAPHY,LLC	DomesticCorporation	Registered Agent	8/14/2009
Kyleen E Cane	EDGARFILINGSERVICESLLC	DomesticCorporation	Registered Agent	8/15/2009
Kyleen E Cane	FIREFROMICE,INC.	DomesticCorporation	Registered Agent	8/16/2009
Kyleen E Cane	FORCEENERGYCORP.	DomesticCorporation	Registered Agent	8/17/2009
Kyleen E Cane	GAMOCS,LLC	DomesticLimited-LiabilityCompany	Registered Agent	8/18/2009
Kyleen E Cane	GAZOOENERGYGROUPINC.	DomesticCorporation	Registered Agent	8/19/2009
Kyleen E Cane	GIGACRETENEVADALLC	DomesticLimited-LiabilityCompany	Registered Agent	8/20/2009
Kyleen E Cane	GOALLIN,INC.	DomesticCorporation	Registered Agent	8/21/2009
Kyleen E Cane	GODWINMADUKA,M.D.,LTD	DomesticProfessionalCorporation	Registered Agent	8/22/2009
Kyleen E Cane	GOLDENPATRIOT,CORP.	DomesticCorporation	Registered Agent	8/23/2009
Kyleen E Cane	GREENSTARPLANTPRODUCTSINC.	DomesticCorporation	Registered Agent	8/24/2009
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Kyleen E Cane	GSTBL,LLC	DomesticLimited-LiabilityCompany	Registered Agent	8/26/2009
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Kyleen E Cane	IBEXINTERNATIONALGROUP,LLC	DomesticLimited-LiabilityCompany	Registered Agent	8/29/2009
Kyleen E Cane	IMAGINEERINGGAMING,INC.	DomesticCorporation	Registered Agent	8/30/2009
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Kyleen E Cane	INTERFAITH,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/1/2009
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Kyleen E Cane	JACOBSREALESTATE,L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	9/5/2009
Kyleen E Cane	JRD&DTDINVESTMENTS,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/6/2009
Kyleen E Cane	JTSLGROUPLLC	DomesticLimited-LiabilityCompany	Registered Agent	9/7/2009
Kyleen E Cane	LASVEGASAUCTIONS,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/8/2009
Kyleen E Cane	LASVEGASPAININSTITUTEANDMEDICALCENTERLLC	DomesticLimited-LiabilityCompany	Registered Agent	9/9/2009

Kyleen E Cane	LASVEGASVETERINARYCARDIOLOGYSPECIALISTS,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/10/2009	
Kyleen E Cane	LASVEGASVETERINARYOPHTHALMOLOGYSPECIALISTS	DomesticLimited-LiabilityCompany	Registered Agent	9/11/2009	
Kyleen E Cane	LEGALACCESSTECHNOLOGIES,INC.	DomesticCorporation	Registered Agent	9/12/2009	
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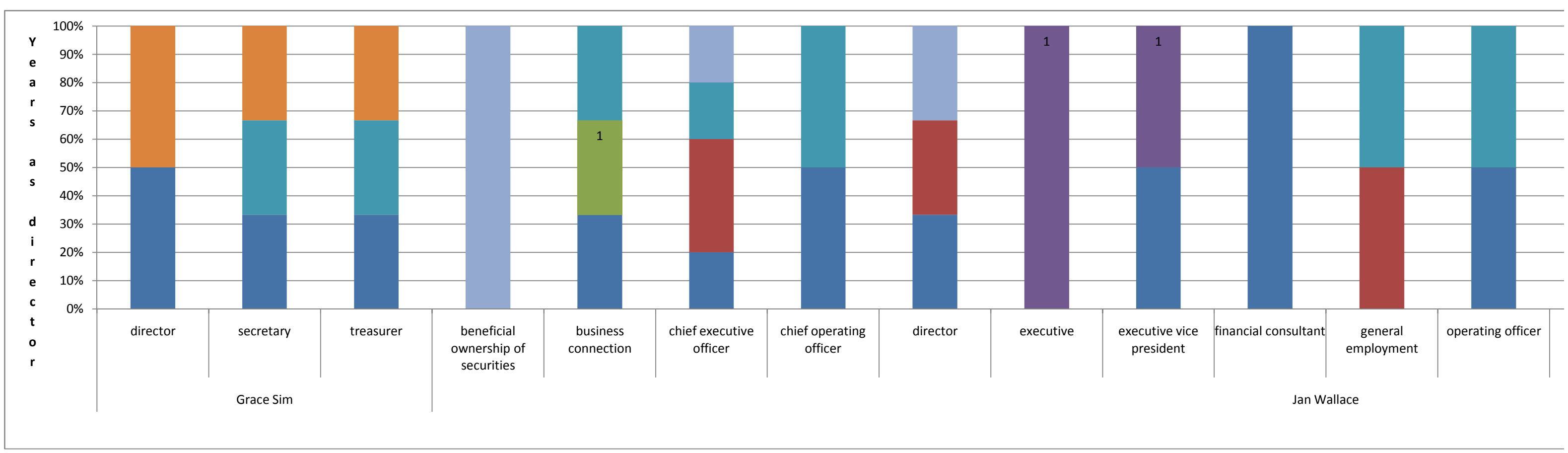
Kyleen E Cane	LVAUCTIONLLC	DomesticLimited-LiabilityCompany	Registered Agent	9/14/2009	
Kyleen E Cane	M.N.NAGYFAMILYLIMITEDPARTNERSHIP	DomesticLimitedPartnership	Registered Agent	9/15/2009	
Kyleen E Cane	MASTERSREALTY,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/16/2009	
Kyleen E Cane	MFCPROPERTIES,L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	9/17/2009	
Kyleen E Cane	MOBILEACCESSINCORPORATED	DomesticCorporation	Registered Agent	9/18/2009	
Kyleen E Cane	MOJOSHOPPINGLLC	DomesticLimited-LiabilityCompany	Registered Agent	9/19/2009	
Kyleen E Cane	MWEUROPE,INC.	DomesticCorporation	Registered Agent	9/20/2009	
Kyleen E Cane	NATURALLYIOWA,INC.	DomesticCorporation	Registered Agent	9/21/2009	
Kyleen E Cane	NEVADACONCENTRATES,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/22/2009	
Kyleen E Cane	NPNCMANAGEMENTLLC	DomesticLimited-LiabilityCompany	Registered Agent	9/23/2009	
Kyleen E Cane	OFFERTOGOD,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/24/2009	
Kyleen E Cane	OILACQUISITION111907L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	9/25/2009	
Kyleen E Cane	PACIFICCOASTLINCOLNCITY,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/26/2009	
Kyleen E Cane	PDLACQUISITIONCORPORATION	DomesticCorporation	Registered Agent	9/27/2009	
Kyleen E Cane	POSTTIMETECHNOLOGIES,INC.	DomesticCorporation	Registered Agent	9/28/2009	
Kyleen E Cane	RR&SRPROPERTIES,LLC	DomesticLimited-LiabilityCompany	Registered Agent	9/29/2009	
Kyleen E Cane	SADIELLC	DomesticLimited-LiabilityCompany	Registered Agent	9/30/2009	
Kyleen E Cane	SAJANALLIANCE,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/1/2009	
Kyleen E Cane	SAJANSTARIII,L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	10/2/2009	
Kyleen E Cane	SECUREDDIVERSIFIEDINVESTMENT,LTD.	DomesticCorporation	Registered Agent	10/3/2009	
Kyleen E Cane	SECURITYFIRSTINTERNATIONALHOLDINGS,INC.	DomesticCorporation	Registered Agent	10/4/2009	
Kyleen E Cane	SKINVISIBLEPHARMACEUTICALS,INC.	DomesticCorporation	Registered Agent	10/5/2009	
Kyleen E Cane	SKINVISIBLE,INC.	DomesticCorporation	Registered Agent	10/6/2009	
Kyleen E Cane	SMWMANAGEMENTCORPORATION	DomesticCorporation	Registered Agent	10/7/2009	
Kyleen E Cane	SOUTHERNSTATESSIGNCOMPANY	DomesticCorporation	Registered Agent	10/8/2009	
Kyleen E Cane	ST.ROSEHOLDINGS,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/9/2009	
Kyleen E Cane	STAMISFAMILY,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/10/2009	
Kyleen E Cane	SUPPORTSAVESOLUTIONS,INC.	DomesticCorporation	Registered Agent	10/11/2009	
Kyleen E Cane	SURGEON'SCHOICE,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/12/2009	
Kyleen E Cane	TAYLORBUTTERFIELD&WORTHASSETMANAGEMENTCO	DomesticCorporation	Registered Agent	10/13/2009	
Kyleen E Cane	TELE-LAWYER,INC.	DomesticCorporation	Registered Agent	10/14/2009	
Kyleen E Cane	THEDAWAYNEANDNANCYJACOBSFAMILY,L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	10/15/2009	
Kyleen E Cane	THEDESIGNUFACTORY,INC.	DomesticCorporation	Registered Agent	10/16/2009	
Kyleen E Cane	THEDETAILSHOP,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/17/2009	
Kyleen E Cane	THELAURAL.TIBERTICHARITABLEFOUNDATION	DomesticNon-ProfitCorporation	Registered Agent	10/18/2009	
Kyleen E Cane	THEMICHAELCONNELLCHARITABLEFOUNDATION	DomesticNon-ProfitCorporation	Registered Agent	10/19/2009	
Kyleen E Cane	TRANSPACIFICMEDPROCORPORATION	DomesticCorporation	Registered Agent	10/20/2009	
Kyleen E Cane	TWGNEPTUNUSLLC	DomesticLimited-LiabilityCompany	Registered Agent	10/21/2009	
Kyleen E Cane	VBSAZPROPERTIES,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/22/2009	
Kyleen E Cane	VBSPROPERTIES,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/23/2009	
Kyleen E Cane	W.M.LIMITEDPARTNERSHIP	DomesticLimitedPartnership	Registered Agent	10/24/2009	
Kyleen E Cane	WATECAMERICACORP.	DomesticCorporation	Registered Agent	10/25/2009	
Kyleen E Cane	WHITTMANAGEMENT,L.L.C.	DomesticLimited-LiabilityCompany	Registered Agent	10/26/2009	
Kyleen E Cane	WHYR,LLC	DomesticLimited-LiabilityCompany	Registered Agent	10/27/2009	
Kyleen E Cane	WILLIAMS.BOYDFAMILYCORPORATION	DomesticCorporation	Registered Agent	10/28/2009	
Kyleen E Cane	WORLDSERIESOFGOLFONLINE,INC.	DomesticCorporation	Registered Agent	10/29/2009	
Kyleen E Cane	WSB,INC.	DomesticCorporation	Registered Agent	10/30/2009	
Kyleen E Cane	ZAGGINCORPORATED	DomesticCorporation	Registered Agent	10/31/2009	
Kyleen E Cane	ZEALOUS,INC.	DomesticCorporation	Registered Agent	11/1/2009	
Kyleen E Cane	ZNOMICS,INC.	DomesticCorporation	Registered Agent	11/2/2009	
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	director	1/17/2008	1/17/2009
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	business connection	3/1/2008	3/1/2009
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	chief executive officer	1/17/2008	1/17/2009
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	secretary	9/2002	9/1/2003
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	president	1/17/2008	1/17/2009
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	chief financial officer	9/2002	9/2002
Munjit Johal	Secured Diversified Investment Ltd	OTC:BB	beneficial ownership of		
Munjit Johal	Davi Skin Inc	OTC:BB	business connection	4/2/2006	4/2/2007
Munjit Johal	Davi Skin Inc	OTC:BB	chief financial officer	4/2/2007	4/2/2008
Munjit Johal	Davi Skin Inc	OTC:BB	general employment	6/28/2007	6/28/2007
Munjit Johal	Davi Skin Inc	OTC:BB	general employment		
Munjit Johal	Davi Skin Inc	OTC:BB	beneficial ownership of securities		
Munjit Johal	Secured Diversified Investments Ltd	OTC:BB	director		
Munjit Johal	Secured Diversified Investments Ltd	OTC:BB	chief financial officer (c		
Munjit Johal	Secured Diversified Investments Ltd	OTC:BB	chief executive officer	1/17/2008	
Munjit Johal	Secured Diversified Investments Ltd	OTC:BB	secretary, director, cfo	9/1/2002	9/2/2002
Munjit Johal	Secured Diversified Investments Ltd	OTC:BB	president - ceo	1/17/2008	1/17/2008
Grace Sim	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	secretary		
Grace Sim	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	treasurer		

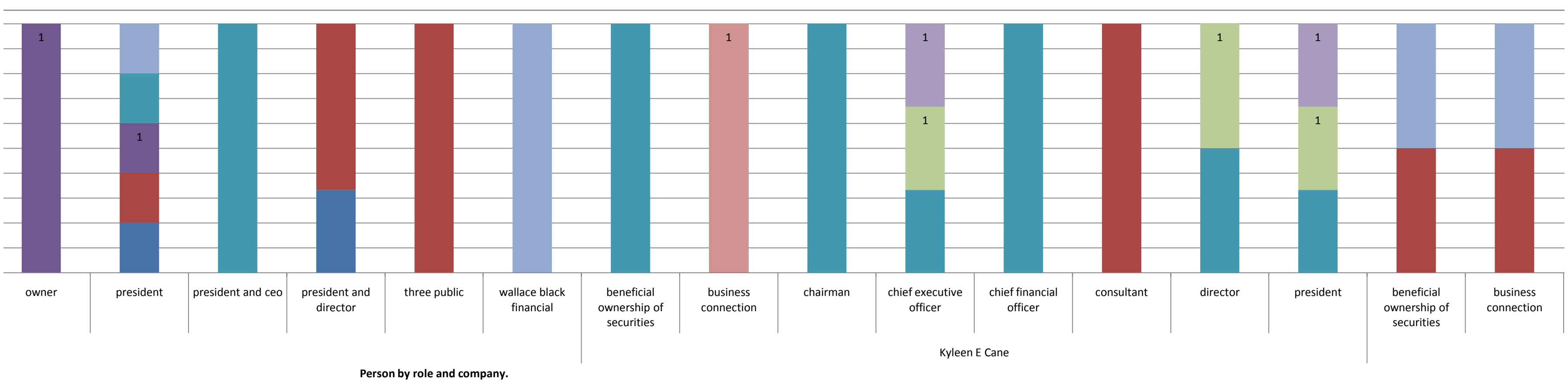
Grace Sim	Claire Technologies Inc	OTC:BB	director	3/7/1997	
Grace Sim	Claire Technologies Inc	OTC:BB	treasurer	3/7/1997	
Grace Sim	Claire Technologies Inc	OTC:BB	secretary	3/7/1997	
Grace Sim	Mailhouse Plus Ltd	OTC:BB	business connection	1/1/1993	
Grace Sim	MW Medical Inc	OTC:BB	director		
Grace Sim	MW Medical Inc	OTC:BB	secretary		
Grace Sim	MW Medical Inc	OTC:BB	treasurer		
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	chairman	6/1/2001	12/2004
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	director		
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	chief executive officer	6/1/2001	12/2004
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	chief financial officer	6/2/2001	12/2004
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	president	6/3/2001	12/2004
Kyleen E Cane	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	beneficial ownership of	2/14/2002	
Kyleen E Cane	Davi Skin Inc	OTC:BB	consultant	12/2/2007	12/2/2008
Kyleen E Cane	Tele Lawyer	OTC:BB	director	5/1/1999	
Kyleen E Cane	Tele Lawyer	OTC:BB	business connection	12/2/2007	
Kyleen E Cane	Tele Lawyer	OTC:BB	president	5/1/1989	
Kyleen E Cane	Tele Lawyer	OTC:BB	chief executive officer	5/1/1989	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	director	1/1/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	president	1/2/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	chief financial officer	1/3/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	director	1/4/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	tele lawyer	1/5/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	president	1/6/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	tele lawyer	1/7/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	president	1/8/2001	1/9/2001
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	chief executive officer	1/9/2001	
Kyleen E Cane	Legal Access Technologies Inc (preWorld Explorer Corp)	OTC:BB	tele lawyer and directo	1/10/2001	1/11/2001
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	business connection		
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	president and ceo	6/17/1995	6/17/1996
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	chief executive officer	4/1/1995	4/1/1996
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	chief operating officer	4/1995	4/1/1996
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	president	4/1/1995	4/1/1996
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	general employment	4/1995	4/1/1996
Jan Wallace	LEGAL ACCESS TECHNOLOGIES Inc	OTC:BB	operating officer		
Jan Wallace	Secured Diversified Investment Ltd	OTC:BB	director	10/11/2005	10/11/2005
Jan Wallace	Secured Diversified Investment Ltd	OTC:BB	wallace black financial	1/1/2005	
Jan Wallace	Secured Diversified Investment Ltd	OTC:BB	chief executive officer	4/5/2005	4/5/2005
Jan Wallace	Secured Diversified Investment Ltd	OTC:BB	president	4/5/2005	4/5/2005
Jan Wallace	Secured Diversified Investment Ltd	OTC:BB	beneficial ownership of		
Jan Wallace	Claire Technologies Inc	OTC:BB	director	4/1/1994	4/1/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	business connection	6/16/1994	6/17/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	chief executive officer	6/16/1994	6/17/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	president	6/16/1994	6/17/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	president and director	6/17/1994	6/17/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	chief operating officer	6/16/1994	6/17/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	executive vice presider	6/9/1994	6/18/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	financial consultant	6/9/1994	6/9/1995
Jan Wallace	Claire Technologies Inc	OTC:BB	operating officer	6/16/1994	6/17/1995
Jan Wallace	Davi Skin Inc	OTC:BB	director	1/1/2008	1/1/2009
Jan Wallace	Davi Skin Inc	OTC:BB	chief executive officer	1/1/2008	1/1/2009
Jan Wallace	Davi Skin Inc	OTC:BB	three public	1/1/2008	1/1/2009
Jan Wallace	Davi Skin Inc	OTC:BB	president and director	1/1/2008	1/1/2009
Jan Wallace	Davi Skin Inc	OTC:BB	president	12/1997	10/1/1998
Jan Wallace	Davi Skin Inc	OTC:BB	chief executive officer	12/1997	10/1/1998
Jan Wallace	Davi Skin Inc	OTC:BB	president and director	12/1/1997	10/1/1998
Jan Wallace	Davi Skin Inc	OTC:BB	general employment	12/1997	10/1/1998
Jan Wallace	General Dynamics Corp	OTC:BB	business connection	6/12/2007	6/1/2008
Jan Wallace	Mailhouse Plus Ltd	OTC:BB	business connection	6/12/2007	6/1/2008
Jan Wallace	Mailhouse Plus Ltd	OTC:BB	president	1/1/1987	1/1/1989
Jan Wallace	Mailhouse Plus Ltd	OTC:BB	financial consultant	1/1/1987	1/989
Jan Wallace	Mailhouse Plus Ltd	OTC:BB	owner	6/12/2007	6/1/2008
Jan Wallace	Secured Diversified Investments Ltd	OTC:BB	director	10/11/2005	10/1/2006
Jan Wallace	Secured Diversified Investments Ltd	OTC:BB	chief executive officer	1/1/2007	1/1/2008
Jan Wallace	Secured Diversified Investments Ltd	OTC:BB	president	4/5/2005	4/1/2006
Jan Wallace	Secured Diversified Investments Ltd	OTC:BB	wallace black financial	4/5/2005	4/1/2006
Jan Wallace	Secured Diversified Investments Ltd	OTC:BB	chief executive officer	1/1/2007	1/1/2008
Jan Wallace	Imagistics International Inc	OTC:BB	president		
Jan Wallace	Imagistics International Inc	OTC:BB	executive		
Jan Wallace	Imagistics International Inc	OTC:BB	executive vice president		
Jan Wallace	Imagistics International Inc	OTC:BB	owner		

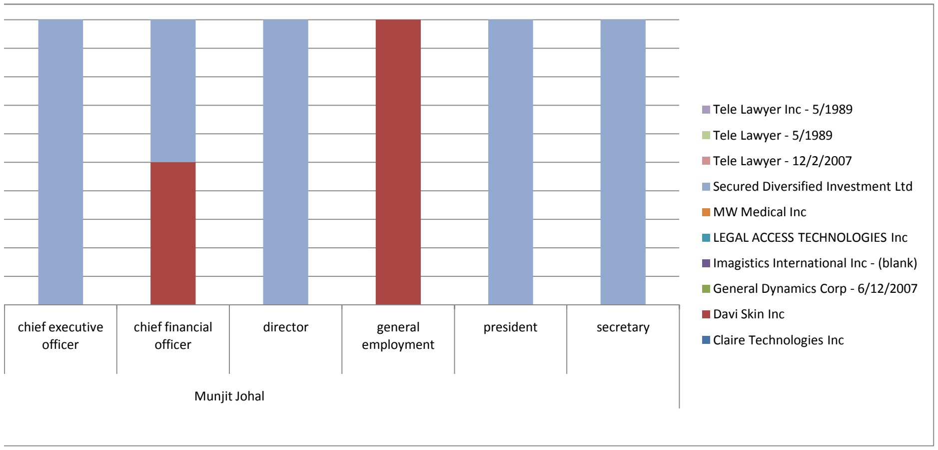
To Date-6	(All)

Count of ...Related To...	Column Labels					
Row Labels	Claire Technologies Inc	Davi Skin Inc	General Dynamics Corp 6/12/2007	General Dynamics Corp Total	Imagistics International Inc (blank)	Imagistics International Inc Total
Grace Sim	**3**					
director	1					
secretary	1					
treasurer	1					
Jan Wallace	**9**	**8**	**1**	**1**	**4**	**4**
beneficial ownership of securities						
business connection	1		1	1		
chief executive officer	1	2				
chief operating officer	1					
director	1	1				
executive					1	1
executive vice president	1				1	1
financial consultant	1					
general employment		1				
operating officer	1					
owner					1	1
president	1	1			1	1
president and ceo						
president and director	1	2				
three public		1				
wallace black financial						
Kyleen E Cane		**1**				
beneficial ownership of securities						
business connection						
chairman						
chief executive officer						
chief financial officer						
consultant		1				
director						
president						
Munjit Johal		**5**				
beneficial ownership of securities		1				
business connection		1				
chief executive officer						
chief financial officer		1				
director						
general employment		2				
president						
secretary						
Grand Total	**12**	**14**	**1**	**1**	**4**	**4**



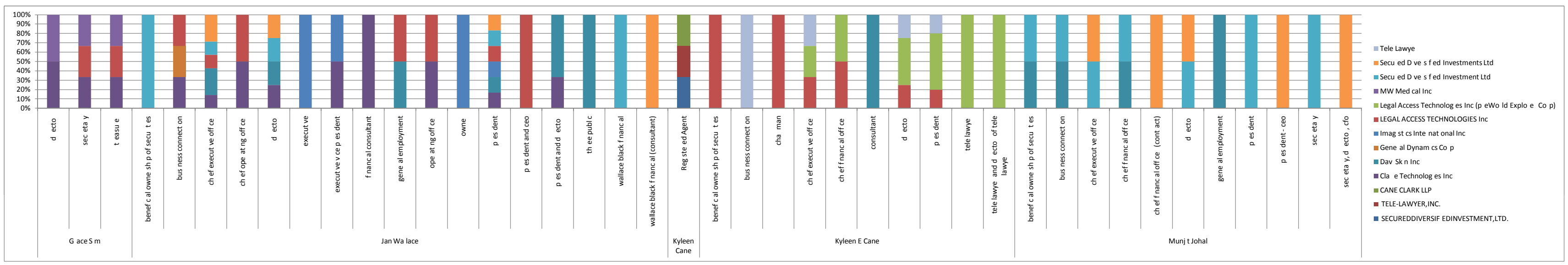
LEGAL ACCESS TECHNOLOGIES Inc	MW Medical Inc	Secured Diversified Investment Ltd	Tele Lawyer 12/2/2007	5/1989	Tele Lawyer Total	Tele Lawyer Inc 5/1989	Tele Lawyer Inc Total	Grand Total
2	**3**							**8**
	1							2
1	1							3
1	1							3
7		**5**						**34**
		1						1
1								3
1		1						5
1								2
		1						3
								1
								2
								1
1								2
1								2
								1
1		1						5
1								1
								3
								1
		1						1
6			**1**	**3**	**4**	**2**	**2**	**13**
1								1
			1		1			1
1								1
1				1	1	1	1	3
1								1
								1
1				1	1			2
1				1	1	1	1	3
		7						**12**
		1						2
		1						2
		1						1
		1						2
		1						1
								2
		1						1
		1						1
15	**3**	**12**	**1**	**3**	**4**	**2**	**2**	**67**





chief executive officer
chief financial officer
director
general employment
president
secretary
Munjit Johal
Tele Lawyer Inc - 5/1989
Tele Lawyer - 5/1989
Tele Lawyer - 12/2/2007
Secured Diversified Investment Ltd
MW Medical Inc
LEGAL ACCESS TECHNOLOGIES Inc
Imagistics International Inc - (blank)
General Dynamics Corp - 6/12/2007
Davi Skin Inc
Claire Technologies Inc

Count of Position	Co umn Labels													
Row Labels	**SECUREDD VERS FIEDINVESTMENT LTD.**	**TELE-LAWYER INC.**	**CANE CLARK LLP**	**Claire Technologies Inc**	**Davi Skin Inc**	**General Dynamics Corp**	**Imagistics International Inc**	**LEGAL ACCESS TECHNOLOGIES Inc**	**Legal Access Technologies Inc (preWorld Explorer Corp)**	**MW Medical Inc**	**Secured Diversified Investment Ltd**	**Secured Diversified Investments L d**	**Te e Lawyer**	**Grand Total**
Grace Sim				**3**				**2**		**3**				**8**
director				1						1				2
secre ary				1				1		1				3
treasurer				1				1		1				3
Jan Wallace				**9**	**8**	**1**	**4**	**7**			**5**	**5**		**39**
benef c al ownership of securit es											1			1
business connect on				1		1		1						3
ch ef executive of icer				1	2			1			1	2		7
ch ef operating o ficer				1				1						2
director				1	1						1	1		4
executive							1							1
executive vice pres dent				1			1							2
financial consu tant				1										1
general emp oyment					1			1						2
operating off cer				1				1						2
owner							1							1
p esident				1	1		1	1			1	1		6
p esident and ceo								1						1
p esident and direc or				1	2									3
three publ c					1									1
wallace black inanc al											1			1
wallace black inanc al (consul ant)												1		1
Kyleen Cane	**1**	**1**	**1**											**3**
Registered Agent	1	1	1											3
Kyleen E Cane					**1**			**6**	**10**				**4**	**21**
benef c al ownership of securit es								1						1
business connect on													1	1
chairman								1						1
ch ef executive of icer								1	1				1	3
ch ef financial off cer								1	1					2
consul ant					1									1
director								1	2				1	4
p esident								1	3				1	5
tele lawyer									2					2
tele lawyer and director of tele lawyer									1					1
Munjit Johal					**5**						**7**	**5**		**17**
benef c al ownership of securit es					1						1			2
business connect on					1						1			2
ch ef executive of icer											1	1		2
ch ef financial off cer					1						1			2
ch ef financial off cer (contract)												1		1
director											1	1		2
general emp oyment					2									2
p esident											1			1
p esident - ceo												1		1
secre ary											1			1
secre ary di ector cfo												1		1
Grand Total	**1**	**1**	**1**	**12**	**14**	**1**	**4**	**15**	**10**	**3**	**12**	**10**	**4**	**88**



FW: ode to mark

3 messages

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thi le <torino888@hotmail.com> **Wed, Aug 5, 2009 at 3:52 PM**
To: mark phillips <mark.phillips@gmail.com>

From: torino888@hotmail.com
To: mimosadoro@aol.com
Subject: RE: ode to mark
Date: Tue, 4 Sep 2007 08:14:19 +0000

From: janwallace@att.net
To: torino888@hotmail.com; markp@modsystems.com
Subject: ode to mark
Date: Mon, 3 Sep 2007 21:50:01 -0700

Good morning LamSon,

I don't know if mark is still with you or if he has left to go home, but I don't want to take the chance that he flys and doesn't get a chance to read this, please excuse me if this is an imposition. Mark this is for you:

When I did not hear from you or got no reply by text or e-mail from you at first I thought you're traveling , or having meetings or occupied with paper, but as time went on I started to get worried so worried that I lost my appetite couldn't sleep and eventually became frantic that something happened to you. I laid in bed with all my phones looking at them every 10 minutes, sending mail hoping to hear something from you. Last night all I did was cry, thinking of what I would be able to do if something had happened to you and feeling useless because you were so far away. I didn't want to call your mom because if you weren't with her all I would do is make her worry more than I was, and that would not be fair to her.

The reason I tell you this is that not for one moment was I angry that I couldn't reach you I was upset that if something happened to you I could never tell you that I'm sorry we fought before you left and that I realize that everytime I have written to you it has never been about the important things that matter, and I want you to know that I'm sorry for that.

Relationships at the best of times have challenges, with us being in different cities, hectic travel, and the responsibility of managing multiple tasks and the added burden of people that depend on you are sometimes wearing and effects us every now and then in a negative way. However, I want you to know that I admire you and understand how important this is to you and want to be nothing but supportive. I am so glad you are in my life and that I love you very much and that I have this opportunity to tell you and should do it more often. You are dear and special to me and always will be. No one ever knows what tomorrow will bring, but my wish is that we know enough to love and respect what we do have in each other, and it goes on for some time but, If tomorrow, you decided that this is not what makes you happy please know that even if I am heart broken, I would never have regretted knowing you, sharing with you and loving you for even a second.

I love you Mark you have my heart, and I hope I hear from you so that I can fly to where ever you are just to be with you.

Please be safe

jan

From: Leanne Perrin [Leanne.Perrin@yorkstreet.bm]
Sent: Wednesday, March 15, 2006 10:27 AM
To: jan wallace
Subject: RE: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

These amounts were paid feb 21, 06

Thanks,
Leanne

-----Original Message-----
From: jan wallace [mailto:janwallace@att.net]
Sent: Wednesday, March 15, 2006 12:35 PM
To: Leanne Perrin
Subject: RE: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

Leanne I will send the 5000usd today for the accounts jan

-----Original Message-----
From: Leanne Perrin [mailto:Leanne.Perrin@yorkstreet.bm]
Sent: Tuesday, January 31, 2006 10:24 AM
To: janwallace@att.net
Subject: 2006 Renewal Invoice - Arch Ltd. and Sunshine Ltd.

Please find attached invoices for the above company's along with wire instructions for your convenience.

Regards,

Leanne Perrin CA
27 Reid Street, 1st Floor
P.O. Box HM 3051
Hamilton HM NX
Bermuda

Telephone: (441) 295-4754 or (441) 295-1820
Facsimile: (441) 295-5491
Email: leanne.perrin@yorkstreet.bm
Website: www.st-georges.com or www.water-street.com

<<BSS USD wire transfer instructions.pdf>> <<1374 Arch Ltd.pdf>> <<1236 Sunshine Ltd.pdf>>

BRIDGE STREET SERVICES LIMITED

USD WIRE TRANSFER INSTRUCTIONS

Correspondent Bank:	HSBC Bank USA 452 Fifth Avenue New York, NY 10018 U.S.A. SWIFT Code: MRMDUS33 FED ABA: 021001088 CHIPS ABA: 0108
Beneficiary Bank:	The Bank of Bermuda Limited 6 Front Street Hamilton HM 11 Bermuda SWIFT Code: BBDA BMHM
Beneficiary Account Number:	1010-956504
Beneficiary Account Name:	Bridge Street Services Limited Reference: Client and/or Company Name

Bridge Street Services Limited

Marquee Place, Suite 300
430 West Bay Road
P.O. Box 30691 SMB
Grand Cayman
Cayman Islands, BWI

INVOICE

Our ref: 8ULNN8G9/1236 01/11/2005

LOM Securities (Cayman) Limited
Buckingham Square, Penthouse
P.O. Box 30997SMB
West Bay Road, SMB
Cayman Islands

Sunshine Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00
Grand Total:	USD 2,500.00

Invoice is payable upon receipt
Please ensure prompt payment on or before January 31, 2006
to avoid penalty fees

Bridge Street Services Limited

Marquee Place, Suite 300
430 West Bay Road
P.O. Box 30691 SMB
Grand Cayman
Cayman Islands, BWI

INVOICE

Our ref: 8UML06T4/1374 01/11/2005

Ms. Devi JOHAL
LOM Securities (Bermuda) Limited
The LOM Building
27 Reid Street
Hamilton HM 11
Bermuda

Arch Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00

Grand Total:	USD 2,500.00

Invoice is payable upon receipt
Please ensure prompt payment on or before January 31, 2006
to avoid penalty fees

WALLACE BLACK, LLC

Business Entity Information			
Status:	Revoked	File Date:	3/3/2005 11:08:29 AM
Type:	Domestic Limited-Liability Company	Corp Number:	E0070452005-6
Qualifying State:	NV	List of Officers Due:	3/31/2006
Managed By:	Managing Members	Expiration Date:	

Registered Agent Information			
Name:	CANE CLARK AGENCY LLC	Address 1:	3273 E WARM SPRINGS RD
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89120
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Commercial Registered Agent - Limited-Liability Corporation		
Jurisdiction:	NEVADA	Status:	Active

Financial Information			
No Par Share Count:	0	Capital Amount:	$ 0
No stock records found for this company			

Officers			Include Inactive Officers
Managing Member - KELLY BLACK			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	
Managing Member - JAN WALLACE			
Address 1:	7349 N. SCOTTSDALE ROAD #515	Address 2:	
City:	SCOTTSDALE	State:	AZ
Zip Code:	85283	Country:	
Status:	Active	Email:	

Actions\Amendments			
Action Type:	Articles of Organization		
Document Number:	20050044409-78	# of Pages:	1
File Date:	03/03/2005	Effective Date:	
(No notes for this action)			
Action Type:	Initial List		
Document Number:	20050136338-61	# of Pages:	1
File Date:	04/20/2005	Effective Date:	

(No notes for this action)

Action Type:	Registered Agent Address Change		
Document Number:	20060070102-48	# of Pages:	1
File Date:	02/03/2006	Effective Date:	
(No notes for this action)			

DAVI

FAX

TO HEPBURN HOLDINGS

FROM JAN

FAX # 206 . 374 . 2718

PAGES 2

TEL #

DATE 06/13/2007

RE

NOTES

4223 GLENCOE AVE. STE. B130 MARINA DEL REY, CA 90292 T 310.827.0800 F.310.827.0800

HEPBURN HOLDINGS LTD.

Mareva House, 4 George Street
P.O. Box N3937, Nassau, Bahamas

USD UNITED STATES DOLLARS – WIRE INSTRUCTIONS

Bank Details:	JP Morgan Chase 4 Chase Metrotech Center New York, NY U.S.A.
ABA Number:	021 000 021
SWIFT:	CHAS US 33
Account Name:	Bank of Butterfield
Account Number:	0011067808

Beneficiary Bank:	Bank of NT Butterfield Hamilton Bermuda
SWIFT:	BNTB BM HM
Account Name:	LOM Client Funds
Account Number:	20.006.840.351501.100
Reference:	1001790 – Hepburn Holdings Ltd.

M

...Related To...	(Multiple Items)
Relationship	(Multiple Items)

	Column Labels																										
	Num Pos																									Total Num Pos	Total Num Title
Row Labels	1981	1987	1990	1993	1994	1995	1998	1999	2001	2005	2006	2007	2008	2/14/2002	3/1/2008	3/7/1997	4/1995	4/2/2007	4/5/2005	5/12/2006	6/12/2007	6/2001	7/5/2001	9/2002	9/2003		
CHAIRMAN									**1**																	**2**	**1**
Kyleen E Cane									1																	2	1
CHIEF EXECUTIVE OFFICER					**1**	**1**	**1**		**3**			**1**	**1**													**10**	**5**
Jan Wallace					1	1	1					1														5	2
Kyleen E Cane									3																	4	2
Munjit Johal													1													1	1
CHIEF FINANCIAL OFFICER									**2**		**1**		**1**					**1**						**1**		**7**	**5**
Kyleen E Cane									2																	3	1
Munjit Johal											1		1					1						1		4	4
CHIEF OPERATING OFFICER					**1**	**1**																				**3**	**1**
Jan Wallace					1	1																				3	1
CONTROLLER				**1**																						**1**	**1**
Grace Sim				1																						1	1
DIRECTOR								**1**	**2**	**1**						**1**							**1**			**8**	**3**
Grace Sim																1										1	1
Jan Wallace								1		1																3	
Kyleen E Cane									2														1			4	2
EXEC									**2**																	**2**	
Kyleen E Cane									2																	2	
EXECUTIVE VICE PRESIDENT		**2**	**1**																							**3**	**1**
Jan Wallace		2																								2	
Munjit Johal			1																							1	1
EXECUTIVE VP			**1**																							**1**	**1**
Munjit Johal			1																							1	1
FINANCIAL ANALYST	**1**																									**1**	**1**
Munjit Johal	1																									1	1
FINANCIAL CONSULTANT		**1**																								**1**	
Jan Wallace		1																								1	
MANAGING MEMBER																										**1**	
Kyleen E Cane																										1	
OPERATING OFFICER					**1**																					**1**	
Jan Wallace					1																					1	
PRESIDENT		**1**			**1**		**1**		**1**																	**6**	
Jan Wallace		1			1		1																			4	
Kyleen E Cane									1																	2	
SECRETARY																**1**								**1**		**2**	**2**
Grace Sim																1										1	1
Munjit Johal																								1		1	1
TREASURER																**1**										**1**	**1**
Grace Sim																1										1	1
(blank)															**1**						**1**						**13**
Grace Sim																											1
Jan Wallace																					1						5
Kyleen E Cane																											3
Munjit Johal															1												4
Grand Total	**1**	**4**	**2**	**1**	**4**	**2**	**2**	**1**	**11**	**1**	**1**	**1**	**2**		**1**	**3**		**1**			**1**		**1**	**2**		**50**	**35**

Count of Position	Column Labels													
Row Labels	SECUREDDIVERSIFIEDINVESTMENT,LTD.	TELE-LAWYER,INC.	CANE CLARK LLP	Claire Technologies Inc	Davi Skin Inc	General Dynamics Corp	Imagistics International Inc	LEGAL ACCESS TECHNOLOGIES Inc	Legal Access Technologies Inc (preWorld Explorer Corp)	MW Medical Inc	Secured Diversified Investment Ltd	Secured Diversified Investments Ltd	Tele Lawyer	Grand Total
Grace Sim				**3**				**2**		**3**				**8**
director				1						1				2
secretary				1				1		1				3
treasurer				1				1		1				3
Jan Wallace				**9**	**8**	**1**	**4**	**7**			**5**	**5**		**39**
beneficial ownership of securities											1			1
business connection				1		1		1						3
chief executive officer				1	2			1			1	2		7
chief operating officer				1				1						2
director				1	1						1	1		4
executive							1							1
executive vice president				1			1							2
financial consultant				1										1
general employment					1			1						2
operating officer				1				1						2
owner							1							1
president				1	1		1	1			1	1		6
president and ceo								1						1
president and director				1	2									3
three public					1									1
wallace black financial											1			1
wallace black financial (consultant)												1		1
Kyleen Cane	**1**	**1**	**1**											**3**
Registered Agent	1	1	1											3
Kyleen E Cane					**1**			**6**	**10**				**4**	**21**
beneficial ownership of securities								1						1
business connection													1	1
chairman								1						1
chief executive officer								1	1				1	3
chief financial officer								1	1					2
consultant					1									1
director								1	2				1	4
president								1	3				1	5
tele lawyer									2					2
tele lawyer and director of tele lawyer									1					1
Munjit Johal					**5**						**7**	**5**		**17**
beneficial ownership of securities					1						1			2
business connection					1						1			2
chief executive officer											1	1		2
chief financial officer					1						1			2
chief financial officer (contract)												1		1
director											1	1		2
general employment					2									2
president											1			1
president - ceo												1		1
secretary											1			1
secretary, director, cfo												1		1
Grand Total	**1**	**1**	**1**	**12**	**14**	**1**	**4**	**15**	**10**	**3**	**12**	**10**	**4**	**88**