

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 JOYCE TSAI (SBN 241908)
Corporations Counsel
4 CALIFORNIA DEPARTMENT OF CORPORATIONS
5 1350 Front Street, Room 2034
6 San Diego, California 92101
Telephone: (619) 525-4043

7
8 Attorneys for the People of the State of California

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

11 THE PEOPLE OF THE STATE OF
12 CALIFORNIA, by and through the
13 CALIFORNIA CORPORATIONS
COMMISSIONER,

14 Plaintiff,

15 vs.

16
17 POWER STATION LLC, a Nevada limited
liability company; HENRY MAURISS, an
18 individual; and DOES 1 through 10, inclusive,

19 Defendants.
20
21
22
23
24
25

Case No.:

**COMPLAINT FOR INJUNCTIVE RELIEF;
CIVIL PENALTIES; AND ANCILLARY
RELIEF
[CORPORATIONS CODE SECTIONS
25530 AND 25535]**

**UNQUALIFIED OFFER AND SALE OF
SECURITIES
[CORPORATIONS CODE SECTION
25110]**

**MISREPRESENTATIONS OR OMISSIONS
IN THE OFFER AND SALE OF
SECURITIES
[CORPORATIONS CODE SECTION
25401]**

**VIOLATION OF DESIST AND REFRAIN
ORDER ISSUED BY THE
COMMISSIONER**

1 THE PEOPLE OF THE STATE OF CALIFORNIA, by and through Preston DuFauchard,
2 California Corporations Commissioner, acting to protect the public from unlawful and fraudulent
3 sales of securities, bring this action in the public interest. The People of the State of California
4 allege:

5 **VENUE AND JURISDICTION**

6 1. Plaintiff, the California Corporations Commissioner (“Commissioner”), brings this
7 action to enjoin the defendants from violating the Corporate Securities Law of 1968, California
8 Corporations Code sections 25000 *et seq.* (“CSL”), and to request necessary civil penalties and
9 ancillary relief. The Commissioner is authorized to administer and enforce the provisions of the
10 CSL.

11 2. The Commissioner brings this action pursuant to Corporations Code section 25530
12 and Government Code sections 11180 *et seq.* in his capacity as head of the California Department
13 of Corporations (“Department”).

14 3. Defendants have transacted and continue to transact business within San Diego
15 County and through the State of California. Defendants have offered or sold securities to at least
16 fifteen residents of San Diego County. Further, Defendants have sold securities to at least one
17 resident of San Diego County, raising at least \$8,000. The violations of law described herein have
18 occurred and will continue to occur within San Diego County and throughout the State of
19 California unless enjoined.

20 **PARTIES**

21 4. Defendant Power Station LLC (“Power Station”) is a Nevada limited liability
22 company formed on October 8, 2002. Power Station’s headquarters are located at 333 City
23 Boulevard West, Suite 1700, Orange, California 92868.

24 5. Defendant Henry Mauriss (“Mauriss”) is the Managing Member and Chairman of
25 Power Station. Mauriss’ last known residence is 322 Castile Way, South San Francisco,
26 California 94080 and his business address is 333 City Boulevard West, Suite 1700, Orange,
27 California 92868.

28 8. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are

1 unknown to Plaintiff, who therefore sues such defendants by such fictitious names, pursuant to the
2 provisions of Code of Civil Procedure section 474. Plaintiff requests leave of the Court to amend
3 the Complaint and allege the true names and capacities of such defendants at such time as they
4 become known.

5 STATEMENT OF FACTS

6 9. Beginning in at least 2003 and continuing thereafter, Power Station and Mauriss
7 (collectively, "Defendants") and their agents, representatives, and affiliates, have sold unqualified,
8 non-exempt securities to at least 26 investors residing in California, raising at least \$628,881.77.

9 10. These securities include, but are not limited to, convertible notes, Class B
10 membership interests, and warrants to acquire Class B membership interests.

11 11. Defendants offered and sold securities to California residents for the purpose of
12 funding the operation of "PowerPorts," which provide laptop, cellular phone, and Internet services
13 in airports and other venues.

14 12. Through general solicitations on Power Station's website, located at
15 www.powerstationllc.com, Defendants solicited California residents to invest in the securities.

16 13. On or about February 14, 2006, the Texas State Securities Board issued a Cease
17 Publication Order ("Texas Order") against Defendants Power Station and Mauriss, ordering them
18 to cease publication, dissemination, and use of sales materials that are materially misleading in the
19 offer and sale of securities.

20 14. After the Texas State Securities Board issued its Order, Defendants continued to
21 solicit investors in California without disclosing a material fact, the existence of the Texas Order.

22 15. On or about July 17, 2007, the Commissioner issued a Desist and Refrain Order
23 ("California Order") against Defendants Power Station and Mauriss, ordering them to desist and
24 refrain from the further offer and sale of unqualified, non-exempt securities in violation of
25 Corporations Code section 25110. The California Order also ordered Power Station and Mauriss
26 to desist and refrain from making misrepresentations and omissions of material fact in connection
27 with the offer and sale of securities in violation of Corp. Code section 25401.

28 16. The California Order was served on Power Station and Mauriss on July 20, 2007.

1 Neither Power Station nor Mauriss requested an administrative hearing to challenge the findings in
2 the California Order. Therefore, the California Order is now final.

3 17. Notwithstanding the California Order, Defendants continued to offer and sell
4 unqualified, non-exempt securities to California residents.

5 18. Notwithstanding the California Order, Defendants continued to use general
6 solicitation in the form of telephone “cold calls,” emails, and direct mailings of their offering
7 materials to California residents.

8 19. Notwithstanding the California Order, Defendants omitted to disclose a material
9 fact, the existence of the California Order, to prospective investors in California.

10 20. Defendants made further misrepresentations by providing inaccurate financial data
11 to prospective investors that overstated Power Station’s gross monthly revenue per PowerPort and
12 the company’s total gross yearly revenue.

13 21. Defendants made further misrepresentations by telling prospective investors they
14 were operating more PowerPort units than they actually were.

15
16 **FIRST CAUSE OF ACTION**

17 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**

18 **IN VIOLATION OF CORPORATIONS CODE SECTION 25110**

19 **(AGAINST ALL DEFENDANTS)**

20 22. Plaintiff incorporates by reference paragraphs 1 through 21 of this Complaint as
21 though fully set forth herein.

22 23. Corporations Code section 25110 provides, in pertinent part, as follows:

23 It is unlawful for any person to offer or sell in this state any security in an issuer
24 transaction ... whether or not by or through underwriters ... unless such sale has
25 been qualified under Section 25111, 25112 or 25113 ... or unless such security or
26 transaction is exempted or not subject to qualification under Chapter 1
[commencing with Section 25100] of this part.

27 24. Beginning in at least 2003 and continuing thereafter, Defendants, and each of them,
28 offered securities to at least 107 California residents and sold securities to at least 26 California

1 residents, raising at least \$628,881.77.

2 25. The investments offered and sold by Defendants are “securities” within the
3 meaning of Corporations Code section 25110. The securities include, but are not limited to,
4 convertible notes, Class B membership interests, and warrants to acquire Class B membership
5 interests.

6 26. The securities were offered and sold in “issuer transactions” within the meaning of
7 Section 25110.

8 27. Defendants, and each of them, offered and sold the securities within the state of
9 California within the meaning of Corporations Code sections 25008 and 25017.

10 28. The Commissioner has not issued a permit or other form of qualification
11 authorizing the offer and sale of the securities by Defendants in the State of California.

12 29. The offer and sale of securities referred to herein were not exempt from the
13 requirement of qualification under Section 25110.

14 30. Unless enjoined by this Court, Defendants will continue to violation Corp. Code
15 section 25110.

16 **SECOND CAUSE OF ACTION**

17 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**

18 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**

19 **(AGAINST ALL DEFENDANTS)**

20 31. Plaintiff incorporates by reference paragraphs 1 through 30 of this Complaint as
21 though fully set forth herein.

22 32. Corporations Code section 25401 provides:

23 It is unlawful for any person to offer or sell a security in this state or buy or offer to
24 buy a security in this state by means of any written or oral communication which
25 includes an untrue statement of a material fact or omits to state a material fact
26 necessary in order to make the statements made, in the light of the circumstances
under which they were made, not misleading.

27 33. In offering and selling the securities referred to herein, Defendants, and each of
28 them, made untrue statements of material fact and omitted to state material facts to California

1 investors. The untrue statements and omissions include, but are not limited to, the following:

- 2 A. Defendants omitted to disclose, to investors and potential investors, that the Texas
3 State Securities Board had issued a Cease Publication Order on February 14, 2006,
4 ordering Defendants Power Station and Mauriss to cease publication,
5 dissemination, and use of sales materials that are materially misleading in the offer
6 and sale of securities.
- 7 B. Defendants omitted to disclose, to investors and potential investors, that the
8 Commissioner had issued a Desist and Refrain Order against Defendants Power
9 Station and Mauriss on July 17, 2007, ordering those defendants to desist and
10 refrain from the further offer and sale of unqualified, non-exempt securities and
11 from making material misrepresentations or omissions in connection therewith.
- 12 C. Defendants falsely represented that Power Station's gross revenue in 2006 was
13 \$2,175,000, when in fact its gross revenue was only \$143,411.
- 14 D. Defendants falsely represented the monthly gross revenues for each PowerPort unit
15 by reporting inflated monthly gross revenues and by reporting monthly gross
16 revenues for PowerPort units that were not actually in existence.
- 17 E. Defendants falsely stated that Power Station was operating two PowerPorts in San
18 Francisco International Airport, one PowerPort in Las Vegas Convention Center,
19 two PowerPorts in LaGuardia Airport, and eleven PowerPorts in Dallas-Fort Worth
20 International Airport. In fact, at the time Defendants' false statements were made,
21 there were no PowerPorts in San Francisco International Airport, no PowerPorts in
22 Las Vegas Convention Center, only one PowerPort in LaGuardia Airport, and only
23 six PowerPorts in Dallas-Fort Worth International Airport.

24 34. The misstatements and omissions referred to herein were "material facts" within
25 the meaning of Corp. Code section 25401 because they were facts that a "reasonable investor"
26 would consider in deciding whether to invest.

27 35. Defendants' offer and sale of securities were by means of misrepresentations and
28 omissions within the meaning of Section 25401.

1 36. Some or all of Defendants’ misrepresentations and omissions of material fact took
2 place “within the state” of California within the meaning of Corp. Code section 25008.

3 37. Unless enjoined by this Court, Defendants will continue to violate Section 25401.

4 **THIRD CAUSE OF ACTION**

5 **VIOLATION OF PRIOR DESIST AND REFRAIN ORDER**

6 **ISSUED BY THE COMMISSIONER**

7 **(AGAINST ALL DEFENDANTS)**

8 38. Plaintiff incorporates by reference paragraphs 1 through 37 of this Complaint as
9 though fully set forth herein.

10 38. Corporations Code section 25532 provides, in pertinent part, as follows:

11 (a) If, in the opinion of the commissioner, (1) the sale of a security is subject to
12 qualification under this law and it is being or has been offered or sold without first
13 being qualified, the commissioner may order the issuer or offeror of the security to
14 desist and refrain from the further offer or sale of the security until qualification has
15 been made under this law or (2) the sale of a security is subject to the requirements
16 of Section ... 25102.1 and the security is being or has been offered or sold without
17 first meeting the requirements of those sections, the commissioner may order the
18 issuer or offeror of that security to desist and refrain....

19 (c) If, in the opinion of the commissioner, a person has violated or is violating
20 Section 25401, the commissioner may order that person to desist and refrain from
21 the violation.

22 39. On July 17, 2007, the Commissioner issued a Desist and Refrain Order against
23 Defendants Power Station and Mauriss. The California Order was served on Power Station and
24 Mauriss on July 20, 2007.

25 40. Defendants did not request an administrative hearing to challenge the findings in
26 the California Order. The California Order is now final.

27 41. Following the issuance of the California Order, Defendants Power Station and
28 Mauriss continued to offer securities by way of general solicitation in the form of sales meetings,
phone calls, emails, and direct mailings.

42. Following the issuance of the Order, Defendants Power Station and Mauriss
continued to make material misrepresentations and omissions in the offer and sale of securities by

1 overstating Power Station’s monthly and yearly revenue and the number of PowerPort locations.

2 43. Following the issuance of the California Order, Defendants Power Station and
3 Mauriss continued to make material misrepresentations and omissions in the offer and sale of
4 securities by failing to disclose the existence of the California Order.

5 44. Unless enjoined, Defendants Power Station and Mauriss will continue to violate the
6 Desist and Refrain Order issued by the Commissioner on July 17, 2007.

7
8 **PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiff prays for judgment against Defendants Power Station LLC,
10 Henry Mauriss, and Does 1 through 10, inclusive, as follows:

11 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS**

12 For a Temporary Restraining Order, an Order of Preliminary Injunction, and ultimately, a
13 Permanent Injunction, pursuant to California Corporations Code section 25530, restraining and
14 enjoining Defendants from directly or indirectly:

15 1. Violating California Corporations Code section 25110 by offering to sell, selling,
16 arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of
17 and security of any kind, unless such security or transaction is qualified;

18 2. Violating California Corporations Code section 25401 by offering to sell or selling
19 any security of any kind, including but not limited to the securities described in this Complaint, by
20 means of any written or oral communication which includes any untrue statement of material fact
21 or omits or fails to state any material fact necessary in order to make the statements made, in the
22 light of the circumstances under which they are made, not misleading;

23 3. Violating the Desist and Refrain Order issued by the California Corporations
24 Commissioner on July 17, 2007, by offering and selling unqualified, non-exempt securities in
25 violation of California Corporations Code section 25110 and by making misrepresentations or
26 omissions of material fact in connection therewith in violation of Section 25401;

27 4. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise
28 disposing of, in any manner, any books, records, computer programs, computer files, computer

1 printouts, correspondence, brochures, manuals, or any other “writing” or “document” of any kind
2 as defined under California Evidence Code section 250, relating to the transactions and course of
3 conduct as alleged in the complaint of this action, unless authorized by this Court; and

4 5. Withdrawing from any bank account or disposing of any real or personal property
5 in their possession, custody, or control, without leave of the Court.

6 **II. RESCISSION AND RESTITUTION**

7 1. For a Final Judgment requiring Defendants to rescind each and all of the unlawful
8 transactions alleged in this Complaint, or according to proof, pursuant to California Corporations
9 Code section 25530, subdivision (b), and further requiring Defendants to pay full restitution to
10 each California resident determined to have been subject to Defendants’ acts or practices which
11 constitute violations of the Corporate Securities Law of 1968, in an amount of at least
12 \$628,881.77, or according to proof. In addition, to pay either the contracted rate of interest or the
13 legal rate of interest on the amount invested by the investors from the date of their investments to
14 the date of judgment herein; and

15 2. For a Final Judgment requiring Defendants to disgorge, pursuant to California
16 Corporations Code section 25530, subdivision (b), all benefits received, including but not limited
17 to, salaries, commissions, fees, profits, and any other remuneration, derived directly or indirectly
18 from the actions or practices which constitute violations of the Corporate Securities Law of 1968.

19 **III. CIVIL PENALTIES**

20 For a Final Judgment requiring Defendants to pay to the Department of Corporations
21 \$25,000.00 as a civil penalty for each act in violation of the Corporate Securities Law of 1968,
22 pursuant to California Corporations Code section 25535, in an amount of at least \$5,000,000.00 or
23 according to proof.

24 **IV. OTHER RELIEF**

25 For such other and further relief as this Court may deem necessary and proper.
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: August 27, 2008

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
JOYCE TSAI
Corporations Counsel
Attorney for the People of California