

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 ALEX CALERO (SBN 238389)
Corporations Counsel
4 CALIFORNIA DEPARTMENT OF CORPORATIONS
5 1350 Front Street, Room 2034
San Diego, California 92101
6 Telephone: (619) 525-4044
7 Attorneys for the People of the State of California

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

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

13 Plaintiff,

14 vs.

15 SMARTWEAR TECHNOLOGIES, a San
Diego County fictitious business name;
16 SMARTWEAR TECHNOLOGIES, INC., a
Delaware corporation;
17 NORMAN FRANK REED, an individual;
ROBERT REED, an individual;
18 SEAN BORZAGE BOYD, an individual; and
DOES 1 through 10, inclusive,

19 Defendants,

20 And

21 GLOBAL GENERAL TECHNOLOGIES,
22 INC., a Nevada corporation; and
LEXIT TECHNOLOGY, INC., a Colorado
23 corporation,

24 Relief Defendants.

Case No.: 37-2008-00091291-CU-MC-CTL

FIRST AMENDED COMPLAINT FOR
PRELIMINARY AND PERMANENT
INJUNCTION, ANCILLARY RELIEF AND
CIVIL PENALTIES

VIOLATIONS OF CORPORATIONS CODE
SECTION 25110 (UNQUALIFIED, NON-
EXEMPT OFFER AND SALE OF
SECURITIES)

VIOLATIONS OF CORPORATIONS CODE
SECTION 25401 (MISREPRESENTATIONS
AND OMISSIONS IN THE OFFER AND
SALE OF SECURITIES)

Judge: Hon. Judith F. Hayes
Dept: 68

Date Action Filed: September 9, 2008

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26 Preston DuFauchard, California Corporations Commissioner, acting to protect the public
27 from the unlawful and fraudulent offer or sale of securities, brings this action in the public interest,
28 in the name of the People of the State of California. The People of the State of California allege:

VENUE AND JURISDICTION

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2 1. The California Corporations Commissioner (“Commissioner” or “Plaintiff”) in his
3 capacity as head of the California Department of Corporations (“Department”) brings this action
4 to enjoin the defendants from violating the Corporate Securities Law of 1968 (California
5 Corporations Code section 25000 et seq.) and to request necessary equitable and ancillary relief.
6 The Commissioner is authorized to administer and enforce the provisions of the Corporate
7 Securities Law of 1968 and the regulations promulgated there under (California Code of
8 Regulations, title 10, section 250.9 et seq.).

9 2. The Commissioner brings this action pursuant to Corporations Code sections 25530
10 and 25535 and Government Code section 11180 et seq. in his capacity as head of the Department.

11 3. The defendants and relief defendants have transacted and continue to transact
12 business within San Diego County and other counties in the State of California. The violations of
13 law described herein have occurred and will continue to occur within San Diego County and
14 throughout the State of California unless enjoined.

DEFENDANTS

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16 4. Defendant SMARTWEAR TECHNOLOGIES is a San Diego fictitious business
17 name, filed on August 18, 2005, with a listed owner of Norman Reed and a listed address at 2650
18 Jamacha Road, El Cajon, CA 92019.

19 5. Defendant SMARTWEAR TECHNOLOGIES, INC. is a Delaware corporation,
20 incorporated on August 8, 2005, maintaining last known business addresses at 10120 S. Eastern
21 Ave., Suite 200, Henderson, NV 89052, P.O. Box 152112, San Diego, CA 92195 and 15934
22 Wood Valley Trail, Units B and C, Jamul, CA 91935.

23 6. Defendant Norman Frank Reed (“NORMAN REED”), a.k.a. Norman Anthony
24 Reed and N.A. Reed, is an individual whose last known residence is 2650 Jamacha Road, El
25 Cajon, CA 92019 and whose last known business address is 15934 Wood Valley Trail, Units B
26 and C, Jamul, CA 91935. At all relevant times, NORMAN REED is and was President, a control
27 person and a consultant for SMARTWEAR TECHNOLOGIES and SMARTWEAR
28 TECHNOLOGIES, INC.

1 7. Defendant Robert Reed (“ROBERT REED”) is an individual whose last known
 2 residence is 2650 Jamacha Road, El Cajon, CA 92019 and whose last known business address is
 3 15934 Wood Valley Trail, Units B and C, Jamul, CA 91935. At all relevant times, ROBERT
 4 REED is and was President and a control person for SMARTWEAR TECHNOLOGIES and
 5 SMARTWEAR TECHNOLOGIES, INC.

6 8. Based on information and belief, NORMAN REED uses the name Robert Reed and
 7 Bob Reed as aliases.

8 9. Defendant Sean Borzage Boyd (“SEAN BORZAGE”), a.k.a. Sean Boyd, is an
 9 individual whose last known residence is 1270 Gulf Boulevard, Suite 2007, Clearwater, FL 33767
 10 and whose last known business address is 15934 Wood Valley Trail, Units B and C, Jamul, CA
 11 91935. At all relevant times, SEAN BORZAGE is and was Vice President of Sales and Marketing
 12 and a consultant for SMARTWEAR TECHNOLOGIES and SMARTWEAR TECHNOLOGIES,
 13 INC.

14 10. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are
 15 unknown to Plaintiff who therefore sues such defendants by such fictitious names, pursuant to
 16 Code of Civil Procedure section 474. The Commissioner is informed and believes, and on such
 17 information and belief alleges, that at all times mentioned herein Does 1 through 10, inclusive,
 18 have acted and continue to act in concert with the Defendants named herein, and each of them has
 19 participated in the acts and transactions that are the subject of this complaint. The Commissioner
 20 asks leave of the court to amend the Complaint and allege the true names and capacities of such
 21 defendants at such time as the same have been ascertained.

22 11. The Commissioner is informed and believes and based thereon alleges that at all
 23 relevant times, the Defendants named as officers, directors, agents or employees acted in such
 24 capacities in connection with the acts, practices and schemes of business set forth below.

RELIEF DEFENDANTS

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 26 12. Relief Defendant GLOBAL GENERAL TECHNOLOGIES, INC., is a Nevada
 27 corporation, incorporated on April 26, 1993, maintaining a last known business address at 10120
 28 S. Eastern Ave., Suite 200, Henderson, NV 89052. ROBERT REED is the Chief Executive

1 Officer of GLOBAL GENERAL TECHNOLOGIES, INC.

2 13. Relief Defendant LEXIT TECHNOLOGY, INC., is a Colorado corporation,
3 incorporated on February 16, 2007, maintaining a last known business address at 7486 La Jolla
4 Blvd., Suite 479, La Jolla, CA 92037.

5 **STATEMENT OF FACTS**

6 14. Beginning in or about August 2005, SMARTWEAR TECHNOLOGIES,
7 SMARTWEAR TECHNOLOGIES, INC. (collectively "SMARTWEAR"), NORMAN REED,
8 ROBERT REED, and SEAN BORZAGE, their agents, employees, representatives and Does 1
9 through 10, (collectively "DEFENDANTS") offered or sold securities in the form of debentures,
10 warrants, stock, limited liability interests, and/or investment contracts to residents of California
11 and elsewhere.

12 15. DEFENDANTS offered and sold securities to at least one hundred and thirty (130)
13 investors, raising a total of \$5,045,639.73. Of those investors, twenty-five (25) are California
14 residents. From the offer and sale of securities to California residents, DEFENDANTS raised a
15 total of \$432,000.00.

16 16. The DEFENDANTS offered or sold securities for the purported purpose of
17 operating and expanding SMARTWEAR, a protection and information system which employs
18 radio frequency identification ("RFID") technology in the form of tags, integrated within clothing
19 and other products.

20 17. On or about August 28, 2007, the Department issued a Subpoena Duces Tecum on
21 SMARTWEAR TECHNOLOGIES. The subpoena was served on September 21, 2007.

22 18. The following people are affiliated with SMARTWEAR: NORMAN REED,
23 ROBERT REED, SEAN BORZAGE, Lauren Scott, Jordan Spencer Scott, Walter Reed, a.k.a.
24 Walt Reed and W.R. Reed, and Gene Spatocco.

25 19. As a result of its investigation, the Department has learned that Walter Reed is the
26 father of both NORMAN REED and ROBERT REED.

27 20. On or about July 11, 2005, US Market Development Corp. ("US Market
28 Development") entered into a contract with SMARTWEAR, whereby US Market Development

1 agreed to assist in the development, structure and maintenance of the marketing strategy to raise
2 funds for SMARTWEAR.

3 21. The securities offered or sold by DEFENDANTS were not qualified pursuant to the
4 Corporations Code.

5 22. The securities offered or sold by DEFENDANTS were not exempt from the
6 qualification requirements of the Corporations Code.

7 23. DEFENDANTS offered or sold securities to residents of California and other states
8 by means of general solicitation in the form of telephone cold-calls and an investor recruitment
9 network.

10 24. On November 13, 2007, after the Department had begun its investigation of
11 DEFENDANTS, the Department received a Form D, Rule 506, private placement exemption
12 notice filing, submitted under a cover letter signed by ROBERT REED as President of
13 SMARTWEAR TECHNOLOGIES, INC. However, the Form D, Rule 506, private placement
14 exemption notice filing is signed by NORMAN REED as President of SMARTWEAR
15 TECHNOLOGIES, INC. Pursuant to the Form D, Rule 506, private placement exemption notice
16 filing, SMARTWEAR TECHNOLOGIES, INC. claims an exemption from qualification for the
17 sale of \$5,000,000.00 worth of securities in the form of "limited liability interests." This
18 exemption is not available to DEFENDANTS as a result of DEFENDANTS' use of general
19 solicitation, in the form of telephone cold-calls and an investor recruitment network, to offer or
20 sell securities to residents of California and other states.

21 25. On or about July 27, 1999, the Pennsylvania Securities Commission issued a
22 Summary Desist and Refrain Order against N.A. Reed, Walter Reed, Lauren Scott, Toyopia.com,
23 L.L.C., Toyopia.com and US Market Development for offering to sell unregistered, non-exempt
24 securities of Toyopia.com, L.L.C. to Pennsylvania residents. DEFENDANTS failed to disclose
25 this order to investors and potential investors.

26 26. On or about March 17, 2003, the Texas State Securities Board issued a Cease and
27 Desist Order against Sean Boyd and ESS Environmental, Inc. for offering to sell unregistered
28 securities of ESS Environmental, Inc., to Texas residents, by means of telephone solicitations.

1 DEFENDANTS failed to disclose this order to investors and potential investors.

2 27. In relation to the offer or sale of securities, DEFENDANTS represented that the
3 SMARTWEAR TECHNOLOGIES, INC. debentures had a 15% annual interest rate and could be
4 converted to SMARTWEAR TECHNOLOGIES, INC. stock, entitling investors to a “guaranteed”
5 dividend of 30%. In fact, investors have not received profits or dividends as a result of their
6 investments.

7 28. DEFENDANTS also represented to investors and potential investors that
8 SMARTWEAR was endorsed by the U.S. Department of Homeland Security. In fact,
9 SMARTWEAR holds no such endorsement.

10 29. Further, DEFENDANTS represented to investors and potential investors that
11 SMARTWEAR obtained revenue from manufacturing RFID tags and distributing said tags to
12 businesses with whom SMARTWEAR contracted, such as the Port of Los Angeles and Disney. In
13 fact, SMARTWEAR has never had a contract for distribution with such businesses as the Port of
14 Los Angeles or Disney.

15 30. In or about November 2007, Relief Defendant LEXIT TECHNOLOGY, INC.
16 purchased substantially all of the assets of SMARTWEAR TECHNOLOGIES, INC.

17 31. In or about April 2008, Relief Defendant GLOBAL GENERAL
18 TECHNOLOGIES, INC. purchased substantially all of the assets of SMARTWEAR
19 TECHNOLOGIES, INC.

20 **FIRST CAUSE OF ACTION**

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

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

23 **(AGAINST DEFENDANTS SMARTWEAR TECHNOLOGIES,**

24 **SMARTWEAR TECHNOLOGIES, INC.,**

25 **NORMAN FRANK REED, ROBERT REED**

26 **AND SEAN BORZAGE BOYD)**

27 32. Plaintiff incorporates by reference paragraphs 1 through 31 of this Complaint as
28 though fully set forth herein.

1 33. Corporations Code section 25110, in pertinent part, provides:

2 It is unlawful for any person to offer or sell in this state any security in an issuer
3 transaction...unless such sale has been qualified...or unless such security or
4 transaction is exempted or not subject to qualification under Chapter 1
[commencing with CSL section 25100] of this part.

5 34. Beginning in August 2005 and continuing thereafter, DEFENDANTS, and
6 each of them, offered and sold securities to at least one hundred and thirty (130) investors,
7 raising a total of \$5,045,639.73. Of those investors, twenty-five (25) were California
8 residents. From the offer and sale of securities to California residents DEFENDANTS raised
9 a total of \$432,000.00.

10 35. The investments offered or sold by DEFENDANTS are “securities” within the
11 meaning of Corporations Code section 25019. The securities include, but are not necessarily
12 limited to, debentures, warrants, stock, limited liability interests, and/or investment contracts.

13 36. DEFENDANTS “offered and sold” the securities “within the state” of
14 California within the meaning of Corporations Code sections 25008 and 25017.

15 37. The offer or sales of these securities were “issuer transactions” within the
16 meaning of Corporations Code sections 25010 and 25011.

17 38. The Commissioner has not issued a permit or other form of qualification
18 authorizing the DEFENDANTS to offer or sale the securities referred to herein.

19 39. The offer or sale of the securities referred to herein were not exempt from the
20 qualification requirements of Corporations Code section 25110.

21 40. On November 13, 2007, DEFENDANTS submitted a Form D, Rule 506,
22 private placement exemption notice filing to the Department. DEFENDANTS have used
23 general solicitation to offer or sell securities and have therefore violated the requirements of
24 the Regulations D, Rule 506, private placement exemption.

25 41. Unless enjoined by this Court, DEFENDANTS will continue to violate
26 Corporations Code section 25110.

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1 **SECOND CAUSE OF ACTION**

2 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**
3 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**
4 **(AGAINST DEFENDANTS SMARTWEAR TECHNOLOGIES,**
5 **SMARTWEAR TECHNOLOGIES, INC.,**
6 **NORMAN FRANK REED, ROBERT REED**
7 **AND SEAN BORZAGE BOYD)**

8 42. Plaintiff incorporates by reference paragraphs 1 through 41 of this Complaint as
9 though fully set forth herein.

10 43. Corporations Code section 25401 states:

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

15 44. In connection with the offer or sale of the securities referred to herein,
16 DEFENDANTS made misrepresentations of material facts and/or omitted to state material facts to
17 some or all of the investors. The misrepresentations and/or omissions include, but are not
18 necessarily limited to, the following:

19 A. DEFENDANTS omitted to disclose that on July 27, 1999, the Pennsylvania
20 Securities Commission issued a Summary Desist and Refrain Order against N.A. Reed, Walter
21 Reed, Lauren Scott, Toyopia.com, L.L.C., Toyopia.com and US Market Development for offering
22 to sell unregistered, non-exempt securities of Toyopia.com, L.L.C. to Pennsylvania residents;

23 B. DEFENDANTS omitted to disclose that on March 17, 2003, the Texas State
24 Securities Board issued a Cease and Desist Order against Sean Boyd and ESS Environmental, Inc.
25 for offering to sell unregistered securities of ESS Environmental, Inc., to Texas residents, by
26 means of telephone solicitations;

27 C. DEFENDANTS misrepresented that the SMARTWEAR TECHNOLOGIES, INC.
28 debentures had a 15% annual interest rate and could be converted to SMARTWEAR

1 TECHNOLOGIES, INC. stock, entitling investors to a “guaranteed” dividend of 30%. In fact,
2 investors have not received profits or dividends as a result of their investments;

3 D. DEFENDANTS misrepresented that SMARTWEAR was endorsed by the U.S.
4 Department of Homeland Security. In fact, SMARTWEAR holds no such endorsement; and

5 E. DEFENDANTS misrepresented that SMARTWEAR obtained revenue from
6 manufacturing RFID tags and distributing said tags to businesses with whom SMARTWEAR
7 contracted, such as the Port of Los Angeles and Disney. In fact, SMARTWEAR has never had a
8 contract for distribution with such businesses as the Port of Los Angeles or Disney.

9 45. The misrepresentations and/or omissions referred to herein were “material facts”
10 within the meaning of Corporations Code section 25401, because they concerned matters that a
11 “reasonable investor” would consider important in deciding whether to invest.

12 46. DEFENDANTS’ misrepresentations and omissions of material facts took place
13 “within the state” of California within the meaning of Corporations Code section 25008.

14 47. Unless enjoined by this Court, DEFENDANTS will continue to violate
15 Corporations Code section 25401.

16 **THIRD CAUSE OF ACTION**
17 **(AGAINST RELIEF DEFENDANTS**
18 **GLOBAL GENERAL TECHNOLOGIES, INC.**
19 **AND LEXIT TECHNOLOGY, INC.**
20 **AS CUSTODIANS OF INVESTOR FUNDS)**

21 48. Plaintiff incorporates by reference paragraphs 1 through 47 of this Complaint as
22 though fully set forth herein.

23 49. Relief Defendants GLOBAL GENERAL TECHNOLOGIES, INC. and LEXIT
24 TECHNOLOGY, INC. (collectively, “Relief Defendants”) have received from one or more
25 DEFENDANTS specific funds and property, which are the proceeds, or traceable to the proceeds,
26 of the unlawful activities of DEFENDANTS as set forth herein. Relief Defendants knew or
27 should have known the funds were obtained from such unlawful activities. These specific funds
28 consist of at least \$5,045,639.73, or an amount according to proof, received from investors in

1 violation of the Corporations Code. Relief Defendants are therefore trustees of the funds gained
2 through such illegal acts for the benefit of the defrauded investors.

3 50. Relief Defendants have obtained the funds and property alleged above under
4 circumstances in which it is not just, equitable or conscionable for them to retain the funds and
5 property. As a consequence, Relief Defendants have been unjustly enriched.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff prays for judgment against defendants SmartWear Technologies,
8 SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed,
9 Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd and Does 1 through 10, inclusive, and relief
10 defendants Global General Technologies, Inc. and Lexit Technology, Inc., as follows:

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

12 For an Order of Preliminary Injunction and a Permanent Injunction, pursuant to California
13 Corporations Code section 25530, subdivision (a), restraining and enjoining SmartWear
14 Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed
15 and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd and Does 1 through 10,
16 inclusive, from, directly or indirectly:

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

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

24 For an Order of Preliminary Injunction and a Permanent Injunction, pursuant to California
25 Corporations Code section 25530, subdivision (a), restraining and enjoining SmartWear
26 Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed
27 and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd, Global General
28 Technologies, Inc., Lexit Technology, Inc. and Does 1 through 10, inclusive, from, directly or

1 indirectly:

2 1. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise
3 disposing of, in any manner, any books, records, computer programs, computer files, computer
4 printouts, correspondence, brochures, manuals, or any other “writing” or “document” of any kind
5 as defined under California Evidence Code section 250, relating to the transactions and course of
6 conduct as alleged in this Complaint, unless authorized by this Court; and

7 2. Withdrawing from any bank account or disposing of any real or personal property,
8 derived or purchased from investor funds, in their possession, custody, or control, without leave of
9 the Court.

10 **II. CONSTRUCTIVE TRUST**

11 For a Final Judgment imposing a constructive trust on all funds and property of Global
12 General Technologies, Inc. and Lexit Technology, Inc. which are the proceeds, or traceable to the
13 proceeds, of the unlawful activities of Defendants as set forth herein, for the benefit of the
14 defrauded investors.

15 **III. RESCISSION AND RESTITUTION**

16 For a Final Judgment requiring SmartWear Technologies, SmartWear Technologies, Inc.,
17 Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed and Sean Borzage
18 Boyd, a.k.a. Sean Boyd to rescind each and all of the unlawful transactions alleged in this
19 Complaint, pursuant to California Corporations Code section 25530, subdivision (b), as shall be
20 determined by this Court to have occurred, and further requiring SmartWear Technologies,
21 SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed,
22 Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd, Global General Technologies, Inc. and Lexit
23 Technology, Inc. to pay full restitution to each person determined to have been subject to acts,
24 practices, or transactions which constitute violations of the Corporate Securities Law of 1968, in
25 an amount of at least \$5,045,639.73, or according to proof, to the at least one hundred and thirty
26 (130) investors. In addition, that SmartWear Technologies, SmartWear Technologies, Inc.,
27 Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed, Sean Borzage
28 Boyd, a.k.a. Sean Boyd, Global General Technologies, Inc. and Lexit Technology, Inc. pay the

1 legal rate of interest on the principal amount invested by each and every investor from the date of
2 his or her investment to the date of judgment herein.

3 **IV. CIVIL PENALTIES**

4 For a Final Judgment requiring SmartWear Technologies, SmartWear Technologies, Inc.,
5 Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed, and Sean
6 Borzage Boyd, a.k.a. Sean Boyd to pay the Department \$25,000.00 as a civil penalty for each act
7 in violation of the Corporate Securities Law of 1968, pursuant to California Corporations Code
8 section 25535, in an amount of at least \$16,350,000.00, or according to proof.

9 **V. THIS COURT TO RETAIN JURISDICTION**

10 For an Order that this Court shall retain jurisdiction of this action in order to implement
11 and carry out the terms of all orders and decrees that may be entered herein or to entertain any
12 suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

13 **VI. OTHER RELIEF**

14 For such other and further relief as this Court may deem necessary and proper.

15 Dated: September 16, 2008

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17 PRESTON DuFAUCHARD
California Corporations Commissioner

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19 By: _____
20 ALEX CALERO
Corporations Counsel
21 Attorney for the People of California
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