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FILED
Clerk of the Superior Court

MAY 25 2012

By: Lee Ryan, Deputy

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

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

Plaintiff,

vs.

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

Defendants,

And

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

Relief Defendants.

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

[PROPOSED] DEFAULT JUDGMENT BY COURT AS TO RELIEF DEFENDANTS VERICORP, INC. AND APPLIED DIGITAL TECHNOLOGIES, INC.

Judge: Hon. Ronald S. Prager
Dept: C-71

1 Plaintiff, the People of the State of California, by and through the California Corporations
2 Commissioner (“Commissioner” or “Plaintiff”), filed a Complaint in September 2008 pursuant to
3 section 25530 of the California Corporate Securities Law of 1968 (“CSL”), California Corporations
4 Code section 25000 et seq., to enjoin the Defendants from violating the CSL and for other equitable
5 relief, including restitution and civil penalties. The operative complaint (“Complaint”) alleges claims
6 for violations of sections 25110 and 25401¹ against Defendants SmartWear Technologies, Inc.
7 (“SmartWear”), Norman Frank Reed, Robert Reed, Sean Borzage Boyd and Walter Robert Reed
8 (collectively “Defendants”), and the imposition of a constructive trust/unjust enrichment against
9 relief defendants.

10 On February 3, 2010, this Court granted Plaintiff’s request to add Vericorp, Inc., a Wyoming
11 corporation, and Applied Digital Technologies, Inc., a Delaware corporation, as relief defendants.

12 Defendants and relief defendants are in default. On May 4, 2012 a default prove-up
13 proceeding was held as to the Defendants before the Honorable Ronald S. Prager. That same day the
14 Court entered a default judgment against the Defendants, finding in favor of Plaintiff on its claims for
15 violations of sections 25110 and 25401 against Defendants. Notably, the Court found that Defendants
16 made numerous misrepresentations and failed to disclose material facts to potential investors in the
17 offer and sale of securities in SmartWear, in violation of CSL section 25401.

18 On May 25, 2012, a default prove-up proceeding was held before this Court. Plaintiff was
19 represented by Alex M. Calero, Senior Corporations Counsel. The Court issued a Statement of
20 Decision as to Relief Defendants Vericorp, Inc. and Applied Digital Technologies, Inc. (“Decision”),
21 attached hereto as Exhibit 1 and incorporated herein by reference. As set forth in the Decision, the
22 Court found in favor of Plaintiff on its claim of imposition of constructive trust/unjust enrichment
23 against relief defendants Vericorp and Applied Digital for the benefit of defrauded investors. The
24 Court found that Vericorp and Applied Digital received ill-gotten assets from SmartWear, to which
25 Vericorp and Applied Digital have no legitimate claim.

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28 ¹ All statutory references are to the California Corporations Code unless otherwise noted.

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NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Pursuant to California Corporations Code section 25530, subdivision (b), and the inherent equitable powers of the Court:

a. A constructive trust is imposed over the ill-gotten assets, identified in Exhibit A hereto, relief defendant Vericorp, Inc. received from SmartWear; or Vericorp, Inc. may disgorge the value of those assets, in the amount of \$8,200,000.00, for the benefit of the defrauded investors of SmartWear; and

b. A constructive trust is imposed over the ill-gotten assets, identified in Exhibit B hereto, relief defendant Applied Digital Technologies, Inc. received from SmartWear; or Applied Digital Technologies, Inc. may disgorge the value of those assets, in the amount of \$8,000,000.00, for the benefit of the defrauded investors of SmartWear.

2. This Court will retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

IT IS SO ORDERED.

Dated: MAY 25 2012

RONALD S. PRAGER
HON. RONALD S. PRAGER, JUDGE OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SAN DIEGO