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8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of ) CASE NO.  
13 THE CALIFORNIA CORPORATIONS ) FILE NO. 309-4042  
14 COMMISSIONER, ) STATEMENT OF ISSUES  
15 Complainant, )  
16 v. )  
17 SUPER ABSORBENT COMPANY, )  
18 Respondent. )  
19 )  
20 )  
21 )

22 PRESTON DuFAUCHARD, the California Corporations Commissioner  
23 ("COMMISSIONER") of the Department of Corporations ("DEPARTMENT") alleges and charges  
24 as follows:

25 I  
26 INTRODUCTION

27 1. The proposed order seeks to refuse to issue a permit to sell securities in the form of  
28 common stock in Super Absorbent Company (hereinafter referred to as "SAC"), pursuant to section  
25140 of the California Securities Law, (Corporations Code section 25000 et seq., hereinafter

1 referred to as the “CSL”), in that (1) the proposed plan of business of the Respondent and the  
2 proposed issuance of securities are not fair, just and equitable; (2) the Respondent does not intend to  
3 transact its business fairly and honestly; and (3) the securities which it proposes to issue and the  
4 methods to be used in issuing the proposed securities will, in the Commissioner’s opinion, work a  
5 fraud upon the purchaser’s thereof.

6 II

7 THE APPLICATION

8 2. On December 22, 2006, SAC filed an Application to offer and sell securities in  
9 California pursuant to Corporations Code section 25113 (hereinafter referred to as  
10 “APPLICATION”). The APPLICATION was verified by PHILLIP BERLIN (hereinafter referred to  
11 as “BERLIN”) as Chief Executive Officer. BERLIN filed supplemental information that was  
12 submitted by counsel for SAC, including the following: On March 15, 2007, BERLIN signed under  
13 penalty of perjury under the laws of the State of California that SAC has not previously sold its  
14 common stock to investors residing in the State of California.

15 3. Respondent proposes to qualify the offer and sale of securities in the form of common  
16 stock in SAC totaling \$3,000,000. A permit has not been issued pursuant to this APPLICATION. A  
17 Notice of Intention to Refuse to Issue Permit was issued on the date hereof by the  
18 COMMISSIONER.

19 III

20 THE COMMISSIONER’S STANDARDS HAVE NOT BEEN MET BY THE RESPONDENTS

21 4. Section 25140(b) of the CSL provides as follows:

22 The Commissioner may refuse to issue a permit under Section 25113 unless he or she finds  
23 that the proposed plan of business of the applicant and the proposed issuance of securities are  
24 fair, just and equitable, that the applicant intends to transact its business fairly and honestly,  
25 and that the securities which it proposes to issue and the methods to be used by it in issuing  
them are not such as, in his or her opinion, will work a fraud upon the purchaser thereof.

26 5. Complainant alleges that it is unable to find from the APPLICATION that Respondent’s  
27 proposed plan of business and proposed issuance of securities are fair, just and equitable, that  
28 Respondent intends to transact business fairly and honestly, and that the securities which Respondent

1 proposes to issue and the methods to be used in issuing them are not such as will work a fraud upon  
2 the purchasers thereof, based on the following violations.

3 IV

4 RESPONDENTS VIOLATED CSL SECTION 25110 AFTER ISSUANCE OF A DESIST AND  
5 REFRAIN ORDER

6 6. Section 25110 of the CSL provides as follows:

7 It is unlawful for any person to offer or sell in this state any security in an issuer  
8 transaction...unless such sale has been qualified under Section 25111, 25112, or 25113...or  
9 unless such security or transaction is exempted...

10 7. Pursuant to CSL Section 25532, on August 21, 2002, the COMMISSIONER issued a Desist  
11 and Refrain Order after determining that Respondent BERLIN had violated CSL Section 25110 by  
12 selling unqualified, non-exempt securities in the form of stock in MyOnlyCatalog.com, Inc, now  
13 known as Commerce Syndication Network, Inc. **The COMMISSIONER ordered BERLIN to**  
14 **desist and refrain from the further offer or sale in the State of California of securities in the**  
15 **form of stock, unless and until qualification has been made under said law or unless exempt.**

16 8. In addition, the COMMISSIONER has issued other Desist and Refrain Orders against  
17 BERLIN: 1) in November 1994 in connection with an illegal securities offering known as Diamond  
18 Communications; and 2) in August 2002, in connection with an illegal securities offering known as  
19 S.K.B. Trading Group, Inc.

20 9. From about October 2001 through December 2006, Respondent and BERLIN have been  
21 offering and selling unqualified, non-exempt securities in SAC totaling over \$4,000,000 in violation  
22 of CSL Section 25110 and the Desist and Refrain Orders previously issued.

23 V

24 RESPONDENTS VIOLATED CSL SECTION 25166

25 10. Section 25166 of the CSL provides as follows:

26 It is unlawful for any person willfully to make any untrue statement of a material fact in any  
27 application, notice, or report filed with the commissioner under this part...

28 11. Respondent has violated CSL Section 25166 by willfully making the following untrue

1 statement of material fact in its APPLICATION: On March 15, 2007, BERLIN signed under penalty  
2 of perjury under the laws of the State of California that SAC has not previously sold its common  
3 stock to investors residing in the State of California. In reality, SAC did sell its common stock to  
4 investors residing in the State of California.

5 VI

6 CONCLUSION

7 Respondent's conduct, as described in paragraphs I through V, shows that (1) the  
8 proposed plan of business of the Respondent and the proposed issuance of securities are not fair, just  
9 and equitable; (2) the Respondent does not intend to transact its business fairly and honestly; and (3)  
10 the securities which it proposes to issue and the methods to be used in issuing the proposed securities  
11 will, in the Commissioner's opinion, work a fraud upon the purchaser's thereof.

12 WHEREFORE, IT IS PRAYED that the permit application filed by SAC and BERLIN on  
13 December 22, 2006, as supplemented and amended to date, be refused.

14 Dated: April 24, 2007  
15 Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

17 By \_\_\_\_\_  
18 MICHELLE LIPTON  
19 Senior Corporations Counsel  
20 Enforcement Division  
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