

DEPARTMENT OF CORPORATIONS*Business Services and Consumer and Investor Protection***JAN LYNN OWEN****California Corporations Commissioner****MEDIA RELEASE****For Immediate Release**

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**California Department of Corporations Announces
Restitution of Millions to Defrauded Investors**

SACRAMENTO, CA (June 1, 2012) – The California Department of Corporations today announced court judgments against SmartWear Technologies Inc., its principals and relief defendants requiring them to disgorge and pay restitution in the total amount of \$25 million to defrauded investors.

On May 25, the California Superior Court in San Diego issued a default judgment in favor of the California Department of Corporations against relief defendants Vericorp Inc. and Digital Technologies Inc. in the amount of \$16.2 million. The Court found that the relief defendants received ill-gotten assets from SmartWear, to which they have no legitimate claim, from the fraudulent offering of securities by defendants SmartWear Technologies Inc., Robert Reed, Walter Reed and Sean Borzage Boyd. SmartWear was allegedly in the business of developing radio frequency identification (RFID) technology.

The relief defendants were sanctioned following the successful pursuit of the Department's case against Robert Reed, Walter Reed and Sean Boyd on May 4, for the unlawful and fraudulent offer and sale of securities in their operation of SmartWear. Robert Reed, Walter Reed, Sean Boyd and SmartWear are required to pay restitution of \$9 million to defrauded investors.

"The Department is committed to aggressively pursuing and halting fraudulent investment schemes," said Corporations Commissioner Jan Lynn Owen. "The court wisely recognized the seriousness of the offenses and granted the Department's request for restitution to wronged investors."

Terms of the previous judgment also levies civil penalties against defendants in the amount of \$28,450,000 and enjoins them from further violation of the California Corporate Securities Law of 1968 through the offer or sale of unqualified securities and making misrepresentations in the offering of securities.

The case against SmartWear began in March 2008 with a Desist & Refrain Order against the company for the offer and sale of unqualified securities. The case continued with the filing of a civil suit in September 2008 and legal proceedings ensued over the course of the next three and a half years concluding with a May 4, 2012 judgment against defendants, and the May 25, 2012 judgment, against relief defendants.

To view documentation of the Department's case go to: <http://www.corp.ca.gov/ENF/list/s/Smartwear.asp>.

The Department of Corporations is California's investment and financing authority and is responsible for the regulation, enforcement, and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, payday lenders, check sellers, bill payers, and debt reduction services. Consumers should contact the department to check on the status of the companies, investments or other services they are considering and the licensing status of the person at the Department's toll-free Consumer Resource Center at 1-866-ASK-CORP (1-866-275-2677) or at www.corp.ca.gov.

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