

The Honorable John C. Coughenour

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AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
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AT SEATTLE
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DEPUTY

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

LUDWIG MROWIETZ, a Canadian citizen,
PETER FISHER, a United States citizen; NO
NAME ENTERPRISES, INC., a Nevada
corporation, PCL INTERNET
INTERNATIONAL LTD., a British
corporation and IMC BETEILIGUNGS
GMBH, an Austrian corporation,

Plaintiffs,

vs.

PETER PINTARICS, MICHAEL
CHRISTENSEN; PATRICK POGUE, PAN
AMERICAN GLOBAL GROUP, INC. PAN
AMERICAN MANAGEMENT, INC., PAN
AMERIKAN INVESTMENT, INC.,
HAMPTON BROADSTONE & OLIVER,
INC., and JOHN DOES 1-6, AND JANE
DOES 1-6,

Defendants.

Case No.: C01-0080 C

**AMENDED COMPLAINT FOR FRAUD;
CIVIL CONSPIRACY; VIOLATION OF
THE STATE AND FEDERAL
RACKETEERING STATUTES;
WASHINGTON CONSUMER
PROTECTION ACT; FEDERAL AND
STATE SECURITIES ACTS;
IMPOSITION OF A CONSTRUCTIVE
TRUST; INJUNCTIVE RELIEF;
BREACH OF FIDUCIARY DUTY;
BREACH OF CONTRACT; AND
INDEMNIFICATION**

(JURY DEMANDED)

(PROPOSED)

I. PARTIES

1. Plaintiff Ludwig Mrowietz is a Canadian citizen who was a co-founder of a company incorporated in the State of Washington, to do business in the State of Washington.

2. Plaintiff No Name Enterprises, Inc. ("NNE"), is a corporation organized and

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1 existing under the laws of the state of Nevada, having its principal place of business at
2 Wyomissing, Pennsylvania. NNE is in good standing with the Nevada Secretary of State, is
3 qualified to do business in Pennsylvania and has done all things necessary and proper to bring this
4 action.

5 3. Plaintiff PCL Internet International Ltd. is a corporation doing business in
6 Middlesex, England, United Kingdom.

7 4. Plaintiff IMC Beteiligungs GMBH is a corporation doing business in Vienna,
8 Austria.

9 5. Plaintiff Peter Fisher is a U.S. citizen who currently resides in Costa Rica.

10 6. Defendant Peter Pintarics is a single man who resides in King County, Washington
11 and is a principal of Pan American Global Group, Inc., which was at all material times herein was
12 an agent of The Hampton Group, Inc.

13 7. Pan American Global Group, Inc. is a corporation with offices in King County.

14 8. Pan American Management, Inc. is a corporation with offices in King County.

15 9. Pan Amerikan Investment, Inc. is a corporation with offices in King County

16 10. Defendant Patrick Pogue is a resident of the State of Oklahoma and is a principal of
17 Hampton Broadstone & Oliver, Inc.

18 11. Hampton Broadstone & Oliver, Inc. is a corporation residing in Oklahoma and at all
19 material times was doing business with other defendants in King County, Washington.

20 12. John Does 1-6 and Jane Does 1-6 are persons whose names are not presently
21 known, but who participated and conspired with the above named defendants in the operation of a
22 fraudulent scheme to sell "Hampton Bonds."

23 **II. VENUE & JURISDICTION**

24 13. Venue is proper under 28 USC § 1391 because the conduct at issue occurred in
25 King County and at least four of the defendants reside and/or do business in this judicial district.

26 14. Jurisdiction is proper under 28 USC § 1332, because Plaintiffs are foreign citizens

1 or residents of other states, and the amount in controversy is more than \$75,000, exclusive of
2 interest and costs. This court has jurisdiction on federal claims pleaded under 18 USC § 1963, 15
3 USC §§ 77 and 78, and supplemental jurisdiction over state law and common law claims pursuant
4 to 28 USC § 1367.

5 **III. STATEMENT OF FACTS PERTAINING TO PLAINTIFF MROWIETZ**

6 15. In or around September 1998, Plaintiff Mrowietz learned of the existence of Pan
7 American Global Group, Inc. by way of an internet search. Mr. Mrowietz e-mailed his interest to
8 Mr. Pintarics. Mr. Mrowietz was seeking venture capital.

9 16. On September 23, 1998, Mr. Pintarics, on behalf of himself and the other
10 defendants, responded to that e-mail inviting Mr. Mrowietz's further review of web site
11 information. After Mr. Mrowietz's review of the web sites noted in Pintarics' e-mail
12 correspondence, he contacted Mr. Pintarics and arranged a meeting with him in King County.
13 Mr. Mrowietz traveled from Canada to Mr. Pintarics' King County office to discuss his new
14 venture idea, including an exclusive U.S. license for a sophisticated plumbing technology which
15 had been established in Europe. Mr. Mrowietz explained his new business idea, and Mr. Pintarics
16 showed extensive interest in becoming involved in helping fund that company, to the extent that as
17 a condition of funding he would become an equal partner in the new U.S. company.

18 17. To that end, Mr. Pintarics and Mr. Mrowietz entered into shareholder agreements,
19 and articles of incorporation in order to form Aqua Pro, Inc., a Washington corporation. In order
20 to fund that company, Mr. Pintarics was to assist in procuring a relationship which would support
21 funding for the new venture. In March 1999, he requested Mr. Mrowietz to deliver to him an
22 executive summary of the proposed new business which would include five year pro forma
23 projections and bottom line criteria. Mr. Pintarics further forwarded to Mr. Mrowietz a
24 discussion of raising the needed money by way of a "corporate bond" offering through a "self-
25 liquidating" corporate bond program which would raise a minimum of \$5 million U.S. to \$50
26 million U.S. This was the "Hampton Bond."

1 18. In order to raise the \$5 - \$50 million, Mr. Pintarics represented to Plaintiff
2 Mrowietz that it would be important for him to spend \$85,000 to \$120,000 in order to commence
3 the Hampton Bond offering. Specific representations regarding the success of these corporate
4 bond offerings, such as: "So far, we have one LYE (sic) rejection. A client wanted to raise funds
5 to purchase a bordello (house of prostitution). . . ." "Billions of dollars worth of bonds are sold
6 each month." "There are hundreds of buyers. If a client fully cooperates, it is anticipated that in
7 almost all cases the program will be successful and the funds a client needs will be raised through
8 this program in 90 - 120 days."

9 19. By May 1999, Mr. Pintarics and Mr. Mrowietz executed a "Due Diligence---
10 Administration Fee Agreement and Bond License Fee." Pan American Global Group, Inc. was to
11 receive from Mr. Mrowietz and Mr. Pintarics 1% of \$25 million U.S. as "facilitative due
12 diligence-administrative support and bond license fee. . . ." Mr. Pintarics told Mr. Mrowietz that
13 \$250,000 U.S. plus \$50,000 in license fees must be paid in order to enter into the Hampton Bond
14 transaction. Half of the 1% fee, or \$125,000, was to be paid prior to commencement of due
15 diligence. Per Mr. Pintaric's request, Mr. Mrowietz deposited \$100,000 with Pan American
16 Global Group.

17 20. By July 1999, Mr. Mrowietz wanted to meet with Mr. Pintarics' "investors."
18 Mr. Pintarics arranged a meeting with Mr. Patrick Pogue, a principal of defendant Hampton
19 Broadstone & Oliver, Inc., which operated from Tulsa, Oklahoma. Unbeknownst to
20 Mr. Mrowietz, Mr. Pintarics and/or his companies were actually commissioned sales agents for
21 Hampton Broadstone & Oliver, Inc. for the sale of the "Hampton Bonds." After meeting
22 Mr. Pogue in Roanoke, Virginia, Mr. Mrowietz agreed to pay \$50,000 more for Hampton Bond
23 consultation, legal expenses and for the license fee, per Mr. Pogue's and Mr. Pintarics' request.

24 21. As of August 15, 1999, Mr. Pintarics had forwarded \$50,000 of Mr. Mrowietz's
25 monies to Hampton Broadstone & Oliver. Mr. Pintarics received commission on those monies.
26 Thus, with no significant investment by Mr. Pintarics, Mr. Mrowietz had invested \$150,000 into

1 the "Hampton Bond" program and had received absolutely nothing but promises to review his
2 business plan.

3 22. In September 1999, Pan American Global Group, Inc. (Mr. Pintarics' company),
4 sent an invoice to Mr. Pintarics and Mr. Mrowietz for professional services which allegedly had
5 been rendered to the new company and its principals. It reflected that as of August 12, 1999, the
6 "license provider," (presumably Hampton Broadstone & Oliver) had successfully accepted the
7 project and that the Hampton Bond licensing agreement had been received as of August 16, 1999.
8 Of the \$250,000 for professional services which were purportedly rendered, the invoice stated that
9 \$150,000 had been received from Mr. Pintarics. There is presently no record of those funds ever
10 having been transmitted by Mr. Pintarics. It acknowledged \$100,000 received from Mr.
11 Mrowietz which he had paid to commence this process.

12 23. Subsequently, Mr. Mrowietz's business plans for the new company were
13 continuously rejected until June 21, 2000. Defendants have promised to provide examples of
14 business plans from other successful projects, but have not provided them,

15 24. Through 1999 and into 2000, Mr. Mrowietz consistently attempted to contact
16 defendants variously and together in order to successfully conclude the Hampton Bond
17 transactions; however, as of December 2000, Mr. Mrowietz had no satisfaction whatsoever from
18 Mr. Pintarics and/or the companies he fronted and/or Hampton Broadstone & Oliver.

19 HAMPTON BONDS.

20 25. The Hampton Bond Program is a fraudulent "up-front" or "advance payment"
21 scheme. Up-front schemes are earmarked by promises of raising significant sums of money, early
22 involvement in a new business venture, charging significant up-front expenses, and promises to
23 fund the business which are not fulfilled. Monies which were invested have by that time been
24 dissipated. Attached hereto is a copy of a Federal Bureau of Investigation publication regarding
25 up-front schemes. That is exactly how Mr. Mrowietz lost \$150,000. (See Exhibit A attached
26 hereto).

1 26. Mr. Mrowietz provided Defendants \$150,000 because of false and misleading
2 representations and omissions, including but not limited to the express and implied representations
3 that:

- 4 ▪ Hampton Bonds were in fact valid and recognized means of funding startup
5 businesses;
- 6 ▪ The Hampton Bonds system worked;
- 7 ▪ That plaintiff's up-front investment entitled him to a Hampton Bond which
8 would fully fund the new business.

9 27. Defendants induced Mr. Mrowietz by misrepresentations and omissions, and the
10 defendants jointly participated in the fraud by accepting and endorsing over \$150,000 of Mr.
11 Mrowietz's funds into accounts controlled by Pintarics and by Hampton, and by sending false
12 statements of account, and by not disclosing to Mr. Mrowietz their knowledge that the Hampton
13 Bonds were a fraud, and by accepting and using funds derived from the fraudulent scheme.

14 28. Plaintiff relied upon the representations made by defendants at the time of paying
15 over \$150,0000 to them. His reliance was not, under the circumstances, unreasonable.

16 29. Defendants were intentionally or grossly reckless in not knowing that the
17 representations and statements they made to and delivered to plaintiff were false and fraudulent.
18 At a minimum, they knew no such Hampton bond had ever been funded.

19 30. Plaintiff was damaged by Defendants' conduct, by the loss of his funds.

20 31. Plaintiff did not know, and even though he exercised reasonable care as required by
21 the law, could not have known of Defendants' fraudulent scheme. The Pintaric defendants
22 concealed their agency relationship with Hampton.

23 32. Upon information and belief, other persons, whose names are not known to Plaintiff
24 at this time, participated in and conspired to perpetrate the fraud with the named Defendants.
25 Such persons are designated by John Doe and Jane Doe numbers at this time until their true
26 identities can be ascertained.

1
2 **IV. STATEMENT OF FACTS PERTAINING TO PLAINTIFF NO NAME**
3 **ENTERPRISES, INC.**

4 Corporate Services Overview

5 33. Pan American Management, Pan American Global, and Pan American Investment
6 are each wholly owned by Pintarics and are operated as if they are one in the same (hereinafter
7 collectively "Pan American").

8 34. Pan American holds itself out to be a specialist in providing financing, investment
9 expertise and opportunities to domestic and international clients on quality projects – essentially
10 venture capital.

11 35. Pan American advertises its financing, investment expertise and opportunities on the
12 World Wide Web portion of the Internet at the url: www.panamglobal.com.

13 Agreement for Services

14 36. In April of 2000, NNE, through its President, Hugh A. Anderson, contacted Pan
15 American and spoke with Mr. Pintarics for the purpose of determining whether Pan American
16 could assist NNE in obtaining corporate finance.

17 37. Mr. Christiansen told Mr. Anderson that Pan American had relationships with
18 various lending consortiums, economic development funds, investment banking firms and
19 corporations as well as private individuals, and that Pan American promoted projects with loans,
20 venture capital and prepayments from \$3,000,000 and above.

21 38. Mr. Christiansen also told Mr. Anderson that Pan American would form a capital
22 base to finance, refinance and acquire and/or purchase cash flowing concerns for NNE, and that
23 there was no shortage of money for a viable cash flow business claiming that it had major
24 investors who invest in excess of \$250,000,000,000 annually in private and public placement
25 portfolios.

26 39. Based on the representations of Mr. Christiansen, NNE and Pan American entered
into an agreement in early April of 2000.

1 40. As part of their agreement, NNE was required to pay to Pan American a fee of
2 \$100,000 and grant 42% of all NNE stock to Pan American.

3 41. On or about April 4, 2000, Pan American instructed NNE to prepare a business
4 plan that would be used to attract investors. NNE prepared the business plan using Pan
5 American's template. A few days later, Mr. Christiansen told Mr. Anderson that NNE's business
6 had merit and fit Pan American's criteria for its preliminary funding process that had three
7 components. First, the transfer of \$100,000 in funds to Pan American Global, second, the due
8 diligence process, third, creation of the legal documents required to make a bond, and fourth, an
9 actual meeting with a pension-fund manager.

10 42. Of the \$100,000 due diligence fee, \$50,000 was to be used for Pan American's fee
11 and the other \$50,000 was to be used for a down payment on the purchase of the "legal
12 documents" that Mr. Christiansen said was essential for the funding process.

13 43. During the month of April, Mr. Anderson expressed concern regarding the cost of
14 the funding process. Mr. Christiansen told Mr. Anderson that if the due diligence was not
15 successful, the money would be returned minus transportation costs.

16 44. On May 17, 2000, NNE wired \$50,000 to Pan American's bank account with Bank
17 of America (account number 53934022). A second \$50,000 was wired on June 15, 2000 to the
18 same account.

19 45. Despite following Mr. Christiansen's instructions to the letter, Pan American
20 always found fault with the NNE business plan and required revisions. Numerous revisions were
21 generated from April to October, again following Pan American's template and directions.

22 HAMPTON BONDS.

23 46. The Hampton Bond Program is a fraudulent "up-front" or "advance payment"
24 scheme. Up-front schemes are earmarked by promises of raising significant sums of money, early
25 involvement in a new business venture, charging significant up-front expenses, and promises to
26

1 fund the business, which are not fulfilled. Monies, which were invested, have by that time been
2 dissipated. This is how NNE was defrauded of \$100,000.

3 47. NNE provided Defendants \$100,000 because of false and misleading representations
4 and omissions, including but not limited to the express and implied representations that:

- 5 • Hampton Bonds were a valid and recognized means of funding startup
6 businesses;
- 7 • The Hampton Bonds system worked;
- 8 • That NNE's upfront investment entitled it to a Hampton Bond, which would
9 fully fund its business.

10 48. Pan American induced NNE by misrepresentation and omissions, and Pan American
11 and Mr. Pintarics jointly participated in the fraud by accepting and endorsing over \$100,000 of
12 NNE's funds into accounts controlled by Pintarics and by Hampton, and by sending false
13 statements of account, and by not disclosing to NNE their knowledge that the Hampton Bonds
14 were a fraud, and by accepting and using funds derived from the fraudulent scheme. NNE relied
15 upon the representations made by Pan American and Mr. Pintarics at the time of paying over
16 \$100,000 to them. NNE reliance was, under the circumstances, reasonable.

17 49. Pan American and Mr. Pintarics were intentionally or grossly reckless in not
18 knowing that the representations and statements they made to and delivered to NNE were false and
19 fraudulent. At a minimum, Pan American and Mr. Pintarics knew that no such Hampton bond
20 had ever been funded.

21 50. NNE was damaged by Pan American and Mr. Pintarics' conduct, by the loss of
22 funds.

23 51. NNE did not know, and even though it exercises reasonable care as required by the
24 law, could not have known of Pan American and Mr. Pintarics' fraudulent scheme. Pan American
25 and Mr. Pintarics concealed their agency relationship with Hampton.

1 52. Upon information and belief, other persons, whose names are not known to NNE at
2 this time, participated in and conspired to perpetrate the fraud with Pan American and Mr.
3 Pintarics. Such persons are designated by John Doe and Jane Doe numbers at this time until their
4 true identities can be ascertained.

5 **V. STATEMENT OF FACTS PERTAINING TO PLAINTIFFS PCL INTERNET**
6 **INTERNATIONAL LTD. AND IMC BETEILIGUNGS GMBH**

7 53. In August of 2000, PCL Internet and IMC, through their consulting company,
8 Global Assets Management Investment Co., contacted Pan American for the purpose of
9 determining whether Pan American could assist PCL Internet and IMC in obtaining corporate
10 finance.

11 54. PCL Internet and IMC dealt primarily with Michael Christensen as the intermediary
12 in putting together a package of materials to secure funding. Mr. Pintarics confirmed that their
13 project had been approved for funding through the Corporate Bond Program.

14 55. Mr. Pintarics told PCL Internet and IMC that this program was internationally
15 copyright protected and sufficient to raise \$8 million to \$15 million in approximately 120 days
16 with no resulting debt service.

17 56. Each of the companies transmitted \$100,000 as "due diligence" advances for the
18 purpose of assembling funding packages which Mr. Christensen and Mr. Pintarics represented to
19 them would guarantee funding of the project, or be refunded.

20 57. To date, Mr. Christensen had informed the companies of his belief that they will not
21 be funded. Neither Mr. Pintarics nor his companies has responded to PCL Internet and IMC's
22 requests to refund the money or to conclude funding.

23 58. Pan American induced PCL Internet and IMC by misrepresentation and omissions,
24 and Pan American and Mr. Pintarics jointly participated in the fraud by accepting and endorsing
25 \$100,000 of each company's funds into accounts controlled by Pintarics, and by accepting and
26 using funds derived from the fraudulent scheme. PCL Internet and IMC relied upon the

1 representations made by Pan American and Mr. Pintarics at the time of paying \$200,000 to them.
2 The companies' reliance was, under the circumstances, reasonable.

3 59. Pan American and Mr. Pintarics were intentionally or grossly reckless in not
4 knowing that the representations and statements they made to and delivered to PCL Internet and
5 IMC were false and fraudulent.

6 60. PCL Internet and IMC were damaged by Pan American and Mr. Pintarics' conduct,
7 by the loss of funds, and seek recovery thereof as set forth below.

8 61. The Hampton Bond Program is a fraudulent "up-front" or "advance payment"
9 scheme. Up-front schemes are earmarked by promises of raising significant sums of money, early
10 involvement in a new business venture, charging significant up-front expenses, and promises to
11 fund the business, which are not fulfilled. Monies, which were invested, have by that time been
12 dissipated. This is how PCL and IMC were each defrauded of \$100,000.

13 62. PCL and IMC each provided Defendants \$100,000 because of false and misleading
14 representations and omissions, including but not limited to the express and implied representations
15 that:

- 16 • Hampton Bonds were a valid and recognized means of funding startup
17 businesses;
- 18 • The Hampton Bonds system worked;
- 19 • That PCL and IMC's upfront investment entitled it to a Hampton Bond,
20 which would fully fund its business.

21 63. Pan American induced PCL and IMC by misrepresentation and omissions, and Pan
22 American and Mr. Pintarics jointly participated in the fraud by accepting and endorsing over
23 \$200,000 of PCL and IMC's funds into accounts controlled by Pintarics and by Hampton, and by
24 sending false statements of account, and by not disclosing to PCL and IMC their knowledge that
25 the Hampton Bonds were a fraud, and by accepting and using funds derived from the fraudulent
26 scheme. PCL and IMC relied upon the representations made by Pan American and Mr. Pintarics

1 at the time of paying over \$100,000 each to them. PLC and IMC's reliance was, under the
2 circumstances, reasonable.

3 64. Pan American and Mr. Pintarics were intentionally or grossly reckless in not
4 knowing that the representations and statements they made to and delivered to PLC and IMC were
5 false and fraudulent. At a minimum, Pan American and Mr. Pintarics knew that no such Hampton
6 bond had ever been funded.

7 65. PCL and IMC were damaged by Pan American and Mr. Pintarics' conduct, by the
8 loss of funds.

9 66. PCL and IMC did not know, and even though it exercises reasonable care as
10 required by the law, could not have known of Pan American and Mr. Pintarics' fraudulent
11 scheme. Pan American and Mr. Pintarics concealed their agency relationship with Hampton.

12 67. Upon information and belief, other persons, whose names are not known to PCL
13 and IMC at this time, participated in and conspired to perpetrate the fraud with Pan American and
14 Mr. Pintarics. Such persons are designated by John Doe and Jane Doe numbers at this time until
15 their true identities can be ascertained.

16 **VI. STATEMENT OF FACTS PERTAINING TO PLAINTIFF PETER FISCHER**

17 68. Mr. Fisher advanced defendants approximately Seventy Thousand Dollars (\$70,000)
18 on Defendants' promises that Defendant would secure a funding source for real estate development
19 in Costa Rica. Defendants did not secure any financing for Mr. Fischer, and unlawfully retained
20 Mr. Fischer's investment monies and cut off all contact with this plaintiff.

21 69. Mr. Fisher incorporates as his own the allegations set forth in paragraphs 24-31
22 hereof.

23
24 **VI. LEGAL CLAIMS**

25 70. **Violation of Federal Racketeering Act (RICO), 18 USC § 1964, Washington**
26 **Consumer Protection Act, RCW § 19.86, and Washington's "Little RICO"**
Act, RCW § 9A 82.100(2).

1 As set forth above, Defendants' conduct constitutes unfair and deceptive acts and practices
2 in the conduct of business in the State of Washington and across state lines and federal borders.
3 The actions of defendants constitute at least fraud, theft and conversion. Each defendant jointly
4 engaged in the illegal enterprise consisting of taking advance fees on promises to raise venture
5 capital. Defendants jointly contributed to that enterprise by proven agency relationships and their
6 conduct in inducing Mr. Mrowietz's continuing investment. The public interest was affected,
7 because these frauds were susceptible of repetition, and in fact occurred in two separate instances.
8 as required under RICO, which constitutes a pattern of racketeering and wrongful conduct.
9 Plaintiffs have suffered and will suffer financial loss and other damage to their property as a result
10 of defendants' violations of these state and federal statutes.
11
12

13 **71. Securities Claims**

14 The above referenced facts, misrepresentations and omissions constitute violations of
15 Section 5 of the Securities Act of 1933; Section 10(b) of the Securities Exchange Act of 1934; and
16 the registration and anti-fraud provisions of the Washington, Oklahoma, Ohio and Pennsylvania
17 Uniform Securities Acts. Plaintiffs were harmed by those misrepresentations and omissions and
18 suffered actual damages thereby.
19

20 **72. Common Law Conversion.**

21 Defendants jointly converted Plaintiffs' monies on misrepresentations and omissions,
22 including, but not limited to, the express and implied representations that:

- 23 ▪ The Hampton Bonds were in fact a recognized way of providing startup capital;
- 24 ▪ That Plaintiff would be able to raise the desired amount through the Hampton
25 Bonds;
- 26

- That many clients had raised money with the Hampton Bonds.

73. Those representations were false and misleading. Defendants failed to disclose, and took Plaintiff's funds knowing that Hampton Bond schemes were not successful. Defendants are believed to have converted the investors' funds obtained to his and/or her own use and the use of others.

74. Plaintiff has been damaged by this fraud, and is likely to suffer further damage in the form of legal expense. For that reason, it is imperative that the Court restrain Defendants from transferring, secreting, or disposing of the proceeds of the fraud; to transfer those proceeds to the registry of the Court.

75. **Common Law Fraud.**

As set forth above, Defendants perpetrated fraud by engaging in a scheme to procure up-front money by inducing payment with false statements of Hampton Bond's success. Defendants hid the Hampton Bond fraud from Plaintiffs. Defendants did this knowingly, willfully, and/or in reckless disregard of their obligations under the law, while having full knowledge of what those obligations were. Plaintiffs relied on Defendants' compliance with their representations. That reliance was not unreasonable. As a result of that fraud, plaintiffs have suffered and will suffer financial damage.

76. **Civil Conspiracy**

As set forth above, the named defendants, and, upon information and belief, the John Doe defendants, engaged in a civil conspiracy to conduct the Hampton Bond fraud. They agreed with one another to engage in a fraud that violated state and federal statutory and common law. That conduct constitutes an agreement to accomplish an unlawful objective, which is a conspiracy.

Plaintiffs have suffered and will suffer actual financial damage as a result of defendants'

1 conspiracy.

2 77. **Unjust Enrichment and Imposition of a Constructive Trust/Money Had and**
3 **Received.**

4 As set forth above, Defendants obtained Plaintiffs' funds through a fraudulent investment
5 scheme. They were unjustly enriched by fraud. Since the funds were obtained as a result of
6 fraud, Defendants do not own those funds, but rather hold them as constructive trustees for the
7 investors. If the investors' funds are not held in trust for their benefit, Plaintiffs will suffer
8 additional and ongoing financial loss. The specific elements for the imposition of a constructive
9 trust exist. They are:

10 a. **Fiduciary Duty.** Defendants owed fiduciary duties to Plaintiffs to make full
11 disclosure of relevant facts and to refrain from misrepresentation with respect to any transaction
12 affecting the corporate purpose.

13 b. **Breach of Duty.** Defendants breached their duties by creating the fraudulent
14 Hampton Bond scheme and making misrepresentations and non-disclosures to Plaintiffs.

15 c. **Reliance.** Plaintiffs relied on Defendants to perform their fiduciary duties
16 and to refrain from engaging in misrepresentations and fraudulent omissions.

17 d. **Unjust Enrichment.** As a result of their breaches of duty and engagement in
18 a fraudulent scheme, Defendants were unjustly enriched and should be required to hold any
19 proceeds of their scheme as trustees for the benefit of the Plaintiffs.

20 78. **Injunctive Relief.**

21 In addition to imposing a constructive trust on Plaintiffs' funds wrongfully obtained
22 by Defendants, the Court should order injunctive relief, including:

23 a. An accounting of Plaintiff's funds wrongfully taken;

24 b. An injunction restraining Defendants from converting, transferring, or
25 secreting funds;

26 c. An injunction implementing a constructive trust and requiring Defendants to
deposit any proceeds of their fraudulent scheme into the registry of the Court.

1 d. An injunction restraining Defendants from operating the Hampton Bond
2 scheme.

3 **79. Breach of Fiduciary Duty.**

4 As set forth above, Defendants were corporate officers and directors and/or consultants,
5 and owed Plaintiffs a fiduciary duty of loyalty, which included the duties to obey state and federal
6 securities laws and regulations; to make disclosure of relevant facts; the duty to avoid
7 misrepresentations; and the duty to protect Plaintiffs' funds received. Defendants breached these
8 duties by:

9 a. Engaging in and participating in the fraudulent Hampton Bond scheme;

10 b. Violating state and federal securities laws and regulations by engaging in the
11 Hampton Bond scheme, including the Securities Act of 1933 (sale of unregistered securities, false
12 representations), the Securities and Exchange Act of 1934 (false representations and omissions;
13 engaging in scheme to defraud); and the various states Securities and Consumer Protection Acts.

14 c. Not disclosing their participation in the fraudulent Hampton Bond scheme.

15 d. Failing to remit Plaintiffs' funds for proper accounting.

16 **80. Breach of Contract.**

17 As noted above, Defendants had specific contractual duties to Plaintiffs with regard
18 to their business relationships. Defendants breached these duties by:

19 a. Engaging in and participating in the fraudulent Hampton Bond scheme;

20 b. Violating state and federal securities laws and regulations by engaging in the
21 Hampton Bond scheme, including the Securities Act of 1933 (sale of unregistered securities, false
22 representations), the Securities and Exchange Act of 1934 (false representations and omissions;
23 engaging in scheme to defraud); and the Washington State Securities and Consumer Protection
24 Acts (same).

25 c. Not disclosing their participation in the fraudulent Hampton Bond scheme to
26 Plaintiffs;

1 d. Failing to remit Plaintiffs' funds for a proper accounting.

2
3 WHEREFORE, Plaintiff prays for relief as follows:

4 1. For damages in an amount no less than each of plaintiffs deposited, presently held
5 by defendants;

6 2. For imposition of a constructive trust on all proceeds of Defendants' fraudulent
7 Hampton Bond scheme, and a freeze of all assets;

8 3. For injunctive relief in aid of the constructive trust;

9 4. For an award of pre- and post-judgment interest, and an award of attorneys fees as
10 allowed by contract or statute;

11 5. For punitive and exemplary damages as allowed by applicable state and federal law;
12 and,

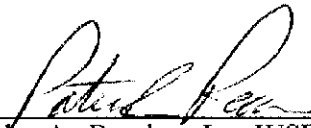
13 6. For such other and further relief which may be deemed just and equitable.

14
15 DATED this ____ day of March, 2002.

16 INVICTA LAW GROUP, PLLC

HOLLAND & KNIGHT, LLP

17
18 By _____
19 Francis X. Olding, WSBA 27802
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